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Strategies That Small and Medium-Size Business Owners Use to Repay Bank Loan Obligations in Lagos, Nigeria

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This is to certify that the doctoral study by

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Walden University
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Abstract

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Obligations in Lagos, Nigeria

by

Taiwo Ala

PhD, Lead City University Ibadan, 2019

MBA, Obafemi Awolowo University Ife, 2006

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

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Abstract

The failure of businesses to repay loans adversely affects credit markets. Small and medium-sized (SME) business owners in Lagos, Nigeria, are concerned because financial institutions are unwilling to provide credit because of the low loan repayment performance of those who have received credit in the past. Grounded in the theory of planned behavior, the purpose of this qualitative multiple-case study was to explore strategies some SME owners use to successfully repay bank loan obligations to sustain their businesses. The participants were three SME owners in Lagos, Nigeria, who successfully repaid their bank loans. Data were collected using semistructured interviews and a review of company documents. Four themes emerged from the thematic analysis of the data: (a) tie the loan to productivity, (b) ensure the loans are not diverted, (c) have a plan, and (d) build capacity in business financial management. A key recommendation is for SME leaders to partner with financial institutions to provide basic financial literacy training to new entrepreneurs. The implications for positive social change include the potential for SME owners to ensure repayment of their bank loans to sustain their businesses, thereby reducing unemployment and poverty, increasing government revenue, and improving the quality of life for the community.

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Dedication

I am grateful to God, who guided me through this program. I bless His name for the strength, and the grace to endure and overcome many obstacles during my study. May His name alone be praised. To my wife, Adeola, and my children, Anuoluwapo, Oluwatamilore, and Ireoluwa, who supported my quest for lifelong learning, I acknowledge and dedicate the study.

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I acknowledge the program director, Dr. Gail Miles, the university research reviewer, Dr. Irene Williams, and thank all my classmates and colleagues during my study for their support, insights, and robust engagements. I am equally grateful to Mr. Yinka Sanni, my Line Manager, who encouraged me when starting this program and his check-ins during the program.

Special thanks to my Dad, Rev Funsho Ala, and Mum. Mrs. Fehintola Ala, both of blessed memory, and to my siblings, Mrs. Bolanle Odubanjo, Engineer Bamidele Ala, and Dr. Ayodeji Ala, for your unflinching support.

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Section 1: Foundation of the Study

Globally, most firms fall into the small and medium enterprises (SME) type of business. SMEs are privately owned and operated. SMEs are pivotal to the development of a nation’s economy because they create employments to reduce poverty, form the foundation for industrialization and attainment of national goals, and serve as a significant contributor to the nation’s gross domestic product (GDP; Dire, 2018; Gaudence et al., 2018). In Nigeria, SMEs that are thriving are a source of employment and wealth creation. While citizens derive income and jobs from these SMEs, the government benefits from the taxes generated. There is a positive correlation between the country’s income and the number of SMEs (Adeosun & Shittu, 2021). However, an economy in which the credit market is populated by borrowers who are not able to keep to their loan terms and agreement is headed for collapse (Dempsey & Ionescu, 2021). It is therefore imperative for borrowers to develop strategies for loan repayment to sustain their businesses.

Background of the Problem

The development of the SME sector in Nigeria is underlined by hardship, which is the hallmark of the Nigerian business environment. The Nigerian business environment is susceptible to continued political instability, ethno-religious conflicts, bad governance, corruption, fluctuating foreign exchange, multiple taxations, high interest rates, high inflation, and inadequate monetary and fiscal measures (Olaore et al., 2021). Globally, financial support is central to business start-up, growth, and development (Gaudence et al., 2018; Pu et al., 2021). However, in Nigeria, despite SMEs’ strategic importance to economic development, they continue to be distressed with a high rate of failure and underperformance due to inadequate financial support from financial institutions that are unwilling to give credit because of the low loan performance of those who had received such credit (Ajibade et al., 2020). Therefore, the primary funding source is still the informal source comprising personal savings, credit associations, family, and friends. These are usually not sufficient for the desired impact on the SMEs' operations and management. Consequently, this leads to the SMEs' poor performance and subsequent negative effect on the nation's economy (Ajibade et al., 2020; Umadia, 2020). A thriving SME sector is a source of employment and wealth creation. While citizens derive income and jobs from these SMEs, the government benefits from the taxes generated.

Problem and Purpose Statement

The specific business problem was that some SME owners in Lagos, Nigeria may lack strategies to repay bank loan obligations to sustain their businesses. Therefore, the purpose of this qualitative multiple case study was to explore the strategies that some SME owners in Lagos, Nigeria used to successfully repay bank loan obligations to sustain their businesses.

Population and Sampling

I collected data from three purposefully sampled SME owners in Lagos, Nigeria by using semistructured interviews to explore how they used strategies to successfully repay their bank loan obligations and sustain their businesses. I also reviewed organizational documents for relevant information.

Nature of the Study

According to Kankam (2020), the procedure selected by the researcher to collect, analyze, and interpret data is the research approach. The choice of a research approach depends on the type of data the researcher needs. There are three approaches to research: quantitative, qualitative, and mixed methods. I used the qualitative methodology for the current study. Qualitative research is the collection, analysis, and interpretation of narrative and visual data to gain insights into a phenomenon of interest (Ahmad et al., 2019). The qualitative method was suitable for my study because qualitative researchers focus on answering "why" and "how" questions to understand a phenomenon (see Yilmaz, 2018). Researchers can leverage the qualitative method to explore or describe a situation and analyze experiences through interviews and open-ended questions (Ahmad et al., 2019). Quantitative research is the collection and analysis of numerical data, and mixed-methods researchers combine quantitative and qualitative approaches by including both kinds of data in a study (Creswell, 2013). The quantitative and mixed-methods approaches were inappropriate for the current study. According to Ahmad et al. (2019), quantitative and mixed-methods approach include statistical analysis of numerical data. The current study was not focused on investigating the relationships and differences among variables using statistical analysis of numerical data.

I considered three types of qualitative designs: ethnography, phenomenology, and case study. Ethnography is used when the researcher focuses on a group's culture and behavior (Neubauer et al., 2019), which was inappropriate for the current study. Phenomenology is used to explore the participants' lived experiences to identify common themes (Yin, 2018). A case study allows researchers to generate a multifaceted, in-depth understanding of a complex phenomenon within its context (Diop & Liu, 2020). A case study can be single involving one organization or location or multiple involving more than one location or organization included in the research for a comparative case study (Quintão et al., 2020; Yin, 2018). A single case study allows in-depth understanding of a phenomenon, and a multiple case study adds richness of detail by including multiple cases not found in a single case study (Yin, 2018). The research design for the current study was the multiple case study. The multiple case study design was appropriate because it enabled me to explore the complexity of the phenomenon through in-depth data collection involving multiple types and sources of information and reporting of descriptive themes (see Yin, 2018).

Research Question

What strategies do SME owners in Lagos, Nigeria use to repay bank loan obligations to sustain their businesses?

Interview Questions

1. What strategies did you make as a business owner that enabled you to repay your loans when due?
2. What was the most effective strategy you used to be able to repay your loan on time?
3. What are the skills or training you have that helped you with your loan repayment strategy?

4. What role did your management team play in the successful loan repayment strategies?
5. What were the challenges you encountered in repaying your loans?
6. What were the strategies you used to circumvent these challenges?
7. What other information would you like to add regarding prompt loan repayments to the banks?

Conceptual Framework

The theory that grounded this study was the theory of planned behavior (TPB). TPB is a behavioral theory developed as an extension of the theory of reasoned action (TRA; Ajzen, 1991). The theory includes three constructs of TRA: attitudes, subjective norms, and behavioral intentions. Attitude is the strength of belief a person holds toward a behavior. Subjective norms are the social pressures that come from important individuals in a person's life that influence the person to perform a behavior, and behavioral intentions (an individual's intention to perform a behavior) are determined by the attitude and subjective norms. The TPB is used to understand a person's choice of behavior. With the three constructs of TRA as a constant, TPB posits that voluntary behaviors are determined by intentions regarding the behavior, while intentions are determined by attitude, subjective norms, and the extent to which a person feels capable or incapable of performing the behavior (perceived behavioral control; Ajzen, 1991). The TBP was applicable to the current study because I could use it to explore and identify strategies that SME owners in Lagos, Nigeria used for meeting their bank loan repayment obligations to sustain their businesses.

Operational Definitions

Small and medium-scale enterprises (SMEs): Business entities with asset base of N5 million/$10,000 and not more than N500 million/$820,000 excluding land and buildings with employees between 11 and 200 (Central Bank of Nigeria [CBN], 2022).

SME quick loan: A credit facility of the Stanbic IBTC Bank, Nigeria designed for SMEs (Stanbic IBTC Bank, 2021).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are assertions that the researcher acknowledges without evidence to substantiate them (Nandan et al., 2019). In the current study, my first assumption was that the participants would be able to express themselves coherently and that they would be honest and sincere with their responses. My second assumption was that the responses from the participants would be sufficient to answer the research question.

Limitations

Limitations are potential drawbacks in the study for which the researcher has little control (Akanle et al., 2020). There were three limitations to the current study. The first limitation was the drawbacks that included time constraints for interviews, cultural influences, and organizational polices that could introduce weaknesses into the study thereby constraining the generalizability of the findings. The second limitation was that for qualitative studies, participants' bias and poorly framed interview questions may result in incomplete responses and poor or invalid data. The third limitation was the extent to which the participants were willing to volunteer information on their loan repayment strategies because such information was perceived as giving participants a competitive advantage over other SMEs.

Delimitations

Delimitations refer to the boundaries of the study that are set by the choices the researcher makes and is obliged to disclose (Theofanidis & Fountouki, 2019). The scope of the current study was SME business owners who had successfully repaid their loan obligations to banks. The participants were drawn from SME owners who had accessed and dutifully paid their loans to banks in Lagos, Nigeria with the exclusion of other cities and financial institutions.

Significance of the Study

Contribution to Business Practice

SMEs are the economic pillar of many countries because they contribute to employment, export growth, and the financial sector. SMEs account for 96% of businesses, 84% of employment, and 48% of Nigeria's GDP (Umadia, 2020). SMEs need financial support for their start-up, growth, and business consolidation. Despite SMEs' strategic importance to economic development, they continue to be plagued with a high rate of failure and underperformance due to inadequate financial support because of poor loan performance.

Understanding the strategies SME business owners use to service their loans when due may encourage a reciprocity from the financial institutions in awarding further funds. This insight may help the financing institutions develop customized products that may improve the accessibility of SMEs to financial opportunities. Consequently, there may be establishment of new SMEs and the continuing growth of existing ones because they have access to credit to run their businesses.

Implications for Social Change

SMEs in Nigeria, despite their strategic importance to economic development, continue to be plagued with a high rate of failure and underperformance due to inadequate financial support (Eniola & Entebang, 2015). Loan hesitancy by financial institutions due to loan default and delinquency by SME owners was a major cause of inadequate financial support. Financial support is vital in every sphere of business. Understanding the strategies needed for early loan repayments may create a healthy business environment that could encourage job creation, development of the market sector, improvement of Nigeria's GDP, and better quality of living.

A Review of the Professional and Academic Literature

Materials for the literature review were obtained by searching electronic databases and dissertations and theses available online. The review included peer-reviewed research (see Table 1) published in the last 5 years (2019–2023) on the following topic areas: determinants of loan performance, challenges of SMEs in Nigeria, loan performance of SMEs, SME financing, and loan repayment on SME business performance. The following search engines and databases were used: Google, Google Scholar, ProQuest, Business Source Complete, and Emerald Insight. The following keywords and phrases were used either singly or in conjunction with others using Boolean operators: *loan repayment, credit repayment, SMEs, financing, theory of planned behavior, loan* *performance*, *challenges*, *Nigeria*, *lending to SMEs*, *factors affecting loan repayments*, *banks*, and *SMEs*.

Table 1

Literature Review Sources

Source	Number within 5 years	Number older than 5 years	Total
Peer-reviewed journals	43	7	50
Others	9	1	10
Percentage	86.7%	13.3%	100%

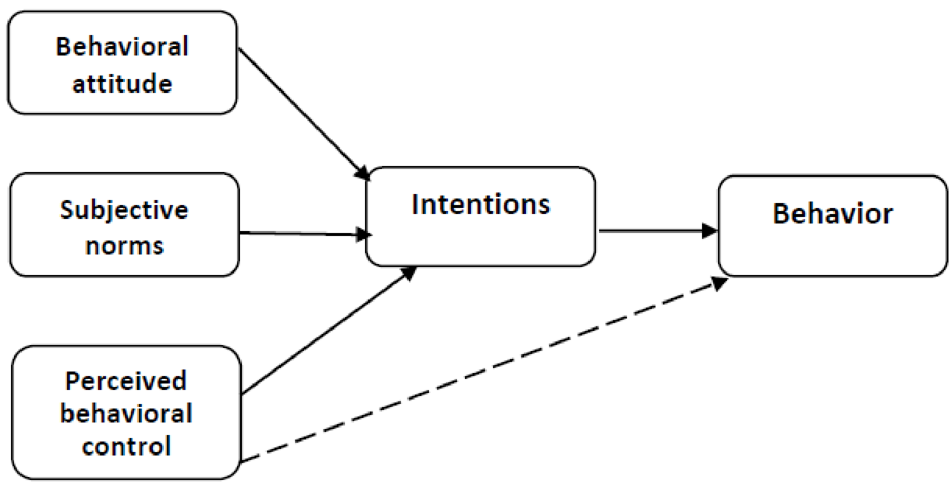
Conceptual Framework

The purpose of this qualitative multiple case study was to explore strategies that SME owners in Lagos, Nigeria used to repay bank loan obligations to sustain their businesses. This study was guided by the TPB. TPB was developed as an extension of the TRA (Ajzen, 1991). The three constructs of TRA are attitudes, subjective norms, and behavioral intentions. Attitude is the strength of belief a person holds toward a particular behavior. The behavior that leads to positive outcomes makes an individual have a positive attitude and vice versa (Sudiartana & Mendra, 2018). Subjective norms are the social pressures that come from important individuals in a person's life that influence the person to perform a behavior, while behavioral intentions (an individual's intention to perform a behavior) is determined by the attitude and subjective norms (Ajzen, 1991).

TRA's conceptual framework had some shortcomings in dealing with the behaviors over which people have limited control. Therefore, an extra construct (perceived control over behavior) was added by Ajzen (1991). Perceived control over behavior is an individual's belief that they control some factors that make them behave in a certain way (see Figure 1). A person will do something if they have considered the action as being positive, there is social pressure to do it, or there is an opportunity or the confidence to do it (Sudiartana & Mendra, 2018).

Figure 1

Ajzen's Theory of Planned Behavior Model



TPB is used to understand a person's choice of behavior. With the three constructs of TRA as a constant, TPB posits that voluntary behaviors are determined by intentions regarding the behavior, while intentions are determined by attitude, subjective norms, and the extent to which a person feels capable or incapable of performing the behavior (perceived behavioral control; Ajzen, 1991). Stated differently, a person does something when they consider it a positive behavior (attitude toward behavior), there is encouragement from those held as important to the person (subjective norms), and there is a conviction or belief to do so (perceived behavioral control; Sudiartana & Mendra, 2018). According to Ajzen (1991), the interaction of these factors will determine the consistency of a person's intention with their behavior. In the context of the current study, the behavior was the repayment of loans by owners of SMEs.

TPB has been widely used in predicting a wide variety of loan repayment behaviors and intentions. TPB is a theory that explains the psychological aspects of why people behave the way they do (Sudiartana & Mendra, 2018). Idres et al. (2019) claimed that people's attitude toward loan repayments had been long overlooked in literature and practice. Idres et al. used TPB constructs to assess the attitudes of some students toward their decision to repay their student loans. Idres et al. found that the students' attitudes partially mediated the relationship between parental influence (subjective norms) and the intention to repay the school loans. Also, the students' attitude reflected on the perceptions of the loan's impact after graduation and students' intention to repay the loan (behavior). Idres et al. concluded that the TPB was suitable to assess the attitudes of students toward their intentions to repay their student loans.

Noncompliance with value-added tax (VAT) payments in Nigeria is another issue that had been studied using TPB. Gimba and Ibrahim (2017) used the TPB to investigate the relationship between penalty magnitude, attitude toward VAT compliance, subjective norms, and perceived behavioral control on VAT compliance intention among SMEs in Kano, Nigeria. Gimba and Ibrahim found a positive relationship between the magnitude of penalty, the subjective norms, and perceived behavioral control with VAT compliance. In contrast, there was a negative relationship between attitude toward VAT compliance and VAT compliance intentions. Gimba and Ibrahim proposed that from the policymakers' perspectives, the study's findings would assist the revenue authorities with designing appropriate tactics that would encourage the SMEs in remittance of VAT collections in Nigeria and other developing countries. Additionally, the study's findings would help the authorities address the issues surrounding VAT noncompliance among SMEs in Nigeria.

In another study, Supaat et al. (2019) aimed to create a new extended model as an initial approach for SME entrepreneurs' intentions who want to be involved and remain in the halal industry. halal is a massive industry in Malaysia that incorporates many goods and services. The halal industry forms the bulk of SMEs in the country, which is the foundation of the economy. Supaat et al. used the TPB as the conceptual framework to study the attitudes and behavioral intentions of SME owners in Malaysia toward recognizing the developmental factors that would improve the performance of the SMEs. Supaat et al. found that four factors positively affected the entrepreneur's intentions to be involved in the halal industry: halal awareness, family support, feasibility, and government support. Supaat et al. concluded that knowledge of the factors that affect these SME owners' intentions to engage in halal business may increase their chances for commercial success. Policymakers could use these insights as a reference for formulating policies or support programs to help SMEs gain better access to global markets, technology, and finance to improve their management capabilities.

TPB can also be used to study the effects of psychosocial factors that affect behaviors and intentions. Sudiartana and Mendra (2018) used the TPB to examine the psychological factors affecting the compliance of SMEs in Indonesia to paying taxes. Seventy percent of Indonesia's state income is from taxation. Sudiartana and Mendra found that the intention of the SME owners to comply with the tax provisions was influenced by their attitudes toward behavior, subjective norms, and perceived behavioral control. However, among the SMEs, Sudiartana and Mendra noticed that perceived behavioral control had no direct effect on the SME owners' behavior toward tax compliance, but their intention to comply with the tax injunctions supported the TPB. Sudiartana and Mendra concluded that the three constructs of the TPB (attitudes toward behavior, subjective norms, and perceived behavior control) affected the SMEs owners' intention to comply with the provisions of taxation. Sudiartana and Mendra concluded that the difficulties encountered with collecting taxes from the people can be ameliorated if the government increases awareness of its citizens' responsibility to pay taxes. Knowledge of the importance of the benefits of prompt tax payments can positively affect the citizens' intention to pay (Sudiartana & Mendra, 2018).

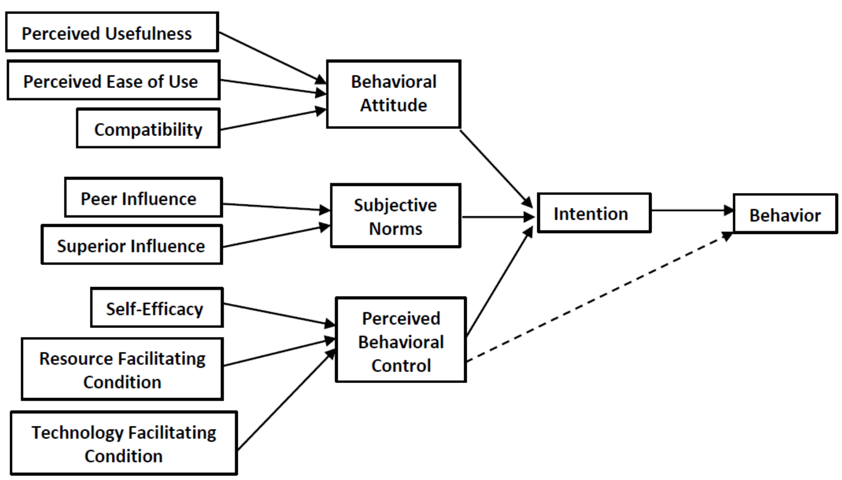
Supporting and Contrasting Theories/Conceptual Models

Decomposed Theory of Planned Behavior

A supporting theory used for this study was the decomposed theory of planned behavior (DTPB). DTPB was developed by Taylor and Todd in 1995. The model is a variant of TPB and is used to explain the behavior of users based on the relationship between beliefs, attitudes, intention, and behavior. The model proposed that attitudes, subjective norms, and perceived behavioral control are the elements that help to understand the reasons or factors explaining individual actions, even if the intention is considered as the best indicator of behavior (Tao & Fan, 2017). Peer influence and supervisor influence are the variables expanded to influence subjective norms while perceived behavioral control is influenced by self-efficacy, technology-facilitating condition, and resources-facilitating condition (Keong, 2019). The model (see Figure 2) focuses on the identification of beliefs and factors that influence the three determinants of behavior: attitudes, subjective norms, and perceived behavioral control. For attitudes, according to the DTPB, an expansion of the belief variables influencing attitude includes perceived usefulness, ease of use, and perceived compatibility.

Figure 2

Decomposed Theory of Planned Behavior



DTPB had been used to study the determinants of approving loans by financial institutions to those requesting for them. Keong (2019) conducted a literature review to chronicle the factors that influence bankers in recommending loans to SME owners. Keong assessed the bank officers' intentions to approve the loans using DTPB. Keong found the following as being influential in the recommendation of bank loans for SME owners by bank officers. Attitude was an individual's favorable or unfavorable condition toward an action. Subjective norm was the assessment of the social pressures that affect an individual’s intention to perform or not to perform a particular behavior. Perceived behavioral control was an individual’s level of confidence in performing a specific task, which would then influence their decision to perform the task or not. Another factor was past behavior, which is the most important source of information about behavior control. The exogenous factor can contribute to the reduction in poor loan performance risk. Exogenous factors include organizational tenure, educational level, age, and cultural orientations.

Debt Snowball Theory

The debt snowball model, also known as Dave Ramsey’s baby steps model (Ramsey, 2019), is an example of finance models on loan repayment that focus on the balances of the debt or credit owed (Mbah, 2022). The model centers on reducing the debt profile by ensuring that the debts with the smallest amount are cleared while ensuring that the debtor has paid the minimum required balances for the larger debts. This model is more applicable to those who have several loans running concurrently (Mbah, 2022). According to Mbah (2022), the proponents of this theory are of the view that once the loan with the smallest balance is settled, then other funds can be allocated to the next loan with the smallest balance until all the loans are cleared. Mbah added that this model encourages repayment because the focus is not on the interest rates but rather is on taking one step at a time to clear debts owed.

Balance-Matching Model

The balance-matching model is another finance theory. The balance-matching model also focuses on the balance of the debt owed. However, in this model, emphasis is placed on balances that are reflected on the credit card statements of the debtors (Mbah, 2022). According to Mbah (2022), the balance-matching model postulates that “individuals match the share of repayments on each credit card to the share of balances on each card” (p. 233). Therefore, loan repayment is correlated with account balances rather than interest rates.

Debt Stacking or Debt Avalanche Model

The debt stacking model is a finance theory that focuses on the interest rate rather than the loan balance. This model is an example of an accelerated loan repayment plan in which the debtor makes a minimum payment on all of the loans and then allocates the remaining money to the loan with the highest interest rate (Mbah, 2022). Though this model addresses the debt with the highest interest rate, it may take longer for the debtor to settle the loan with the highest balance.

Definition of SMEs

SMEs constitute more than 99% of global enterprises (Gaudence et al., 2018). The concept of SMEs is not rigid because it varies from country to country. Even within the same country, SMEs may differ from sector to sector because of the purpose for which a definition is sought (Adelekan et al., 2019). The definition of SMEs varies depending on certain factors that include the country’s number of employees, the production capacity, and the value of fixed assets. Other factors are basic characteristics of the inputs, level of technology employed, capital utilization, management characteristics, and economic development (Olaore et al., 2021). However, there is no universal definition of SMEs (Umadia, 2020).

Different researchers have used different criteria to define SMEs by using the numbers of employees. In line with the diversity of SME definitions, the United Nations Industrial Development Organization proposed 50 different definitions of SMEs for 75 unique nations. These definitions were premised on factors such as employment, type of country, installed capacity utilization, capital, and the industrial policies of the candidate nation (Adelekan et al., 2019). Gaudence et al. (2018) defined SMEs as self-regulating businesses that engage fewer than a given number of employees. This number of employees varies across national statistical systems. For example, in the European Union, the number of employees is taken as an upper limit of 250; other countries set their limit at 200 while the Unites States considers SMEs as firms with fewer than 500 employees. Both the International Finance cooperation and the Multilateral Investment Guarantee Agency defined SMEs as having 10 to 300 employees with an asset base of $100,000 to $15 million or sales in the same range (Pedraza, 2021). The CBN (2022) defined SMEs based on their asset base, number of employees, and turnover.

A business may be categorized as being small, medium, or large. However, what is stated as small in one business may be taken as large in another. This inconsistency had been a major challenge with defining what an SME is (Adelekan et al., 2019). Many observers subscribe to the use of a company’s payroll, its turnover and paid-up capital for proposing a definition of an SME. According to Adelekan et al., SME is a business with an investment capital of about N150,000/$250 and with staff of not more than 50.

Table 2

Some Nigerian Commercial Banks' Definition of SMEs

Maximum turnover threshold (N million)			
	Median	First quartile	Third quartile
Micro enterprise	10	8	29
Small enterprise	60	30	322
Medium enterprise	480	200	2500

The CBN had via its numerous circulars and intervention fund program defined SME as "entities with asset base of N5 million/$10,000 and not more than N500 million/$820,000 excluding land and buildings with employees between 11 and 200" (Highnet Resources, 2017, para 2). However, this definition has not been stipulated for reporting purposes for commercial banks. As such, banks use the turnover of the SMEs for their definition, and it varies from bank to bank (Table 2).

The Small and Medium Enterprises Agency of Nigeria (SMEDAN) whose mandate it is to monitor and coordinate the activities of SMEs in Nigeria defined SMEs by delineating small, medium, and large businesses (Table 3). The need for international comparison and the peculiarities of the various sub-sectors was incorporated in this definition. (Obieche & Ihejirika, 2021).

Table 3

Small and Medium Enterprises Agency of Nigeria Definition of SMEs

Size category	Employment	Assets (N million) excluding land and buildings
Micro enterprises	Less than 10	Less than 10
Small enterprises	10–49	Between 10 and 100
Medium enterprises	50–199	Between 100 and 1,000

SME and the Nigerian Economy

Globally, the SME is the economic pillar of major developed countries as it significantly contributes to employment, export growth, and the financial sector. According to Bello et al. (2018), establishment, sustenance and growth of SMEs is a cardinal factor in the development of the industrial sector and the growth of the economy of underdeveloped countries. Yusuf (2015) traced the history of SMEs in Nigeria to 1946 during the colonial regime. Reiterating the importance of SMEs in the country, Yusuf described the SMEs as the ‘engine room’ of the nation’s economies. According to Vique (2019), there are more than 40 million SMEs in Nigeria playing a significant role in the economy of the nation. In the country, SMEs account for 96% of businesses, 84% of employment, and 48% of Nigeria’s GDP (Pitan, 2021). Pitan claimed that SME’s performance is synonymous with the nation’s performance. In a study by Umar et al. (2020), they stated that though SMEs represents 90% of firms in the Nigerian industrial sector, they contributed just 1% to the GDP. However, Adeosun and Shittu (2021) stated that SMEs hold 70% of industrial employment in Nigeria while they also account for 50% of the country’s GDP. In the views of Adelekan et al. (2019), SMEs accounts for

92% of businesses in Nigeria and are a significant contributor to the nation's GDP. Though no figure was given to reflect the level of impact. The different figures from the literatures may be due to the different times when the studies were conducted. According to Adelekan et al., if all stakeholders are to be seriously committed to the development of the SME sub-sector, there will be a significant turnaround of the nation's economy. This is because SMEs are a major employer of labor, the seed to big businesses and the fuel for the nation's economic engine (Kajo et al., 2020). Regardless of the level of development of a country, policies are continuously enacted for the advancement of the SME sector to improve the state of the economy.

Challenges of SMEs in Nigeria

The SMEs operating in developing countries are either rural or urban enterprises. The rural SMEs are usually constituted by family members or artisans while those in the urban areas are made of individuals or groups who engage in service delivery, retailing or manufacturing business (Salifu et al., 2018). Though SMEs are cardinal to the growth of the nation, they have challenges. Globally, the commonest challenge faced by SMEs is lack of access to credit (Pitan, 2021). Bello et al. (2018) stated that a major stumbling block hindering the growth of SMEs in Nigeria is the dearth of infrastructural facilities and financial support of the SME sector. This pushed many owners of SMEs in Nigeria to alternative sources to finance their businesses, albeit at higher interest rates. The Nigerian government was thus prompted to open other avenues for advancing credits via the Central Bank of Nigeria to cushion these challenges.

A lot of funds had been invested to develop the SME sector in Nigeria. Umadia (2020) noted that from Nigeria's independence in 1960, successive governments had spent a lot of money on the SMEs in a bid to develop that sector. Umadia noted that despite the huge investments in this area, the SMEs had not significantly yielded results. The poor performance of the SMEs was attributed to some challenges that confronted the sector, including difficulties accessing credit from financial institutions, including banks, unfavorable economic conditions stemming from faulty government policies, and gross undercapitalization. Others were the sector's lack of interest by successive governments, corruption, and excessively high operating costs. As an illustration, Eze and Okpala (2015) chronicled the series of political instability that bedeviled the country since her independence in 1960. They noted that the political challenges brought corruption, policy instability, lack of public funds accountability, and a deficit with infrastructural development. According to Eze and Okpala, since independence, successive government in Nigeria spent massively on the entrepreneurial and the SME sector of the economy with very little success. This was possibly because those monies never got to those for whom it was intended.

The investment of the Nigerian government on SMEs for economic growth did not yield substantial results. In their study to examine the impacts of SME on the Nigerian economy growth performance between 1993 and 2011, Eze and Okpala (2015) found no significant contribution of SMEs to the country's economic growth over the period studied. Eze and Okpala observed that bribery and corruption, defective government policies, and diversion of funds meant for promoting entrepreneurship were impediments to the growth of the country's SME sector. Conversely, in a more recent study, Bello et al. (2018) used time series data to check the contributions of SMEs on the economic growth of Nigeria between 1986–2016. Bello et al. found a very significant impact of SMEs on the economy of the country during the stated period. This observation was also attested to by Obi et al. (2018) who assessed the impact of SMEs on the nation's economy. Obi et al. also found a significant relationship between the operations of SMEs and the economic growth of the country. Their data showed that SMEs' contributions were vital to improving economic development especially in the areas of job creation, poverty alleviation and standard of living of people. These are aspects of economic development that are very strategic to economies, like Nigeria. The authors therefore recommended that the government should enact policies that will restrict the importation of foreign goods that can be manufactured locally to encourage the developments of the SMEs. (Bello et al., 2018; Obi et al., 2018). Therefore, that efforts should be made to develop the infrastructures needed for the smooth running of the SMEs in the country.

The problems of SMEs in Nigeria are many and varied but they share some common challenges. These includes low market access, poor access to credit, poor information flow, security for goods and intellectual property, and discriminatory government policies. Others are weak operating capacities, poor access to land, weak linkage among different groups in the sector and poor infrastructure (Olaore et al., 2021). Additional constraints to SMEs growth in Nigeria are lack of training, entrepreneurial and management capacity among the owners. This led to difficulties with administering the funds solicited for their businesses (Gaudence et al., 2018; Obieche & Ihejirika, 2021). According to Umadia (2020), the challenges of SMEs are lack of enabling laws, limited access to institutional loans, inadequate market information and lack of opportunities for skill acquisition. On their part, Adelekan et al. (2019) identified four challenges confronting the growth of SMEs in Nigeria. These are a lack of access to modern technology, hostile and turbulent business environment, poor managerial skills, and lack of access to finance. According to the authors, all these challenges could be traced to a lack of finances. For example, poor managerial skills and lack of access to technology by the SMEs could be the result of the financial burden with acquiring skilled staff and the required technology.

There is a connection between bank loans and SME performance. Adelekan et al. (2019) conducted a study to examine the relationships between bank loans (measured as access to loans and debt financing) and SME performance (measured as business output and expansion). The study included 371 randomly selected SMEs in Lagos, Nigeria. Adelekan et al found that access to credit facilities is directly proportional to the business expansion of SMEs in Lagos, Nigeria. Likewise, debt financing by the SMEs, is also directly related to the outputs of the SMEs. It was also noted that the inability of SMEs to secure funds from the financial institutions stems from the SMEs being regarded as high-risk debtors due to inadequate assets and low capitalization. A similar opinion was held by Obieche and Ihejirika (2021) who stated that a prevalent situation in the country is where commercial banks prefer to lend credits to the government to trade in foreign exchange rather than SMEs. Obieche and Ihejirika quoted a banker claiming that they (the banks) are not a charitable organization dolling out money. Instead, they are a profit-making institution that will prefer to give credit at minimal risk, unlike the SMEs where there is a lot of trouble with repayment. More so, the absence of adequate financial records, comprehensive business plans, and or financial statements makes it difficult for financial institutions to access the credit risks of the SMEs (Adelekan et al., 2019). Government should therefore ensure the implementation of SMEs credit guarantee schemes to allow unhindered access of SMEs to resources.

Source of Funding for SMEs

Credit is required by all classes of business organizations. The distinguishing factor between the size of the business is how much is required, or the collateral needed for securing the funds (Umadia, 2020). Accessing credit is rated as one of the significant indicators for determining the ease or otherwise of doing business in an economy (Pedraza, 2021). Accessing credit is a vital element for any business organization to succeed and to meaningfully contribute by being productive, competing in the market, creating jobs, and helping with poverty alleviation especially in developing nations.

Money deposit banks form the most significant source of funding for the SMEs. According to Adelekan et al. (2019), money deposit banks are the most economic source of credits to SMEs. Though the country’s commercial banks can pull resources together to finance the activities of SMEs, there is a considerable gap with this responsibility in Nigeria as such funds are not available to the SMEs (Ikechi & Anthony, 2021). These subsequently contribute to why the financial institutions are a bit hesitant to release funds to SMEs (Ikechi & Anthony, 2021). Inability to attract funds further leads to the poor performance of SMEs because of lack of access to credit facilities needed to fund their operations and management of their companies.

Globally, financial institutions play a significant role in any nation's economic development. In a study examining the conventional and innovative financing options of significance available to SMEs in Nigeria, Eniola and Entebang (2015) divided the sources of financing for SMEs into two: internal and external sources while Abosede et al. (2017) classified the source of funding into three: formal financial institutions, informal sources financial institutions and personal savings. Internal financing according to Eniola and Entebang (2015) is when the firm gets resources from itself, basically from retained profits and depreciation. External funding includes sources like banks, individual investors, venture capital, crowdfunding, etc. Others are debt financing, equity financing, short- and long-term financing. In the Nigerian setting, internal funds or retained earning account form the largest share of SME financing. Money borrowed from financial institutions as overdraft, which must be collateralized is another method that comes in a distant second (Onyeiwu et al., 2021). The fragmented nature of Nigeria's credit market is characterized by its formal and informal sources (Anokwuru & Wike, 2021). A significant determining factor to the start-up, growth, and performance of the SMEs is access to either the internal or external financing.

In the classification by Abosede et al. (2017), formal sources of finances for the SMEs are the commercial banks, merchant banks, insurance, and development banks. The informal financial institutions include money lenders, cooperative societies, friends, and families. The challenges with the formal sources not being able to meet the credit demands from the SMEs had given prominence to the informal sources as an alternative to meet the credit needs of these companies for their production efficiencies (Anokwuru & Wike, 2021).

Internal Financing

Business financing can either be from internal or external sources. Internal financing is usually the first choice in financing SMEs (Adeosun et al., 2021). Internal financing means that owners of SMEs get their funds from retained profits and depreciation. Most SMEs use internal financing to fund their business albeit with its attendant effects (Eniola & Entebang, 2015).

Formal Sources of Financing

The financial institutions comprise the formal sources of funding. These include the development banks, commercial and merchant banks (Obieche & Ihejirika, 2021). Bank loan is very important in the start off and smooth running of an enterprise. These credits had been noticed to influence SMEs positively (Eniola & Entebang, 2015).

Debt Financing

Debt financing is when investors provide funds as loans to the owners of SMEs for the running of the business (Van Song et al., 2022). The owners of the SMEs then pay back interest for the use of the loan. Such loans are usually accessed via two methods: formal and informal methods. The formal method is when such loans are sourced from institutions while the informal sources are usually from friends, families, trade credits etc. (Eniola & Entebang, 2015).

Equity Financing

According to Anifowose and Onileowo (2020), equity financing refers to the sale of an ownership interest in a firm to raise capital to finance the firm’s activities. It can be internal or external. Internal equity can be furnished by the owners of the firm or supplied via profits made and retained by the business. On the contrary, external equity is funds raised by the selling of share of the company. Equity financing is a method SMEs may use to raise funds to meet its needs (Eniola & Entebang, 2015). Small businesses typically attract different types of investors at various growth stages of its development and therefore may use different equity instruments for its financing needs.

Short-Term Financing and Long-Term Financing

Due to financial constraints, many SMEs are driven to seek short term loans at high costs. The tenor of these facilities is usually within a year or less, and usually come as overdrafts, credit cards, leases, and bank loans. Long-term term financing are financial obligations greater than 12 months (1 year). Long term financing is generally meant for assets and projects while short term financing is for ongoing business operation (Eniola & Entebang, 2015). Due to the nature of funds available to money deposit banks, they specialize in giving short term loans and overdrafts. This is because the bulk of the funds in these banks are subject to withdrawal at short notices on demand by customers (Adelekan et al., 2019). Therefore, releasing funds on a long-term tenor could be risky for them.

Financing Situation of SMEs in Nigeria

Given the importance of funds to SMEs, the Nigerian government came up with several initiatives to provide credit facilities to SMEs. These includes the establishments of different interventions and policies including the Nigeria Industrial Development Bank, Small Scale Industrial Schemes, Nigeria Bank for Commerce and Industry, and Central Bank of Nigeria Special Credit Programme. Others are National Economic Reconstruction Fund, Peoples' Bank of Nigeria, Community Bank and Industrial Development Centre, Commercial banks, the Micro Finance Banks, and recently, the N220 Billion earmarked by the Central Bank of Nigeria for the Micro Small and Medium Enterprises. Irrespective of these interventions, Nigeria was ranked 131st out of 185 economies on the ease of doing business (Abosede et al., 2017). In their review of the literature, Eniola and Entebang (2015) concluded that financing SMEs in Nigeria had not yielded the desired results. Part of the reasons was that government policies in the country were skewed in favor of the formal sector to the disadvantage of the informal sector. Eniola and Entebang chronicled a downward trend in the loans and advances to SMEs over the years from commercial and merchant banks. This was despite the apparent credit increase to the banks.

The relevance of the different credit facilities to SMEs varies. In a study conducted by Abosede et al. (2017) to evaluate the effectiveness of the different sources of funds available to SMEs in Lagos, Nigeria. The authors found that personal savings was the most available source of fund for the SMEs studied. This was followed by informal sources of loans from friends and family members as well as thrift and credit cooperative societies and daily contributions. Personal savings and the informal source of funds were the most frequent sources they benefitted from and the most efficient sources of funds for the SMEs. The formal lending institutions were the least of sources for them. The implication of this is that despite the intervention by the Nigerian government, most SMEs still rely on their personal savings as well as the informal financial market as the major source of funds.

Challenges of SMEs' Financing in Nigeria

SMEs play a very vital role in the development of the economy of many countries, especially for employment. Though SMEs are a driving force for national growth, the growth of SMEs, and the emergence of new ones are continuously hampered by the SMEs inability to access capital to fund their businesses (Salifu et al., 2018; Shihadeh et al., 2019). Skepticisms shown by the banking sector (who are the main financiers of the SMEs) because of the default rate in loan repayments by the SMEs has been proposed as a reason for the inability of the SMEs to access loans (Umar, 2022). Eighty-five out of every 100 SMEs in Africa go out of operation because of no funding (Eniola & Entebang, 2015). Kiptum (2019) identified lack of business acumen by SME owners as one of the factors that affects them from getting credit from the financial institutions. According to the author, financial skill is supposed to help SME owners have good loan performance, however, that is not the case with many of them.

Financial institutions play a role with SME financing in Nigeria. Yusuf (2015) investigated the roles of financial institutions in financing SMEs in Zaria, northern Nigeria. Using a multivariate regression model, the author found that the following factors had effects on the possibilities of potential SMEs to secure credits from the financial institutions: board room politics of the financial institution, credit history of the SMEs, interest rates value of fixed assets, competition, and bureaucratic procedures. The author recommended that to ensure vibrant SMEs in the country, the establishment of viable microinsurance schemes, granting of credits to worthwhile SMEs and the removal of bureaucratic bottlenecks in the loan application process will significantly assist the process.

There are different challenges SME encounter with accessing funds from financial institutions. Eniola and Entebang (2015) classified the challenges with accessing funds from the financial institutions into problems with the demand side (SMEs) and challenges with the supply side (the banks). The authors proposed a financial innovation to overcome the challenges with securing credit to be crowdfunding. Aderemi et al. (2021) defined crowdfunding as funding a business project by raising monetary contributions from a dependable range of people through the cyberspace. This method, Aderemi et al. claimed, can circumvent many of the hurdles posed by the financial institutions against the SMEs. Though not fully embraced in Nigeria and Africa, it is widely used in developing countries where vast amounts of money had been raised (Eniola & Entebang, 2015).

Banks and SMEs

Banks rely on different statutory policies to ease the process of approving credit for loan seekers. According to Keong (2019), giving loans is an integral part of banking activities. This is because it is a major revenue generating avenue for the banks. To be of any impact in the society, a bank should be able to give out credit and more importantly, able to recover such loans to continue to remain relevant in the financial sector (Dire, 2018). Shihadeh et al. (2019) opined that bank plays a pivotal role in enhancing the sustainability of SMEs via credit disbursement, technology, and support with business solutions.

Another statutory function of the bank is making profit. As financial institutions, banks are basically about making profits and safeguarding their stakeholder’s interests (Salifu et al., 2018). Banks achieve these objectives by providing services to the public including the SMEs. However, access to credit facilities in the banks had become a huge challenge to the growth and sustainability of SMEs. This is because of the risks associated with nonperforming loans by the SMEs. Loan recovery is an important aspect of the financial institutions’ business. Banks also need to monitor the loans to ensure that they are used for the intended purposes.

As financial entities, the main objectives of banks are to make profits, secure their shareholders’ interests, and to reduce risks (Shihadeh et al., 2019). According to Abosede et al. (2017), the commercial banks traditionally saddled with the duty of providing financial support to the SMEs are showing apathy to such duties. The banks are claiming that SMEs have inherent challenges that makes them high risk borrowers and that they (the banks) are not structured for such type of clients based on their credit assessments procedures. In short, SMEs are considered as high risk by the banks.

There are many factors’ banks consider before approving a loan request. Some of the factors the banks consider before honoring a loan request are character, capacity, capital, condition, and collateral (Adelekan et al., 2019). Character has to do with the reputation of the borrower. The opinion held by others about the borrower's business conduct, attitudes, characters, and tendencies. It is usually an essential ingredient in the credit assessment of the person and his business. Capacity means the ability of the borrower to make payments as at when due while the borrower's cumulative assets (capital) guarantee the bank of the likelihood of repayment. The proposed need for the credit (condition) and the value of the asset used to secure the facility are very important in assessing a loan request.

In a bid to understand this dilemma between SMEs requiring credit for their activities and the reluctance to give loans from the banks, Shihadeh et al. (2019) examined the causal relationships between credit facilities to SMEs (measured as the main factor for their sustainability) and bank risks which was measured as nonperforming loans. Using data from 15 commercial banks in Palestine, over 11 years, the authors found a theoretical relationship between guarantee funds, bank risks, and loan facilities for the sustenance of SMEs. Shihadeh et al. also found out that to reduce credit risks associated with loans to SMEs, financial institutions should also be involved in providing training and financial management for SMEs and investing in technologies.

Loan Performance of SMEs

Credit is very crucial to the sustenance and growth of the SMEs. However, there could arise undesirable situations that can make the repayments of credits difficult if not impossible. Repayment of a loan is the ability of a borrower to service the loan as at when due. This is usually based on the terms of contract stated in the loan agreement As many loans are repaid in instalments, a delay in an instalment is said to be delinquent while outright failure to pay is termed default (Bala et al., 2021). However, to differentiate situations where there is problem paying back, Dire (2018) gave the following definitions: default was defined as a situation where a debtor has not paid what he/she is expected to pay. There are two types of default – debt services default and technical default. Debt service default is when the debtor has not made a schedule payment of either the principal or interest. Technical default on the other hand is when the beneficiary violates a term of agreement. Another terminology is insolvency. This was defined as the inability of the debtor to pay the debts. Lastly, bankruptcy was defined as a legal term that imposes the court's supervision over the financial affairs of those who are insolvent or default in their payment (Dire, 2018). The ability of the financial institutions to continue to provide loans to the SMEs is largely dependent on the viability and sustainability of the SMEs.

Loan Delinquency. In Nigeria, 60%–80% of the established businesses in the manufacturing sector is comprised of the SMEs. In comparison, about 3 million SMEs in Tanzania creates approximately 23.4% of the workforce and accounts for 27% of the Gross Domestic Product. Despite the significant impact of SMEs in these economies, the banks are shying away from lending to SMEs (Lyimo, 2019; Salifu et al., 2018). According to Lyimo, the reason for the low financing of SMEs by commercial banks is loan delinquency. In a bid to determine the causes of loan delinquencies among SMEs in Dar es Salaam, Tanzania, Lyimo conducted a cross-sectional study that sampled 219 SMEs out of 485 SMEs actively on loans with a commercial bank (Equity Bank, Tanzania). The findings of the study revealed that funds utilization practices positively and significantly affect loan delinquency among SMEs in Dares Salaam town. Invariably, funds utilization practices such as “borrowing funds to expand into new markets, using loans whenever there is a need to diversify and using borrowed funds to undertake new ventures increase loan delinquency” (Lyimo, 2019. p.1). Lyimo also found that the competence of the management negatively affects loan delinquency among the SMEs investigated. It was therefore established that innovativeness has a negative relationship with loan delinquency among SMEs in Dares Salaam such that experimentation and introduction of new products anytime leads to a minor effect on the decrease of loan delinquency.

Loan Default. A major risk a bank face is that of a loan beneficiary going into default, not paying either the principal or the interest (Ajah et al., 2020). Default usually arises from unfavorable conditions that affects the ability of the borrower to pay back (Dire, 2018). There are also two significant challenges a bank encounters when lending to SMEs. These are the operational cost of the lending decision and the perceived difficulty of controlling and predicting bad debt. The risk of a bank creditor going into default necessitates the need for a solid framework to measure the credit risk appropriately to reduce to the barest minimum, the expected and unexpected losses to the bank (Godke & McCahery, 2019).

According to Dire (2018), loan default usually leads to two outcomes. First is the inability of the financial institutions to give out further loans even to safe borrowers. Secondly, there is increased cost and added workload on the loan officer with retrieving the loans because of the mechanisms that will be engaged for such services. Additionally, the delay of an SME owner with loan repayment may incite others to also follow suit to delay or even abandon servicing the loans.

Good loan performance is needed for a healthy financial sector. According to Salifu et al. (2018), loan default can be traced to the defective lending policies and implementation by the financing institutions. They argued that few banks have dedicated SMEs desks or department, claiming that the bulk of loan requests from SMEs are handled by loan officers from corporate finance departments of the banks. These officers – most of whom have not been trained on SME lending skills for the work do not have prior SME experience (Salifu et al., 2018). Consequently, their customer service will affect the loan request procedure.

Determinants of Loan Repayments by SMEs

Credit is the most common source of external resources for SMEs for their start-ups, cash flow, and investment needs. However, a significant problem many public credit-lenders face is low loan repayment from SMEs (Bala et al., 2021). Loan repayment performance can be defined as the ability of the loan beneficiary to service the loan as at when due. Both parties (the financial institutions and the SMEs) have a part to play in the determination of loan repayments by SMEs. The factors affecting loan repayments can be grouped into the following: individual/borrower characteristics, firm characteristics, the loan factors, and institution/lender factors (Baidoo et al., 2020; Kiros, 2020).

Individual Characteristics. Borrower factors are the age of the borrower, gender, size of family, level of education, business experience, credit use experience, household income, non-business income and financial literacy (Dire, 2018; Kiros, 2020; Salifu et al., 2018). Personal demographic characteristics and business experience are likely to have a role in loan repayments. For example, older borrowers are more likely to repay compared to younger ones; those with higher education and those who have been in business for longer periods tend to do better with loan performance (Salifu et al., 2018). Borrowers with higher education tend to have not only a better understanding of the business environment, but higher tendencies for record keeping, conducting cash flow analysis and largely make better business decisions or investments (Salifu et al., 2018). Likewise, borrowers who had been in the business for longer periods tend to have better loan repayments rate as they understand the business terrain better, able to make stable sales thus having better cash flow compared to the new entrants (Dire, 2018). In all, evidence suggests that there is a positive correlation between loan performance and business experience, gender, age, and educational level (Salifu et al., 2018).

In response to challenges confronting SMEs in Kenya, the Kenyan Government developed a financial literacy program which had as part of its aim to render financial education and entrepreneurial training to SME owners in the country (Siddiqui et al., 2020). With the rapid change in the financial landscape, financial literacy had become a pertinent issue in both the developed and the developing world. Financial literacy includes bookkeeping skills, financial skills, and budgeting abilities. Kiptum (2019) defined financial skills as the degree to which one understands important financial concepts and has the capability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-term financial planning.

Bookkeeping skills is the documentation of business financial transactions in such a way that the financial position of an establishment and its relationship with role players can be ascertained readily. Budgeting skills is the possession of skills and knowledge to set financial goals, prepare and use budgets to monitor financial performance of a business. A good financial foundation for the SME owners is a marker to their potential success and competitiveness in the economy (Kiptum, 2019). Therefore, financial illiteracy with respect to personal finances enhances the financial management of business enterprises, improves innovation and creativity and reduce the risks of possible failures of SMEs.

In a study to check the impact of the financial literacy program on loan performance among operators of SMEs in Rwanda, Gaudence et al. (2018) found out that financial literacy positively influenced loan performance of SMEs. Financial skill encouraged bookkeeping skills which further helped with business expansion. It reduced running cost and assisting with loan repayments. Likewise, the authors noticed a positive relationship between financial statements analysis, budgeting, and loan performance. They recommended that to improve loan performance by SMEs, financial literacy which can be in the form of budgeting skills, bookkeeping, credit management, and financial statement analysis should be provided to the SMEs. In a similar study by Kiptum (2019) to assess the effects of financial literacy on loan repayments by SME owners, he found that financing skills and budgeting skills have a significant positive effect on loan repayment by SMEs. Nevertheless, bookkeeping skills does not significantly affect loan repayment by SMEs. Kiptum recommended that financial institutions should as part of their loan approval procedures, train their beneficiaries on financial literacy. This will assist them with better loan repayment terms and enlighten them on the preparation of various types of budgets for use and monitoring in their various establishments. On his part, Baidoo et al. (2020) recommended that to reduce the cases of loan defaults, a close relationship needs to be maintained between lender and borrower through monitoring.

Loan Characteristics. Loan characteristics that determine repayments include loan size, tenor, collateral value, application costs, number of installments, previous loan experience, purpose of loan among others (Bala et al., 2021). Other loan characteristics are inadequate loan repayment period, and the lack of loan performance monitoring (Dire, 2018). According to Salifu et al. (2018), in a study conducted to identify the determinants of loan performance among the SMEs in a rural setting in Ghana, loan application costs can negatively affect repayments while the loan size wass found to positively affect the repayments as there is close monitoring by the management of the financial institutions. Loan application costs, which is usually referred to as the processing fees is the cost incurred by the borrower in the process of requesting for the loan. This processing fee which is usually not refundable (even if the application is unsuccessful) depends on the amount and type of loan requested. Often, SME operators source this processing fee from friends and families such that if the loan is granted, they repay this fee and are left most likely with insufficient funds for the original purpose for which the loan was sought. Also, the higher the interest rates, the higher the loan to be repaid and the higher the tendency for loan delinquency or defaults (Salifu et al., 2018).

Loan size had also been found to affect loan performance. Salifu et al. (2018) argued that SMEs with larger amounts of loan tends to be monitored by the banks or financial institutions for loan utilization. This reduces loan defaults as they are more likely to use the loans for the intended purposes. Conversely, smaller loans to businesses may not be adequate to effect the change intended. Therefore, the higher the loan value, the higher the probability for good loan performance.

Firm Characteristics. The firm (SME) factors are the type of firm, ownership structure, the distance of firm to financial institutions, etc. The type of business operated by the SMEs is likely to determine loan performance. Firms that operate in the service sector may have better loan performance compared to those in the manufacturing and retailing business. This is because those in the service sectors, have less exposure to risk and uncertainties as compared to the other sectors of the economy. The riskier a business, the more likely it will operate a loss and default with payment (Salifu et al., 2018). Other factors proposed by Baidoo et al. (2020) are availability of non-financial services to support the firms such as training, basic literacy, and health services. Presence of these factors had been found to be positively related to repayment performance of SME loans. Those borrowers that do not have any training in relation to their business have a higher tendency for default.

Lender Characteristics. Kiros (2022) argued that it is the lender rather than the borrower that determines loan repayment. Kiros hinged the argument on the fact that the most loan defaults by borrower are caused by poor management decisions from the lenders. Other lender characteristics (factors within the financial institution) that can influence loan repayment are interest rates, lag between application and disbursement, poor client profiling, poor loan recovery strategies and inadequate loan size. Additionally, poor client appraisal and lack of loan monitoring can also lead to challenges with loan repayment (Dire, 2018). Therefore, lenders must devise mechanisms aimed to curtail loan defaults or delinquency (Kiros, 2022)

Loan Repayment on SMEs' Business Performance

Access to credit facilities is needed by new SMEs to start and expand their operations, develop new products, invest in capacity or production facilities (Baidoo et al., 2020). Working with a total of 600 respondents in a cross-sectional study, Baidoo et al. found that 360 respondents were able to repay their loans while 240 defaulted representing 60 and 40%, respectively. Poor loan repayments made them (SMEs) bankrupt. Dire (2018) recommended that financial institutions should take into cognizance the determinants of loan performance and revise their lending policies so that they can reduce loan repayment defaults arising from loan and lender characteristics. On the other hand, SMEs owners and managers should develop practical approaches to ensure they minimize loan repayment problems arising from the firm and borrower characteristics.

Inability to repay loans will lead to apathy by the financial institutions to give out loans to deserving SMEs. This will hinder the growth of the sub-sector and further deficit in economic impact. Though outright failure of SMEs cannot be solely due to lack of funds, Jayasekaraa et al. (2020) pointed that a great majority of SMEs fail in their first 2 years of existence due to inability to access funds, involvement in businesses with little market potential, business not being financially viable and lack of a business plan. Some factors that can make the SMEs to fail apart from lack of funds include lack of education, poor accounting skills, lack of training, and lack of financial management skills. Kiros (2022) recommended that if SMEs would be provided with customer service skills or knowledge, they could be in position to deliver services that attract more customers hence attain profitability with the goal of improved loan repayment. To reduce the effects of loan delinquency or defaults, Ajah et al. (2020) suggested that there should be a close relationship between borrower and lender. This can be achieved through monitoring, advisory and regular meetings. The author added that there can also be a form of reward system for those who pay on time in the form of rebate or discount.

Overcoming Financial Challenges

One of the ways SME owners had been overcoming challenges with securing credits for their businesses is crowdfunding. Crowdfunding is an innovative method of funding a business by raising funds from a group of dependable people. It is a method whereby SMEs who were refused credit facilities by the financial institutions get alternative funds for their companies (Eniola & Entebang, 2015). It involves collecting small amounts of funds from a group of people. It is also characterized by social networks. Eniola and Entebang argued that crowdfunding had the potential to alleviate the challenges of SMEs in Nigeria to funding. This will help remedy the market failure experienced by some of them because of insufficient funds at start-off and daily running of the companies. Though crowdfunding is a viable financial option for SMEs, it is laden with risks inherent in its operations. These include fraud, donor exhaustion, liquidity risks, project failure, and infringement of intellectual property among others.

Gap in Literature

A lot has been said about challenges that confronts SME owners towards loan performance and the factors which determines loan performance. Most of these studies are quantitative showing the statistical significance of a particular factor(s) over the others or the association between some of the variables studied. The methodologies employed lacked the ability to elicit an in-depth understanding of the qualitative attributes such as attitudes, intentions, and other social constructs behind such behaviors. Secondly, none of the literature reviewed showed any particular engagement with SME owners to describe how they were able to make loan payments as an example to extend to those in similar SMEs with poor loan performance. In this study, I engagd SME owners on the strategies they use to meet their loan repayment obligations to the banks.

Summary and Conclusions

Globally, SME is the economic pillar of major developed countries as it significantly contributes to employment, export growth, and the financial sector. There is no universal definition of SMEs (Abosede et al., 2017). The definition of SMEs varies depending on some factors including the country’s number of employees, the production capacity, and the value of fixed assets. Others are basic characteristics of the inputs, level of technology employed, capital utilization, management characteristics and economic development (Eniola & Entebang, 2015).

SMEs account for 96% of businesses, 84% of employment, and 48% of Nigeria’s GDP. They play a significant role in Nigeria’s economy (Anokwuru & Wike, 2021). SMEs in Nigeria, despite their strategic importance to economic development, continues to be plagued with a high rate of failure and underperformance due to inadequate financial support. Globally, the commonest challenge faced by SMEs is lack of access to credit (Godke & McCahery, 2019).

Financial support is considered as very vital in every sphere of business. However, given the importance of credit to SMEs, many financial institutions are shying away from giving SMEs funds to run their businesses due to poor loan repayment performance. Loan repayment performance is said to be the ability of the beneficiary to service the loan as at when due. As many loans are repaid in instalments, a delay in repaying an instalment is said to be delinquent while outright failure to pay is termed default. Additional challenges confronting SMEs in Nigeria includes low market access, poor access to credit, poor information flow, security for goods and intellectual property, and discriminatory government policies. Others are weak operating capacities, poor access to land, weak linkage among different groups in the sector, poor infrastructure and lack of training, entrepreneurial and management capacity among the owners. Umadia, 2020).

Accessing credit is rated as one of the significant indicators for determining the ease or otherwise of doing business in an economy (Abosede, 2017). Money deposit banks are the commonest source of credits to SMEs (Adelekan et al., 2019). Other sources of funds for SMEs are individual investors, venture capital, crowdfunding, debt financing, equity financing, short- and long-term financing. Uncertainties shown by the banking sector (who are the main financiers of the SMEs) as a result of the default rate in loan repayments by the SMEs has been proposed as a reason for the inability of the SMEs to access loans (Kiros, 2022). Loan performance by the SMEs is determined by individual factors, loan factors, firm factors and borrowers' factors. Inability to repay loans will lead to apathy by the financial institutions to give out loans to deserving SMEs, thus leading to eventual failure of the SMEs. Other factors that can make the SMEs to fail apart from lack of funds include lack of education, poor accounting skills, lack of training, and lack of financial management knowledge (Umar, 2022).

The conceptual framework for this study was the theory of planned behavior (TPB). TPB is a behavioral theory proposed by Icek Ajzen in 1985. The theory was developed as an extension of the theory of reasoned action (TRA). This theory will be supported by the decomposed theory of planned behavior developed by Taylor and Todd in 1995. The model is a variant of TPB and aims to explain the behavior of users based on the relationship between beliefs, attitudes, intention, and behavior.

Transition

In Section 1, I re-emphasized the relevance of the study. The remainder of this section covered the strategy used for the literature search, the theoretical framework for the study, the definition of SMEs, and the impact of SMEs on the Nigerian economy. Furthermore, I discussed the challenges confronting SMEs in Nigeria and how the SMEs are financed for their business activities. The section also includes funding challenges of SMEs in Nigeria, loan performance of SMEs and the determinants of loan performance. I stated the knowledge gap in the literature review and concluded the section with a summary and transition to Section 2.

In Section 2 of this study, I restate the purpose statement, discuss my role as the researcher, provide an overview on the choice of the research methods and design. I also give a description of the participants and the rationale for their choice. The population and sampling method proposed for this study was discussed and I state how the study was conducted ethically. I explained the data collection instrument, data collection technique, data organization techniques, data analysis, and the processes for assuring and demonstrating the study's reliability and validity. Section 3 includes the research findings, applications to professional practice, implications for social change, and recommendations for future research.

Section 2: The Project

SMEs play a vital role in developing the Nigerian economy, especially for employment generation. Though SMEs are a driving force for national growth, their growth and emergence are hampered by their inability to access capital to fund their businesses (Salifu et al., 2018; Shihadeh et al., 2019). According to Vique (2019), more than 40 million SMEs in Nigeria play significant roles in the nation's economy. In Nigeria, SMEs account for 96% of businesses, 84% of employment, and 48% of GDP (Pitan, 2021). Pitan (2021) claimed that SMEs' performance is synonymous with the nation's performance. The evolving technological and digital environment has compelled SMEs to embrace innovative concepts that make them compare favorably with large firms and be resilient to drive jobs and growth.

Purpose Statement

The purpose of this qualitative multiple case study was to explore the strategies that some SME owners in Lagos, Nigeria used to successfully repay bank loan obligations to sustain their businesses.

Role of the Researcher

All studies must involve an objective and systematic approach to obtaining information (Manandhar & Joshi, 2020). I was responsible for coordinating data collection for the phenomenon under study and for the methodology and design of the research to select the case studies, identify and find all the participants, conduct orientation for them, and analyze the data. The interviewer in qualitative studies is the instrument (Utibe, 2020). My role as the researcher required excellent interpersonal and listening skills and emotional maturity.

My research purpose was investigating the strategies owners of SMEs in Lagos, Nigeria used to ensure prompt repayment of their loans to the banks. This was informed by the observed unwillingness of the banks to lend to the SMEs because of the inability of the SME business owners to pay their loan obligations to the banks. I investigated this phenomenon using semistructured person-to-person interviews. The data from the interviews were reviewed for reliability and validity. In qualitative studies, a researcher uses the interview approach to collect facts; gain insights; and understand attitudes, values, and behavior (Manandhar & Joshi, 2020). Though I am a banker working in one of the banks where some of these loans were disbursed to SME owners, I did not have any relationship with the participants for this study.

The Belmont Report summarizes the required ethical principles for protecting human subjects for biomedical and behavioral research (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979). The Belmont Report defines the ethical principles for selecting participants for research as well as boundaries for judging the risk–benefit criteria to decide the appropriateness of the research. For the current study, I sought ethical clearance from Walden University’s Institutional Review Board (IRB) before study commencement. I also selected my participants and obtained their consent for participation in line with the principles of The Belmont Report.

The nature of qualitative research increases the likelihood for bias to emerge on the researcher’s part, compromising the study reliability and validity due to the researcher’s experiences (Mohajan, 2018). To reduce this bias in all of my interactions with the participants, I ensured an open mind and projected the views and expressions of the participants to avoid viewing the data from a personal perspective. I leveraged the interview protocol to develop and arrange my questions and to help with uniformity in questioning the participants. The use of an interview protocol also helps with transferability of the study findings (Marshall & Rossman, 2016). I also paid attention to details necessary for proper recording and transcribing of interview data. I avoided unintentional mistakes that could have impacted the outcome of the research.

Participants

I conducted a qualitative study, and the selection of participants was critical to the success of the research. A qualitative study must include the selection of participants who have relevant experience and knowledge in the subject area (Puebla-Martínez et al., 2021). I executed a partnership agreement with a bank as part of the conditions for the IRB approval. The agreement granted access to the list of performing SME loan customers. I recruited three participants from the list of performing SME loan portfolios of the bank. The inclusion criteria were male and female SME business owners based in Lagos, Nigeria who had successfully obtained a loan and repaid it to the banks when due.

I contacted the intended participants via telephone and informed them of the purpose of the study and provided all relevant information about the study. Those who agreed to participate were sent a consent form. I was able to answer any questions they had about the consent form through a call to my number listed in the consent form. Signing the consent form indicated participants' willingness to be part of the study. I received the signed consent form from the participants before commencing the interviews.

Also, as part of requirements for ethical research, I ensured participation was voluntary and no inducements were used to attract participants in the study. The first three prospective participants who responded positively to the invitation letter were selected to participate in the study. Following the receipt of the participants' consent, the interview venues and times were scheduled with the participants.

Research Method and Design

Research Method

I explored the strategies that some SME owners in Lagos, Nigeria used to successfully repay bank loan obligations to sustain their businesses. According to Creswell (2013), the procedure selected by the researcher to collect, analyze, and interpret data is referred to as the research approach. The choice of a research approach depends on the type of data the researcher needs. There are three approaches to research: quantitative, qualitative, and mixed methods. I used the qualitative method for this study. The qualitative method was suitable for this study because qualitative researchers focus on answering "why" and "how" questions to understand a phenomenon (Yilmaz, 2018). Qualitative research involves the collection, analysis, and interpretation of narrative and visual data to gain insights into a phenomenon of interest (Creswell, 2013). Qualitative methodology was appropriate for the current study because the qualitative method is a way of exploring individuals' behaviors and emotions in the context of what is happening and what has happened in people's lives (Yilmaz, 2018). Qualitative methodology is indicated for situations in which the researcher wants to understand the subjective and socially constructed meanings of the phenomena being studied because qualitative methodology is usually associated with an interpretive philosophy (Mohajan, 2018). Qualitative methodology is an approach that allows the researcher to examine people's experiences in detail, allowing the understanding of the issue or phenomenon from the perspective of the participants. Qualitative methodology also enables the understanding of meanings and interpretations participants give to behaviors, events, or objects (Hennink et al., 2020). The qualitative approach was appropriate for the current study because of the desired in-depth nature of inquiry in this study.

Quantitative research is the collection and analysis of numerical data, and mixed-methods researchers combine quantitative and qualitative approaches by including both kinds of data in a single study (Creswell, 2013). I did not consider the quantitative and mixed-methods approaches because both require examining relationships and differences among variables. In quantitative studies, the researcher leverages statistical analysis and numerical data, which are also used in the mixed-methods approach (Ahmad et al., 2019). Quantitative methodology is positivist because researchers investigate the relationship between variables using structured data collection methods and statistical analysis (Mohajan, 2018). Mixed-methods research, characterized by the combination of at least one qualitative and one quantitative method, was not appropriate for the current study. The goal of mixed-methods research is to expand and strengthen a study's conclusions via the integration of the strengths and benefits of the quantitative and qualitative methods (Schoonenboom & Johnson, 2017). Depending on the combination of the qualitative and quantitative components, the mixed-methods approach comprises different types including exploratory, explanatory, parallel, and nested (Creswell, 2013). The qualitative method was suitable for the current study because it helped me explore and identify human behavior with no reliance on numeric data as obtained in quantitative and mixed-methods studies (see Busetto et al., 2020). My study's focus was understanding the meaning of the phenomenon being studied, requiring no measurable analysis using statistics.

Research Design

I considered three qualitative designs: phenomenology, ethnography, and case study. According to Neubauer et al. (2019), the phenomenological design is appropriate when the researcher wants to examine the meaning of the lived experiences of the participants regarding a phenomenon in the world. Phenomenology is relevant when exploring the participants' lived experiences to identify common themes (Yin, 2018). Phenomenology is more suitable for studies involving intense human experiences and was not ideal for my study, which addressed strategies (see Errasti-Ibarrondo et al., 2018). According to Neubauer et al. (2019), ethnography is appropriate when the researcher wants to study a group's culture and behavior, which was unsuitable for this study. Ethnography requires the immersion of the researcher into a community or organization to gain deep insight into a group's shared culture, conventions, and social dynamics (Caulfield, 2020). A case study allows researchers to generate multifaceted, in-depth understanding of complex phenomena within their contexts (Diop & Liu, 2020). A case study can be single involving one organization or location or multiple in which more than one location or organization is included for a comparative case study (Quintão et al., 2020; Yin, 2018). A single case study allows the researcher to obtain in-depth knowledge of a phenomenon while a multiple case study adds a richness of detail that covers multiple cultural influences not found in a single case study (Yin, 2018). I used the multiple case study design for the current study. This approach was suitable because it entailed collecting data across various units to study a common phenomenon, thereby improving the reliability of the findings (see Diop & Liu, 2020).

The use of the multiple case study design also enabled me to explore the complexity of a case in as complete a way as possible through in-depth data collection involving multiple types and sources of information and reporting of descriptive themes (see Yin, 2018). The multiple case study design was the best fit for the current study because the design provided more in-depth research and added a richness of detail that included multiple cultural influences not found in a single case study. The multiple case study design was used to develop a description of and understanding of the phenomenon of improving business practices and outcomes.

When deciding on the choice of a research design, I aimed for a design that was explicit on how to reach data saturation. Ensuring data saturation is important in qualitative research, and a researcher must determine the number of interviews needed to reach the point of data saturation (Constantinou et al., 2017; Palinkas et al., 2015). Data saturation requires that a researcher collects quality and sufficient data to support a study

(Aguboshim, 2021). Saturation does not require a large sample; however, it must include valid and accurate data (Yin, 2018). Yin (2018) recommended interviewing at least three participants to achieve data saturation. The achievement of data saturation occurred by receiving the same responses from the participants after probing for more information during the interviews. I attained data saturation when I had enough information to create themes and when no new themes or information emerged from the data (see Saunders et al., 2016). Transcript review also helped with saturation. For the transcript review, I sent each participant a copy of their transcribed interview for their perusal. I asked that they go through the transcript to ensure that it was a true reflection of their intended meaning or message during the interview. I allowed them 3 days to read and reflect on the report. Any comments from the respondents were incorporated into the final transcripts before analysis.

Population and Sampling

Sampling comprises sampling size and sampling methodology and is very important in qualitative studies because it allows the researchers to select the sample size and designs most compactible with their study purposes (Shaheen et al., 2019). Researchers in qualitative studies assume that human beings are complex and unpredictable. These individual differences and special needs override any notion or law of universal human behavior. Instead of concerning themselves with a representative sample as needed in quantitative research, qualitative researchers are interested in detailed descriptions of social practices to understand how participants experience and interpret their world (Mohajan, 2018). The current study’s target population was SME owners in Lagos, Nigeria who had successfully repaid their loan obligations to the banks and sustained their businesses.

Choosing a sample size in qualitative research has been an area of debate (Vasileiou et al., 2018). Because qualitative research does not involve statistical generalization, many researchers contend that sampling in qualitative research is not very important (Shaheen et al., 2019). Sampling adequacy in qualitative research is the sample size and composition appropriateness. Therefore, sampling in qualitative research is an important aspect of research to ascertain the trustworthiness and quality of the research (Vasileiou et al., 2018). Vasileiou et al. (2018) also added that samples in qualitative research are traditionally small to account for the in-depth nature of inquiry characteristic of qualitative research. Samples also tend to be chosen purposively to provide the required information for the research questions. Sampling in qualitative studies contrasts with probability approaches employed in quantitative studies.

Two factors must be considered in a qualitative study’s sample size. First is the size of the sample and the appropriateness of the sample units (Shaheen et al., 2019). In my literature review, Shaheen et al. (2019) noted that sample size in qualitative research varies by the study’s qualitative approach. Sample sizes in ethnography vary with the size of the study group. All of the sample sizes for the qualitative approaches are also contingent on saturation level. Saturation is a commonly invoked principle to justify the sample size in qualitative research (Vasileiou et al., 2018). According to Shaheen et al., the different qualitative research disciplines also affect the sample size. For example, studies in health sciences have a higher mean number of participants compared with studies in education. Sample size can also be based on the availability of respondents, resources to complete the study, time constraints, and project manageability (Vasileiou et al., 2018).

According to Mohajan (2018), the commonest way of sampling in qualitative research is purposeful sampling where participants are selected because they are information rich. I used purposeful sampling for my study. Sampling in qualitative research can be categorized into two designs concerning whether it was done before or after data collection has begun. The choice of design type depends on the study objective, purpose, and research questions (Mohajan, 2018). Examples of sampling methods in qualitative research before data collection are maximum variation, homogenous, critical case, theory-based, and convenience (or volunteer) sampling. Others are quota sampling, criterion sampling, typical case sampling, intensity sampling, politically important sampling and stratified purposeful sampling. Those sampling methods that can be done after data collection has commenced included confirming and disconfirming cases sampling, snowball (or network) sampling and opportunistic sampling (Shaheen et al., 2019).

I recruited three participants drawn from the list of performing SME loan portfolios of a Bank in Lagos. Selecting three participants for the study was appropriate for the research design – multiple case study (see Wakefield & Blodgett, 2016). The level of investigation anticipated for the research makes the sample size appropriate, considering data saturation (Wakefield & Blodgett, 2016). Large sample size does not guarantee the attainment of data saturation nor does a small sample size (Guest et al., 2020).

The achievement of data saturation was a major consideration in deciding the research design for the study. Data saturation requires that a researcher collects quality and sufficient data to support a study (Aguboshim, 2021). Saturation does not require a large sample; however, it must include valid and accurate data (Yin, 2018). Yin (2018) recommended interviewing at least three participants to achieve data saturation. I attained data saturation when I had enough information to create themes and when no new themes or information emerged from the participants after further probing of the research questions. Transcript review also helped with saturation. For the transcript review, I sent each participant a copy of the transcribed interview (done with them) for their perusal. I requested that they go through it to ensure that the transcripts were a true reflection of their intended meaning or message during the interview. I allowed them 3 days to read and reflect on the report. Any comments from the respondents were incorporated into the final transcripts before analysis.

The choice of participants in the study included SME business owners who have successfully obtained a loan and repaid it to the banks (when due). The interview setting was face-to-face semistructured interviews which took place at a convenient place chosen by the participants (probably at their office space). I used the interview protocol (See Appendix) to administer the questions. I listened carefully and closely observed for non-verbal cues of the participants for an in-depth understanding of their points of view based on their experience. I used an iPhone 10x digital voice recorder, the interview template and a smartpen as the data collection tools. The handwritten notes and personal observations will be used to support the audio recorder. I ensured that the recording instrument is functioning properly before the start of the interview. A backup recorder was also made available.

Ethical Research

I obtained an IRB approval from Walden University before the commencement of this study. The IRB approval number is 12-01-22-0476118. The research participants were contacted for their consent using the informed consent form before the interviews. I worked with adult participants (those older than 18 years) so that their consent is valid (Shah et al., 2022). The interview questions were made available to the participants, and requests to record the interview sessions were made in the informed consent form ahead of the interview. I also made the participants aware of the reason for the study, and their right to withdraw from the research at any time during the process. Participants who wished to withdraw from the study were informed of their right do so at any time before, during, or after the interview by informing me via my phone number or email of their unwillingness to continue with the study.

There was no inducement or incentive offered to participants in the study as participation was voluntary (see Mumford et al., 2021; Parkinson et al., 2019). As required, I took the necessary steps to ensure all information obtained during the interview was secured. I saved the recordings and transcripts of the interviews in my laptop with password authentication requirements before access. The tapes and other working papers will be secured by locking them in a filing cabinet for 5 years. I will destroy the recordings and transcripts after 5 years in compliance with the Walden University Policy.

As part of the research requirement, and in line with the IRB approval, I ensured adherence to basic ethics of research relating to humans' subjects, including beneficence, the principle of respect of persons, and justice as detailed on the Belmont report (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979). I also ensured the protection of the research participants as the published documents ensured confidentiality of participants by assigning codes – P1, P2 and P3 and avoided using names identifiable with the participants and their businesses. Nonpublication of names protect participants' confidentiality (Bos, 2020).

Data Collection Instruments

Qualitative research provides us with an approach to better understand the experiences, opinions and explore how decisions are made. Thus, it requires collecting rich data that will allow the themes and findings to emerge (Barrett & Twycross, 2018). Qualitative research can help investigators understand the meaning people ascribe to their experiences by accessing the thoughts and feelings of research participants (Mohajan, 2018). All quantitative or qualitative research must involve an objective, systematic and explicit way of getting information (Ahmad et al., 2019). According to Utibe (2020) though the researcher in qualitative research is the principal instrument for the study, most qualitative researchers utilize additional instruments such as interviews, focus group discussions, and observations. The preferred instrument used are determined by the research questions and objectives (Utibe, 2020).

Nonetheless, the commonest method of data collection used were interviews and focused group discussions (Utibe, 2020). I was the main research instrument for this study. Data collection was through semistructured interviews. The interviews were conducted using an interview protocol as a guide (see Appendix). Interviews can provide a deeper understanding of issues compared to quantitative methods of data collection. Thus, interviews are used when little is known about the subject area or where more insight is needed (Utibe, 2020).

According to Busetto et al. (2020), researchers working on qualitative inquiries usually rely on four typical methods for data collection into such insights. These are: participating in the setting, observing directly, interviewing in-depth, and analyzing documents and materials such as letters, diaries, and photographs. The secondary or specialized method includes focus group discussion, life history and narrative enquiries, historical analysis, films, videos, and photography. Others are interaction analysis, unobtrusive methods, questionnaires, and surveys (Barrett & Twycross, 2018; Centers for Disease Control and Prevention [CDC], n.d.; Valcheva, n.d.). Considering the strength and weaknesses, the time needed, the burden on the respondents, logistics, and necessary infrastructure needed for each data collection method will help determine the appropriate method suitable to answer a specific research evaluation (CDC, n.d.).

Interviews are characteristic of many qualitative research studies. They give the most convenient approach to rich data collection regarding a particular phenomenon (Barrett & Twycross, 2018). Fundamentally, there are three types of interviews: structured, semistructured and the unstructured interviews (Utibe, 2020). Utibe explained structured interviews as orally administered questionnaires where a list of predetermined questions is asked without variation and cause for follow up questions. They also described the unstructured interviews as those without any preconceived ideology – usually without any form of organization, and used in areas where nothing is known about the subject area and sufficient depth is needed. As such, they are time consuming (may last for hours), and difficult to manage. This is unlike the structured interviews that are brief and quick to administer. The semistructured interviews consist of several key areas that helps the researcher to navigate the process by being able to probe further an area or a response. I used the semistructured interview process in this study. The flexibility of this interview method makes it one of the most commonly used data collection instruments in qualitative research (see Utibe, 2020). The interview was conducted after getting an approval from Walden IRB and informed consent from the research participants.

Another advantage of the interview method (face-to-face) was that it helped provide accurate screening such as gender, age, and race. The respondents were not able to provide false information in that regard. In the course of the interview, I also captured raw emotions from the respondents, and it also allowed me to ask follow-up questions for more clarity. The interviews also helped build rapport with the respondents. Interviews give a straightforward approach to gathering detailed data regarding a particular phenomenon (Barrett & Twycross, 2018). Notwithstanding, this data collection method can be time consuming (requiring transcription, organizing of data, and reporting), expensive and the interviewing styles can affect the respondent's answers (CDC, n.d.; Valcheva, n.d.).

An important requirement for data collection using the interview methods is the ability to listen attentively and to pay attention to details (Utibe, 2020). According to Shinta and Darmawati (2021), a qualitative researcher much be able to understand non-verbal nuances in an interview such as *proxemics* – the use of the interpersonal space to communicate ideas, *chronemics* – the way speech and silence is conveyed during a discussion, *kinesics* – body movements, and *paralinguistics* – the variations in tone, pitch, volume, and quality of voice. Additionally, Utibe (2020) stated that adopting an open and emotionally neutral body posture, nodding, smiling, making encouraging sounds, and looking interested are important skills the interviewer needs in qualitative research.

According to Valcheva (n.d.), observation involves a person who observes events, people, and interactions around a topic of interest to provide a detailed description of them. This data collection method is simple and allows for detailed description of the observed situation. There is greater accuracy as the researcher observes the event in their natural setting. More so, there is no undue pressure on the respondents to speak as some may not want to or do not have the time for such. Some disadvantages of this method are that it may be difficult to interpret some behaviors, it may be expensive and time consuming to record behaviors and more importantly, the researcher's presence may influence participant's behavior (CDC, n.d.). The personal view of the researcher can also affect the reportage of the event (Valcheva, n.d.).

As a data collection method, the focus group offers the researcher an efficient method of simultaneously gathering the views of many respondents (Barrett & Twycross, 2018). Also, from a participant's perspective, the focus group discussion may offer the respondents a more relaxed atmosphere to discuss, unlike the one-on-one interview methods, as they may not need to be involved in every aspect of the discussion and everybody is discussing the topic (Barrett & Twycross, 2018). Focus group also allows the researcher to observe the reaction of people and their non-verbal responses. It also affords the researcher the opportunity for follow-up questions for in-depth understanding of the topic (Valcheva, n.d.). However, this method needs the services of a well-experienced facilitator, can be expensive and cumbersome working with a group of more than six to eight people and time-consuming to analyze responses (CDC, n.d.). Some participants may not be comfortable giving honest answers (because of the presence of others) and those extrovert participants may dominate the entire discussion (Valcheva, n.d.).

Collection of documented materials such as letters, videos, and photographs may be very useful in qualitative studies like ethnography where the researcher uses such materials to further understand the area's philosophy. An advantage of this method is that the information needed already exists. Accessing the documents does not alter the routine of the program and it can give background or historical details about the topic of interest (CDC, n.d.). Additionally, you do not need to look for respondents or motivate them to participate (Valcheva, n.d.). Nonetheless, the researcher has little control over the results. Researchers can only work with what they have (cannot follow up as available information may be incomplete). It may also be outdated, time-consuming, and some documents may not be in public domain (Valcheva, n.d.). I collected the following secondary data from the participants to support my study: the list of performing loans from the bank, the certificate of incorporation of the companies, and the personal profiles of the participants.

Surveys and questionnaires are very easy to collect. They are cheaper than other data collection methods, easier to analyze and a wider range of data types can be collected (Valcheva, n.d.). Anonymous completion is also possible. However, wordings in the surveys may bias the respondents and forcing the respondents to choose within a range of options may cause the loss of certain responses from participants (CDC, n.d.). Many questions may also be left unanswered, answers may not be honest, cannot capture the emotions of respondents, and without a clear explanation of questions, respondents may misinterpret them (Valcheva, n.d.).

The effects of my personal bias during data collection were reduced by using transcript review. Transcript review for qualitative research is a technique the researcher uses to explore the accuracy and credibility of results (de Loyola González-Salgado et al., 2022). To do transcript review, I sent each participant a copy of the transcribed interview (done with them) for their perusal. I requested that they go through it to ensure that the transcripts were a true reflection of their intended meaning or message during the interview. I allowed them 3 days to read and reflect on the report. Any comments from the respondents were incorporated into the final transcripts before analysis. The validity and reliability of the data collection instrument was enhanced by submitting my instrument to my committees to validate the proposed interview questions. Transcript review and triangulation of data sources helped with the reliability of study findings. The collection of additional information from other sources of the SME further enhanced the methodological triangulation of the data collected.

Data Collection Technique

I commenced this study by obtaining IRB approval from Walden University. The research participants were contacted for their consent before the interviews. I obtained the list of performing SME loan customers from a bank and selected the participants randomly from the list. I reached out to the selected participants. I specified the inclusion criteria to be those owners of SMEs based in Lagos who obtained credit facilities for their businesses and repaid when due. Upon identifying the participants, I placed a call to them, introduced myself and informed them about the study. The first three participants who agreed to be part of the study from three different enterprises were sent a copy of the consent form. I worked with adult participants (those 18 years and older) so that their consent was valid. The interview questions were made available to the participant, and requests to record the interview sessions were made to the participants ahead of the interview. I also made the participants aware of the reason for the study and their right to withdraw from the research at any time during the process.

I confirmed the availability of each participant well ahead of time and scheduled the date and time as well as the location based on their availability and convenience. After meeting the participant at the agreed location, I further emphasized that their participation was voluntary, and they had the right to discontinue their participation and withdraw from the research at any point during the study. Any questions they still had about the research procedure were answered.

The data collection technique for this study was semistructured interviews and collection of relevant supporting documents from the participants that further grounds the research question. This approach entailed a face-to-face interview involving different sessions with each of the participant. The qualitative semistructured interview is advantageous in that it allows the researcher to ask the interview questions in a timely order (Pietkiewicz & Smith, 2014). The semistructured interviews allowed the participants to express their views and tell their experiences on the strategy for the repayment of their loans in as much detail as possible. A disadvantage of using face-to-face semistructured interviews is the tendency for participants not to respond truthfully to interview questions and potential discomfort with using audio devices (Doody & Noonan, 2013). I used the interview protocol (Appendix) to administer the questions. I also listened carefully and closely observed for non-verbal cues of the participants for an in-depth understanding of their points of view based on their experience.

I used my iPhone 10x digital voice recorder, the interview template, and a smartpen as the data collection tools. The handwritten notes and personal observations were used to support the audio recorder. I ensured that the recording instrument was functioning properly before the start of the interview. A backup recorder was also made available. The advantages of interviews are the relevance and the depth of data with clarity that provide answers to sensitive research questions (D’Souza et al., 2016). Interviews in qualitative research are time consuming, can be intrusive and the transcription processes especially can be painstaking and tedious where the volume of recorded data is large (Karim et al., 2014). The estimated time for interview completion was about 45minutes to an hour giving room for any disruptions during the interview process and any clarifications that may be required on the informed consent and the purpose of the study. To make the interview process less intrusive, I ensured the location of the interview was conducive, quiet to avoid distractions and ensure the confidentiality of participants. The collection of additional information from the participants enhanced the methodological triangulation of the data collected. I requested the following secondary data: project management documents such as documentation of policies and procedures, company registration documents, and quarterly publication of reports. I also asked for the link to the company website for perusal if available. I concluded the interview by thanking each respondent and request permission for follow-up information when necessary.

I ensured the transcriptions of the recordings of the interviews were completed within a week of completing the interview. This was followed by data cleaning through the elimination of all non-relevant and dirty data, as suggested by Chu and Ilyas (2016) and Hodkiewicz and Ho (2016). I used transcript review to ascertain the correctness of the interview. Transcript review for qualitative research is a technique the researcher uses to explore the accuracy and credibility of results (de Loyola González-Salgado et al., 2022). To do transcript review, I sent each participant a copy of the transcribed interview (done with them) for their perusal. I also requested that they go through it to ensure that the transcripts were a true reflection of their intended meaning or message(s) during the interview.

There was no inducement or incentive offered to participants in the study as participation was voluntary. As required, I took the necessary steps to ensure all information obtained during the interview are secured. I saved the recordings and transcripts of the interviews in my laptop with password authentication requirements before access. The tapes and other working papers were secured by locking them in a filing cabinet for 5 years. I will destroy them in compliance with the Walden University Policy.

Data Organization Technique

Qualitative research captures people’s thoughts and experiences, making the data unique (Mohajan, 2018). These data may include field notes, memos, analyses, videotapes, and transcriptions (Busetto et al., 2020). Comparing and analyzing these kinds of data in its raw form is very challenging and will require some form of data management or organization. According to Avuglah and Underwood (2019), data management is the method for systematizing, categorizing, and filing the materials to make them efficiently retrievable and duplicable. Efficient data management allows researchers to gather information in various forms, different ways, or locations in a way that will safeguard the security of the data (Avuglah & Underwood, 2019). Rigorous data organization in a standardized way is essential to data security and validity of study results (Puebla-Martínez et al., 2021). For this study, I developed a clear file naming system on my computer. Each participant was identified with the letter “P”. First participant was P1, the second P2 and the third P3. The filing name included the participants' codes, the interview date, and year. For example, the interview for P1 took place on the 12th of September, then it was identified as P1_12092022 and so on for the others.

Since the data were collected in the form of media files from interviews, I first produced copies of the recordings as a backup in a flash drive. I stored the flash drive in a different secured location. I guaranteed the participants that their data would be treated with respect and privacy. The available company documents like the certificates of incorporation of the companies and the personal profiles of the participants will also be treated with respect and privacy. These documents were accessed for relevant information to support the interview questions for each participant. The information retrieved from the documents included the dates of incorporation of the companies, the business registration number, the registered address of the principal place of business, and the personal profile of the participants. These will be stored under the filing name of the participants for triangulation. Adequately storing the research data will allow the researcher to maintain integrity and privacy over the data (Manandhar & Joshi, 2020). I transcribed the audio files into word documents and will keep them on my computer. The files on my computer are password-protected and the back-ups equally kept in a filing cabinet with locks. These files will be deleted after 5 years.

Data Analysis

Data analysis is the review of data to identify meaningful patterns that result in thematic answers to the central research questions in a study (Yin, 2014). Data analysis is a major step in qualitative research as it forms the research outcome. A weak analysis defeats the purpose of the study in producing unreliable results. Therefore, it is imperative to choose the analytical methods carefully (Bhatia, 2018).

In this study I used qualitative data analysis to interpret and understand the collected data (CDC, 2018). Qualitative data analysis is the organization and explanation of linguistic material to make statements meaning in the material and what it represents (Mohajan, 2018). The process is an iterative one such that while data is being collected, the researcher reviews it to shape how to collect and interpret future data (CDC, 2018). The data analysis process enables researchers to acquire in-depth knowledge and insight into a problem by grouping shared themes and patterns relating to the respondent's experiences (Lewis, 2015).

Triangulation remains an integral part of data analysis, and for the purpose of this qualitative multiple case study, I used methodical triangulation. Methodical triangulation with keyword-in-context, caparison analysis and content analysis formed the basis of data analysis. Methodical triangulation allows a researcher to combine multiple methods for depth and collaboration in data collection. (Yin, 2014). There are two types of methodological triangulation: the Across and Within methods (Heale & Forbes, 2013). Across method triangulation leverages two different data collection methods, such as quantitative and qualitative, while the within method triangulation is the use of more than one set of data collected from different sources within one data collection method (Heale & Forbes, 2013). To achieve consistency of findings from various sources of data collected for the study, I used the within method triangulation of the data since it offers the opportunity to affirm correctness as discussed by Heale and Forbes (2013).

In this study, I analyzed the data using the four steps recommended by CDC (2018). It is important that for qualitative data analysis, the process of data analysis is approached systematically. Different authors had advocated different number of steps. However, other authors say some steps are collapsed into fewer ones. CDC (2018) advocated four steps in qualitative data analysis which shared some similarities with the five steps noted by Yin (2014). Yin discussed (a) collecting data, (b) grouping data, (c) regrouping data based on themes, (d) evaluating the information, including the methodological triangulation of feedbacks from the transcript review, information retrieved from the incorporation documents and personal profiles of the participants, listening to the interview records, loan listing from the bank and (e) recognizing emergent themes.

The four steps advocated by CDC (2018) for qualitative data analysis includes; reviewing the data, organizing the data, coding the data, and interpreting the data. Reviewing the data, allowed an in-depth knowledge and understanding of data through reading, rereading, and organizing of the collected data into various categories. It is very important after data collection to explore the data to understand them. For example, interview transcripts can be read repeatedly until one understands the content. While reading, the first impressions about the data can be jotted down. Organizing the data means that they are arranged in a manageable and easy-to-navigate manner. Organizing the data can be done in diverse ways, for example, grouping them by date, research question asked, or data collection methods. The CDC defined coding as the process of identifying and labelling themes within the data corresponding with the questions you want to answer. Themes are common trends or ideas that repeatedly appear throughout the data. To interpret the data means to correlate the key themes with the literature (including new studies published since writing the proposal), and present the write-up of the findings. I organized the dataset by cleaning and importing the interview transcript data into NVivo via the Microsoft Word. It must be noted that this software does not do the analysis for the researcher. Instead, the software help to organize and search the data, especially when the data collected is bulky and herculean to work with manually. Qualitative data analysis software can help search the data by the question, topic area, or participants (CDC, 2018).

I conducted transcript cleaning by deleting data that were not relevant to the topic of the research. The cleaning of the data allowed an in-depth knowledge and understanding of data through reading, rereading, and organizing of the collected data into various categories using findings from the literature review on the strategies small business owners in Lagos use for repayment of their loans to the banks to sustain their businesses. The next step was the proper understanding of the data. I grouped and coded the data by grouping them into identified themes, patterns, trends, and dominant features. Coding entails labeling the data using group names, classifying words, and arranging them in clusters in a way to mask the identity and ensure confidentiality of the participants. To avoid the publishing of the names, I protected the identity of the participants. Data coding provides recognition to evolving patterns and themes (Baskarada, 2014).

Following the classification and coding of the data, I matched the major themes with the common perspectives, displayed behavioral patterns, and shared experiences of the participants and interpreted the data. I used transcript review to validate the accuracy of the data collected and confirm the quality and validity of the data. I conducted transcript review by handing the transcript of the interviews to the participants for a review and confirmation that the data collected reflects the intended meaning of what they said and meant during the interview. Transcript review improves the accuracy, credibility, and verifiability of the data collection process as suggested in Fan et al. (2015). The last stage of data analysis was interpreting the data. I used the incorporation document which provided data on how long the businesses have been in operation, the type of business and location of business. I also used the personal profiles of the participants which provided the level of education, age, and business experiences of the SME owners in triangulating the data. After data analysis, by which time the themes were identified, I examined the alignment of each theme and the results of the data analysis with the themes and phenomena identified in the literature and the constructs in the conceptual framework proposed for the study – the theory of planned behaviour. I examined how the themes connected or did not connect to previous research on the topic. I also checked to see if any of the themes extends the existing literature and may result in the need for additional studies to better understand this new information.

Reliability and Validity

Reliability

According to Noble and Smith (2015), it is essential to evaluate the quality of research for the findings to reflect the truth. Therefore, qualitative researchers should consider the reliability and validity of a study right from the study design, result analysis, and adjudging the quality of the study. Though the measures and tests for assessing the reliability and validity of quantitative data cannot be applied to qualitative data, Noble and Smith defined reliability as consistency within the employed method. On the other hand, Cypress (2017) defined reliability as the repeatability, replicability, consistency, and stability of a result or observation.

Dependability in qualitative research is closely related to the notion of reliability in quantitative studies (Cypress, 2017). According to Noble and Smith (2015), dependability relates to consistency on the part of the researcher. Implying that the researcher’s decision is clear and transparent, the researcher will be able to arrive at similar comparable findings consistently over time. For this study, I enhanced the dependability by asking the same questions during the interviews using the same order and method. This was achieved using the interview protocol to stay focused and unbiased during the interviews with the participants. Dependability was achieved by my participant’s involvement in transcript review to ascertain their responses. The validity or correctness of the data was ascertained after their review.

Validity

Noble and Smith (2015) questioned the appropriateness of reliability and validity for qualitative research. However, they agreed that the terms might be applicable in a broader context. Noble and Smith defined validity as the precision to which the findings accurately reflect the data and the methods' integrity. On the part of Cypress (2017), validity was defined as the state of being well-grounded or justifiable, to accepted principles. When the meanings supplied by participants are authentically engaged in the description of the research findings, or they are an accurate and truthful depiction of reality, such studies are adjudged trustworthy and credible (Cypress, 2017). As the quantitative researcher is concerned with the issue of reliability and validity, so also must the qualitative researcher consider the following factors: credibility, transferability, and confirmability, which are the hallmark of "trustworthiness' for qualitative research (Morse, 2015). These trustworthiness criteria guarantee the rigor of qualitative research.

Credibility

Credibility helps ascertain if the research findings directly represent the participant's views (Morse, 2015). Many methods had been proposed to check for credibility. For my doctoral study, I ascertained my findings' credibility through transcript review by the participants. I conducted transcript review by mailing the transcript of the interviews to the participants for a review and confirmation that the data collected reflects the intended meaning of what they said and meant during the interview. This will demonstrate that the data to be analyzed are indeed the views and opinions of my study participants as they are the ones that can give legitimacy to the research outcomes. The transcript review of the data and interpretations with the study participant is one way to ensure the correctness of information gotten from participants (Cypress, 2017). According to Cypress, other methods that can be used to ensure the credibility of a qualitative study is the triangulation of study findings and the debriefing of study findings with peers. I also analyzed company documents in this study to see how they support the interview information.

Transferability

Transferability of a qualitative study is achieved if the findings and contexts of a particular study can fit into similar contexts using other participants (Morse, 2015). One way to achieve transferability is to utilize a purposive sampling method that will recruit study participants who would represent a diverse array of respondents providing a thick description of robust data (Cypress, 2017). For this study, I used purposive sampling and ensured that those respondents with the needed information were reached.

Transferability can also be achieved by providing a detailed description of the research procedure for this study, including the rationale behind the choice of participants and a vivid description of the research framework or postulations vital to this study. I adhered to the data collection method by using the interview protocol for face-to-face interviews. As suggested by Marshall and Rossman (2016), putting my participant's views and responses to the interview questions in the context of the social and cultural environment where my study took place can help with transferability of the study.

Confirmability

The degree to which other researchers can confirm the qualitative research findings is confirmability (Noble & Smith, 2015). Confirmability ensures that the study findings and interpretations are not figments of the inquirer's imagination but extrapolated from the data. For this study, I maintained a reflexive journal during the research process to daily document reflections explicit from the role of the researcher. The use of a reflexive journal assisted with the confirmability of the study findings. I also ensured an accurate recording of the interview responses by having a backup recording device. Also, as with other factors of research validity, transcript review of my interview transcripts helped ascertain confirmability as the participants confirmed that the contents of the transcripts were a reflection of what they said during the interview.

Data Saturation

Data saturation provides that a researcher collects quality and sufficient data to support a study though neither a large sample size nor a small sample size guarantees the attainment of data saturation (Aguboshim, 2021). Data saturation is achieved when there is enough data to answer the research questions – when there is no additional information or themes revealed during data collection process (Aguboshim, 2021). In this study, I achieved data saturation by interviewing the participants using probing questions. The achievement of data saturation was when the participants did not have new information to provide after probing the research questions. Data saturation can also be achieved by transcript review when I have obtained enough information to create themes and when no new themes or information emerges from the data (see Saunders et al., 2018). For the transcript review, I sent each participant a copy of the transcribed interview (done with them) for their perusal. I requested that they go through it to ensure that the transcripts were a true reflection of their intended meaning or message during the interview. I allowed them 3 days to read and reflect on the report. Any comments from the respondents were incorporated into the final transcripts before analysis.

Transition and Summary

This study was focused primarily on exploring the strategies that SME owners in Lagos, Nigeria used to ensure repayment of their loans to the banks to sustain their businesses. In Section 2, I described how I used the qualitative multiple case study design with interview data and company documents obtained from participants for the research. The purposive sampling method was appropriate to select three participants in Lagos, Nigeria. I applied methodical triangulation for my data sources. Approval from Walden University IRB was a prerequisite before the commencement of data collection. The interview process was via in-person interviews. I recorded, transcribed, organized, and analyzed the data after cleaning with NVivo software. In Section 3, I present the research topic, explain the study findings, its applications to business practice, and implications for social change, as well as recommendations based on results of research, suggestions for future research, and my reflections.

Section 3: Application to Professional Practice and Implications for Change

The purpose of this qualitative multiple case study was to explore the strategies that some SME owners in Lagos, Nigeria used to successfully repay bank loan obligations to sustain their businesses. The data came from interviews with three SME owners in Lagos, Nigeria. I used the methodological triangulation of data by including interview data and data obtained from the review of documents. I followed the standard process and used the interview data and company documents that included the certificate of incorporation and the personal profile of the participants and management teams for the review toward achieving data saturation. The review and analysis of the company documents confirmed the participants had the necessary skill and experience that helped position the businesses for success in the repayment of their loans. The findings from the study showed that some of the strategies used by SME owners for successful repayment of their loans included tying the loans to productivity by leveraging a just-in-time approach to obtain and utilize the loans. Another strategy is to ensure loan proceeds are not diverted but invested into the business. In addition, the data analysis revealed that by having an effective business plan and financial management skills, SME owners can contribute to successfully repaying bank loan obligations to sustain their businesses.

Presentation of Findings

The research question was the following: What strategies do SME owners in Lagos, Nigeria use to repay bank loan obligations to sustain their businesses? I collected qualitative data through semistructured interviews with three small business owners. I also reviewed company registration documents and personal profiles of the participants and their management teams. I used the thematic analysis approach to analyze the data. After the data analysis, four major themes emerged: (a) tie loans to productivity, (b) ensure that loans are not diverted, (c) have a plan, and (d) build capacity in basic financial management. In this section, I present and discuss the themes, comparing them with the literature and the overarching theory.

I used the TPB for this study. TPB was developed as an extension of the TRA (Ajzen, 1991). The three constructs of the TRA are attitudes, subjective norms, and behavioral intentions. Attitude is the strength of belief a person holds toward a behavior. Subjective norms are the social pressures that come from important individuals in a person’s life that influence the person to perform a behavior, and behavioral intentions (an individual’s intention to perform a behavior) are determined by both the attitude and subjective norms. With the three constructs of TRA as a constant, TPB posits that voluntary behaviors are determined by intentions regarding the behavior, while intentions are determined by attitude, subjective norms, and the extent to which a person feels capable or incapable of performing the behavior (perceived behavioral control; Ajzen, 1991). The TBP allowed me to explore and identify the strategies that SME owners use for meeting their bank loan repayment obligations to sustain their businesses. Table 4 describes some of the identified codes and categories while Table 5 describes the themes.

Table 4

Codes, Categories, and Themes From the Transcribed Data

Code	Category	Theme
Improved productivity is achieved by focusing the application of loans in areas with increased demand.	Do not waste loans	Tie loans to productivity
Loan facilities were obtained when there was certainty about their customers' intention to buy the goods.	Loans should be obtained to meet an available need or demand	
Diversion of loans for personal use is one of the most significant contributors to nonperforming loans among SMEs.	It is important to separate personal and business finances	Ensure that loans are not diverted
Personal discipline is required in setting funds aside to ensure repayment as the due date approaches	There should be a commitment to personal financial discipline.	
SME owners need to consider the periodic repayment installments and the business's ability to meet with these obligations.	Have a deliberate plan for loan repayment	Have a plan
Have a realistic budget with affordable repayment installments.		
Planning informed by a careful study of the social calendar is important to address future risks	Consider periods or festive occasions with potential detrimental effects on sales	
Owners need to understand the times in business to know when to put what and where		
Participants' educational attainment of at least a postsecondary education and skills in financial management supported the ability to repay loans.	Improved financial literacy	Build capacity in basic financial management
Financial planning and management, budgeting, and improved organizational procedures	Access to shared platforms that deliver knowledge in business support services	

Table 5

Description of Themes

Theme	Number of participants	Description
Tie loans to productivity.	1	Participants explained the need for loans to be applied to areas with increased customer demands. This just-in-time approach to loan management ensures default rate is limited.
Ensure that loans are not diverted.	2	Participants explained that loans should be used for the purpose they were incurred for. There is a need to separate business funds from personal funds and to be disciplined to avoid the temptation of diverting loans for other purposes when the time for repayment is due.
Have a plan.	1	Participants expressed that SME owners should have a plan for periodic repayment of loans while ensuring discipline. Also, it is important to consider the different times in the calendar when turnover in the business may drop and factor that into their repayment plans.
Build capacity in basic financial management.	2	Participants’ educational level and prior training in financial planning, management, budgeting, and organizational procedures positively affected their abilities to repay their loans. Financial literacy is very important.

Theme 1: Tie Loans to Productivity

In Nigeria, technological advances, changing customer expectations, and globalization have increased the need for higher productivity levels. This trend is attributable to the high rate of product imports into Nigeria, which has made it necessary for local companies to compete with foreign manufacturers. This has made it necessary for local manufacturers to increase local productivity. According to current study participants, improved productivity is achieved by focusing the application of loans in areas with increased demand. Participants are methodical in ensuring that loan facilities are repaid. Many are disturbed by the preconceived notion that SME business owners are not enthusiastic about the repayment of credit facilities. Earlier studies have shown that owners of some SMEs deliberately manipulate the system to truncate repayment. In the current study, P2 and P3 said they obtained loan facilities when there was certainty about their customers' intention to buy the goods. This just-in-time approach to loan management ensures the default rate is limited.

Using project planning strategies and tracking has helped participants curtail loan defaults. Some respondents reported that profit in their business goes back into the business for sustainability. P2 said

> I only obtain bank loans when I have a customer who has signified interest in purchasing my products. So, I market my product and ensure people who would access it are available. So anytime I obtain a loan, I also ensure I take care of the marketing side of the business and that my customers pay on time for the continuity of my business.

The just-in-time approach to loan request and utilization to a large extent guarantees efficient utilization of the loan proceeds and the successful repayment of the loan to the banks. P3 added "I just ensure that whenever my loan repayment obligation is due, I put everything in to avoid default. I ensure that I have the loan repayment schedule and set the repayment amount aside as when due." P1 added that

> as a person, I would say the phrase is plow back. If the invested funds do not yield the desired returns, at least the minimum amount needed for repayment will be realized, therefore the likelihood of default will be avoided completely. We try not to divert funds for other uses because the moment you do that, you are digging a hole for yourself. So, the basic thing is to plow all the money meant for the business into the business and we expect that the time we make sales and recoup whatever investments were made initially. So, that's the basic strategy.

The results of this study indicated that SME owners who are deliberate about tying loans to productivity could improve loan repayment by focusing on applying loans to areas with increased customer demand. The findings were consistent with prior literature. Adelekan et al. (2019) found that access to credit facilities is directly proportional to the business expansion of SMEs in Lagos, Nigeria; debt financing is also directly related to the outputs of the SMEs. Borrowers who have been in the business for extended periods tend to have better loan repayment rates because they understand the business terrain better in redirecting credit facilities for better sales. Therefore, they have better cash flow to repay their loan obligations (Dire, 2018). The review of the personal profiles of the current study participants affirmed that the businesses existed for 5–10 years and garnered experience in successful loan management to sustain their businesses. In addition, Salifu et al. (2018) submitted that there is a positive correlation between loan performance and business experience.

Tying loans to productivity by applying loan proceeds to areas with increased customer demand also aligns with recent literature. For example, De Bonis et al. (2021) showed that in the bank-dependent Italian economy, more loans were awarded to businesses with a value for money, where there was productivity with the assurance of servicing the credit facilities. Likewise, during the economic crisis of the COVID-19 pandemic, in most European institutions, financial support went by and large to those with the capacity to survive and succeed (Altomonte et al., 2021).

The results of the current study tying loans to productivity as one of the strategies for successful repayment of bank loans aligned with my chosen conceptual framework (TPB) because, according to Ajzen (1991), attitude is the strength of belief a person holds toward a particular behavior. The current participants' views were that improved productivity is achieved by focusing the application of loans in areas with increased demand. The behavior that leads to positive outcomes gives an individual a positive attitude and vice versa (Sudiartana & Mendra, 2018). Therefore, an individual's intention to perform a behavior such as tying loans to productivity is determined by the belief the person holds that it will yield a positive outcome. Tying loans to productivity is a viable strategy for successful loan repayment to the banks.

Theme 2: Ensure That Loans Are Not Diverted

P1 and P3 mentioned that efforts must be made to ensure that loans are not diverted. Diversion of loans may be intended or unintended. P1 and P3 recognized that unintended loan diversion is a risk that could see them applying parts of the loan to areas not mentioned in the loan application agreement. The diversion of loans for personal use is one of the most significant contributors to nonperforming loans among SMEs. By diverting business funds to meet family needs, SMEs may struggle to pay creditors when loan repayments are due. P1 and P3 agreed that it is important to separate personal and business finances. A key difference between personal and business finance is how leverage can and should be used. Leverage refers to investing borrowed funds with the hope that the returns will outweigh the loan and interest to be paid. Although there are risks to using leverage in personal finance because personal funds and assets are on the line, in business leverage is often used to increase the bottom line. This makes it a good idea to delineate between business and personal finances where loans are concerned. A commitment to personal financial discipline is a significant factor in shaping behavior toward loan repayment.

P1 and P3 mentioned the need to ensure that loans are not diverted. Moreover, loans should be used to finance only short-term trade obligations. This will enable proper sales projection. Moreover, personal discipline is required in setting funds aside to ensure repayment as the due date approaches. Finally, the participants noted that a sense of personal responsibility is the basis for ensuring that borrowers meet their loan repayment obligations. This sense of personal responsibility drives them to take steps toward their goal of meeting loan repayment obligations.

In summary, financial discipline was highlighted by participants. In addition, understanding the business dynamics and the facility's terms and conditions was also emphasized. P1 said

> when you say the most effective strategy, you know one needs to understand the dynamics of his business. With the knowledge of the daily, weekly, and monthly sales volumes, projected sales numbers are nearly accurate, enhancing the ability to plan upcoming repayments. So, if we have N1,000,000 to pay at the end of the month … maybe it comes in every other day, fine. So, like 4 days to the time or 6 days to the repayment date, we commence setting the money aside. But if we're sure the daily sales can cover up to 1–2 days without a default, we'll try to mop up cash and make payments. So, I think overall, for me, it's all about discipline. Discipline has to do with understanding because anybody helping you grow your business, any bank helping you grow your business, is leverage for you to get to where you're going to. So, it's a bridge; as much as possible, anybody that wants to go far and business will not want to burn the bridge that has moved his business from one point to the other because you still have other grounds to cover and you need these financial houses, I mean banks.

P1 added, "to help you get to where you're going, if you value that relationship and you have that understanding, you would as much as possible do everything within your means to keep the relationship going."

P1, P2 and P3 revealed that the diversion of loans for personal or family needs significantly contributes to non-performing loans by SMEs. The inclusion of the participants names on the list of performing loans obtained from the bank also corroborates the participants submission that they ensured the loans are not diverted but used for the intended purpose. This finding is consistent with prior literature. To determine the causes of loan delinquencies among SMEs in Dar es Salaam, Tanzania, Lyimo (2019) found that funds utilization practices positively and significantly affect SMEs in Dares Salaam town. Invariably, funds utilization practices such as “borrowing funds to expand into new markets, using loans whenever there is a need to diversify, and using borrowed funds to undertake new ventures increase loan delinquency” (Lyimo, 2019. p.1). Salifu et al. (2018) argued that SMEs with larger loans tend to be monitored by banks or financial institutions for loan utilization. The monitoring of the SMEs reduces loan defaults as the loan proceeds are more likely to be used for the intended purposes.

The theme of ensuring that loans are not diverted also aligns with recent literature. A study to analyze the loan repayment performance of SMEs in Ethiopia, found, among other factors, that loan diversion negatively affected loan repayment. However, using the loan for an intended and productive business lessens the probability of default (Endris, 2022). In another study, in Nigeria, to examine the determinants of loan default among microfinance banks’ borrowers, Umar (2022) found that the existing high cost of funds from the bank, dishonesty and fund diversion among the borrowers were major factors responsible for the high default rate among the SME borrowers. Loan diversion is therefore a major factor impacting the ability of SMEs to repay borrowed funds.

The results of this study aligned with the chosen conceptual framework of TPB. Sudiartana and Mendra (2018) stated that a person would do something if they considered the action positive (as in the case of not diverting the loans), there is social pressure to do it, or there is an opportunity or confidence to do it. The result of the study established that ensuring that loans are not diverted is one of the strategies for successful loan repayment, and agrees with TPB's construct of behavioral intentions, where an individual's choice to perform a behavior like not diverting the loans is tied to the belief the person holds that it will yield a positive outcome of being able to repay the loan obligations (Ajzen, 1991).Therefore, any behavior that leads to a desirable outcome encourages an attitude that embraces it.

Theme 3: Have A Plan.

Having a deliberate business plan for loan repayment was identified as one of the strategies for successful repayment of loans. P1 confirmed that careful planning of loan repayment contributed to the successful repayment of their loans. P1 said:

> when you say the most effective strategy, you know one needs to understand the dynamics of his business. With the knowledge of the daily, weekly, and monthly sales volumes, projected sales numbers are nearly accurate, enhancing the ability to plan upcoming repayments. So, if we a maturing repayment of N1,000,000 at the end of the month, and daily sales averages N200,000… So, like 4 days to the time or 6 days to the repayment date, we commence setting the money aside. But

> if we’re sure the daily sales can cover up to 1–2 days without a default; we’ll try to mop up cash and make payments.

An SME with an active loan must implement a repayment plan to manage the loan. A repayment plan ensures the loan is repaid in time to avoid penalties or additional charges. In drafting a loan repayment plan, however, it is critical to consider the periodic repayment installments, the business’s cash flow and ability to meet these obligations. Equally important is the need to have some allowance within the plan that will provide a means of keeping track of expenses whenever there are unexpected costs. However, it must be mentioned that drafting and following a repayment plan is not a one-size-fits-all, because it must only be considered where the borrower is certain of their ability to meet the required payments. Key considerations include patronizing a lender with an option of repayment plans and coming up with a realistic budget with affordable repayment installments.

On the role played by the organization’s management team in successful loan repayment strategies. The responses of the participants are as presented in Table 6.

Table 6

Planning That Helped With Loan Repayment Strategy

Response	Number of participants
Provide support in the area of customer management.	3
Timely delivery of products to customers to ensure prompt payment.	3
Faithful implementation of directives of the top leadership	1

The analysis of the responses suggests that the ability to design and implement a successful loan repayment plan may not have been there but for the support provided by the management team. Among these were the provision of support in customer management, timely delivery of products to customers to ensure prompt payment, and the top leadership's faithful implementation of operational directives. The underlying assumption here is that participants' behavioral intentions are targeted at ensuring the successful repayment of loan obligations, which informed the outlined strategies for loan repayments. Analysis of the responses of P1 suggests that while a conscious effort is made to ensure that loans are used productively, this is not as significant as ensuring that loans are not diverted. This indicates that behavioral control among participants is strong.

Analysis of responses of P1, on the challenges to loan repayment showed that a key challenge experienced by only one of the participants interviewed as presented in the Table 7.

Table 7

Challenges Encountered in Repaying Loans

Response	Number of Participants
No challenges encountered	2
Limited sales during festivities such as Salah, the Muslim fasting period, and Easter	1

The challenge was external and was of limited sales during periods of festivities such as Muslim fasting periods, Salah, and Easter. These periods saw the low patronage and expectedly affected loan repayment obligations. However, P2 and P3 claimed to have encountered no challenge in meeting their loan repayment obligations in line with their repayment plans. P2 and P3 acknowledged that business has not been smooth; they pointed at the weak economy, inflation, uncertainty because of the coming elections in the country, and unpredictable sales that have negatively impacted cash flow. For example, P1 said, “we would say for this year in particular, there was a weak period for us that we didn’t see coming, and that was Salah and Easter, all coming together, and at that point our sales dropped by 80%”. According to P1,

> It was a tough time for us. Sales dropped, and it also affected our repayment and capacity for the whole of the year. So, we ran into some difficulties making payments during the period. But as an organization, as long as we have products arriving on schedule and uninterrupted sales, we’re certain to cover the outstanding repayments. Hence, ensuring financial discipline would always make a difference at the end of the day.

As mentioned above, only (P3) indicated that limited sales during festivities affected their organization's ability to meet loan repayment obligations and identified the strategy adopted to address this challenge. Again, the identified challenge was external to the participant's organization and may not have been fully mitigated at the time, but according to this participant, production planning informed by a careful study of the social calendar is being used by this participant's organization to address future risks. Excerpts: P2 said, "to ensure the successful repayment of loans obtained from the banks, I know the repayment schedule and provide adequate funds for repayment before the due dates".

According to P3,

> It's just keeping up to date. I make sure to take the repayment schedule seriously. This helps to stave off any challenges with loan repayments. Also, I don't play with my calendar. That's the only reason I don't face the challenge because I know my calendar. I made sure that I didn't joke with my calendar. I follow my calendar diligently. That's the only reason I escaped the challenge; if not, the challenge is there.

According to P3,

> We need to understand how to juggle the moment, and that's the part that's the rule that I play. I need to know where to pull funds from and where to plug funds per time. And as long as you do that correctly, we will stay afloat. So, for me, I think it is understanding the times in the business to know when to put what and

> where, and then that’s the only way one has been able to convince any issues coming up from lack of payment or repayment.

Having a repayment plan to manage the loan is consistent with prior literature. Kiptum (2019) defined budgeting skills as the possession of skills and knowledge to set financial goals and prepare and use budgets to monitor the financial performance of a business. There is a positive relationship between financial statements analysis, budgeting, and loan performance (Gaudence et al., 2018). Jayasekaraa et al. (2020) pointed out that a great majority of SMEs fail in their first 2 years of existence due partly to not having a financial plan. The level of education, business exposure, and experience of the participants as evidenced in their personal profiles and business incorporation certificates further lend credence to their submission that having a loan repayment plan contributes to the successful repayment of their loans to the banks.

SMEs using a payment plan to service their loans aligned with a recent literature review suggesting different plans for loan repayment. These include an accelerated loan repayment and debt snowball method (Mbah, 2022). An example of an accelerated loan repayment plan is where the debtor makes a minimum payment on all the loans and then allocates the remaining money to the loan with the highest interest rate (Mbah, 2022). The debt snowball method centers on reducing the debt profile by ensuring that the debts with the smallest amount are first cleared and that the debtor has paid the minimum required balances for the larger debts. According to Mbah, once the loan with the smallest balance is settled, other funds can be allocated to the next loan with the smallest balance until all the loans are cleared.

Having a repayment plan aligned with my chosen conceptual framework of TPB. According to Ajzen (1991), one of the constructs of TPB is perceived control. Perceived control over behavior is an individual's belief that they control some factors that make them behave in a certain way. So, for example, a person will do something (like developing a repayment plan) if they consider the action as positive, there is social pressure to do it, or there is an opportunity or confidence to do it (Sudiartana & Mendra, 2018). Their educational level and years of business experience are compelling factors encouraging them to ensure that loan repayments are made to avoid embarrassment from the banks.

Theme 4: Build Capacity In Basic Financial Management

Areas also explored among participants were the type(s) of skills acquired or training undertaken to improve their ability to repay loans promptly. Responses from P1, P2 and P3 suggest that post-secondary education was a significant factor in forging strategies that helped with loan repayment (Table 8). All study participants had post-secondary education, while some acquired bookkeeping skills and built their capacity in basic financial management, respectively. The trainings and capacity building workshops attended by the participants and their management teams as detailed in their personal profiles further substantiated the impact of financial literacy and awareness skills in the repayment of their loans. P1, P2 and P3 submissions in the interviews that financial discipline helped in the successful repayment of their loans is underlie by the participants educational attainment of at least a post-secondary education and skills in financial management (as noted in their personal profiles) supported the ability of the management teams to implement measures that ensure repayment of the loans. The demography of the participants who are all younger than 36 years also introduced some level of pragmatism in leveraging initiatives and innovative ideas that help advance the business. There seems to be a relationship between the educational attainment and demography of the participants and the successful repayment of their loans.

Table 8

Skill or Training That Helped With Loan Repayment Strategy

Response	Number of Participants
Postsecondary education	3
Building of capacity in basic financial management	2
Bookkeeping skills	2

As a result of improved financial literacy through capacity building, the study participants were able to make more informed judgments on business or financial matters. These new skills positively impacted the SME owner's ability to meet their loan repayment obligations. To further bolster this point, it is widely accepted that a lack of financial literacy among SMEs limits their capacity to manage financial and business resources effectively and is a key factor that promotes a higher rate of loan default. There is growing advocacy for financial literacy among SMEs by lenders and the donor community generally, to enable the SMEs to change attitudes and attract more funding to this critical economic sector. In addition, P1, P2, and P3 are generally favorably disposed to exposure to financial planning and management, budgeting and improved organizational procedures. Excerpts: According to P3,

> Financial discipline got us here. You know this money is a loan, So I make sure that I use it for the business because of the purpose of the loan. It is for me to buy a phone, for my phone business, so I'll make sure that I don't joke with it. I don't play with it at all.

Lenders also recognize the importance of management support in promoting healthy financial management practices among SMEs in Nigeria. Accordingly, they have developed capacity-building packages to help SMEs build the needed capacity for entrepreneurial success. Among these are a suite of bespoke offerings that enhance organizations' management capacity in the form of advisory services and handholding support, including access to shared platforms that deliver knowledge in backend and frontend business support services. Thus, businesses under the guidance of lenders, institute credit management and guidance policies for management staff to follow. The aim is to gain higher levels of financial literacy and limit the organization's exposure to eroded margins. The main areas of training focus according to Kenton (2023) usually include the following:

1. Credit period: The time a customer has to pay back to the company for goods or services rendered.
2. Cash discounts: This is targeted at ensuring quick turnaround of payment. Some companies offer a percentage reduction of discount from the sales price

if the purchaser pays in cash before the end of the discount period. Cash discounts present purchasers an incentive to pay in cash more quickly.

3. Credit standards: Includes the required financial strength a customer must possess to qualify for credit. Lower credit standards boost sales but also increase bad debts.
4. Collection policy: Measures the aggressiveness in collecting slow or late paying accounts. A tougher policy may speed up collections but could also anger customers and drive them to take their business to a competitor.

Improving financial literacy to meet loan repayment obligations is consistent with prior literature. Kiptum (2019) defined financial skills as the degree to which one understands important financial concepts and has the capability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning. A good financial foundation for the SME owners is a marker of their potential success and competitiveness in the economy (Kiptum, 2019). In a study to check the impact of the financial literacy program on loan performance among operators of SMEs in Rwanda, Gaudence et al. (2018) found that financial literacy positively influenced the loan performance of SMEs. Baidoo et al. (2020) also identified financial training to be positively related to the repayment performance of SME loans. Those borrowers without training about their business have a higher tendency to default on loan repayment.

The need to build capacity in basic financial management aligned with a recent literature review where Msomi and Nzama (2022) investigated the relationship between financial literacy and loan repayment of SMEs in South Africa. They found that if SME owners are financially literate, they will be capable of repaying outstanding loans and advances on time. The results of this study also aligned with my chosen conceptual framework. One of the constructs of TPB is subjective norms. According to Ajzen (1991), the subjective norm is the social pressures from important individuals in a person's life that influence them to perform a behavior. For example, as a precondition to awarding client loan facilities, some financial institutions request evidence of financial literacy to safeguard their funds (Gaudence et al. (2018). Such pressure constraints SME owners to develop themselves not only to qualify but also to have the capacity to manage the loans.

Applications to Professional Practice

Business loans can be a win both for commercial banks and their customers. Such loans are useful in financing SMEs' capital requirements, which is a very attractive, realistic, and reliable source of financing for SMEs. Where there is a default on the borrowers' part, however, lenders are obligated to ultimately liquidate collaterals used in securing these loans. This can lead to borrowers losing their businesses and even personal assets. Business loans, however, are not always a bad idea. If borrowers commit to making payments as scheduled, they can cultivate trust with their lenders, thus making it much easier to secure future credit.

The research is of potential value to SMEs as the insights gained from the doctoral research project would enable SME owners to adopt tested strategies for repayment of loans from the banks to sustain their businesses. This is particularly important as SMEs are the economic pillar of many countries, significantly contributing to employment, export growth, and the financial sector. SMEs account for 96% of businesses, 84% of employment, and 48% of Nigeria's GDP (Umadia, 2020). The research findings would contribute towards advancing professional practice for the SME community, academia, the larger society, and future researchers. The SME owners can also leverage the information from this research project to further their professional and business practices, which in turn may enhance SME's accessibility to loans from the banks for growth and development, and sustainability of their businesses.

Tying loans to productivity and ensuring that loans are not diverted seems to be more inclined to the responsibilities of the SME owners. Debt financing had been found to increase with SME outputs (Adelekan et al., 2019). SME owners should take care not to waste funds advanced to them and also to be deliberate in utilizing such loans for profitable ventures that will yield returns. Likewise, loans should not be diverted either for personal or family use. There is need for financial discipline on the part of the SME owners to separate personal funds from business funds. Some of the known cause of loan delinquency is how the loan is utilized (Lyimo, 2019). According to Lyimo (2019), funds utilization practices positively and significantly affect SMEs' ability to repay in Dares Salaam town. Invariably, funds utilization practices which encourages diversion increase loan delinquency (Lyimo, 2019).

Having a repayment plan and ensuring that there is some basic capacity in financial management are areas where the financial institutions can be involved. These could be a requirement to giving credit. The bank could request to see the feasibility of the repayment plan and evidence of financial literacy as prerequisites to giving credit. Dedicated bank officers could be saddled with the responsibilities to counsel SME owners on the workability of their repayment plan in view of seasonal impacts and to have basic sessions on financial management. There is a positive relationship between financial statements analysis, budgeting, and loan performance (Gaudence et al., 2018). Jayasekaraa et al. (2020) also pointed out that a great majority of SMEs fail in their first 2 years of existence due partly to not having a financial plan. Having a repayment plan reduces the tendency for loan defaults (Mbah, 2022). Similarly, Gaudence et al. (2018) found that financial literacy positively influenced the loan performance of SMEs in Rwanda. Baidoo et al. (2020) also identified financial training to be positively related to the repayment performance of SME loans. Application of the above-mentioned practices could help with creating an enabling environment for SMEs to access loans. Access to loans can further deepen the sector and improve its contribution to economic development and growth.

Implications for Social Change

The promotion of SMEs is a widely recognized and viable strategy for achieving national economic development goals of employment creation, poverty reduction, income diversification and new growth frontiers (Ebitu et al., 2016). A thriving SME sector exercises significant economic influence by ensuring a critical mass of society are engaged in productive activities, which will stem the flow of rural-urban migrations, economic imbalances, and endemic poverty and make other long-term contributions toward resolving or eliminating economic problems.

Understanding the strategies used by SME owners for successful repayments of their loans to the banks may create a healthy business environment and a vibrant SME sector with a quantifiable contribution to the economic growth and development of the country. Consequently, this may encourage job creation, development of the market sector, improvement of the nation's GDP, and better quality of living for citizens.

Recommendations for Action

The three SME owners who participated in the research agreed that they recognized the banks as strategic partners for the success of their businesses. As such, they submitted that their personal commitment to ensuring prompt repayment of their loans is important. The participants also noted that avoiding diversion of funds from the businesses as well as careful financial planning are some of the strategies for their successful loan repayment to the banks to sustain their businesses. SME owners should therefore ensure to keep proper records of their financial transactions to create confidence in the banks and other financial institutions that could help finance their businesses. In addition, the SME owners must also avoid the diversion of loan proceeds meant for the businesses into other personal uses, so the business can benefit from the borrowed funds and enhance their capacity to meet the repayment obligations to the banks.

There is also a need for improved collaboration between financial institutions and SMEs to create an enabling environment for ease of business in Nigeria. This strategic collaboration will encourage SMEs to thrive, creating more employment for the growing youths and less social issues. The findings from the research and recommendations for action, and the emergent themes align with the literature review. According to Adelekan et al. (2019), if all stakeholders are to be seriously committed to developing the SME sub-sector, there will be a significant turnaround in the nation's economy. This is because SMEs are a major employer of labor, the seed to big businesses, and the fuel for the nation's economic engine (Kajo et al., 2020). Regardless of the level of development of a country, policies are continuously enacted to see to the SME sector's advancement to improve the economy's state.

I will provide a summary of the study's findings to the three SME owners who participated in the research. I will also present a copy of the research to my employer for future reference, federal and state agencies like the Small and Medium Size Enterprises Development Agency of Nigeria (SMEDAN), and the Bank of Industry. The study's findings could benefit the local governments because they are close to the grassroots and play host to most of the SMEs. In addition, I will publish my research in journals like the Journal of Small Business Enterprises and the social networking site like Research Gate, among other scholarly journals.

Recommendations for Further Study

The findings from this study were consistent with prior research findings and further support the necessity of future research in investigating other areas outside the scope of this study. Future research should focus on addressing the limitations identified in this study by considering a quantitative design to avoid the shortcomings of the interview method, and the cultural influences attributable to qualitative research designs. The participants biases can also be addressed in future study by considering a phenomenological study focusing specifically on investigating SME owners' biases on bank loans. I conducted this research in an unstable economic environment, post Covid with a highly volatile exchange rate regime. Future research should be targeted at a time of financial stability. The geographical area for this study was Lagos, Nigeria. Future research efforts should look outside the geographical area and see if the results would reflect the happenings in the research location. More so, there would be need to assess the financial literacy of SME owners, the impact of seasonal variation on loan repayment capabilities and the different requirements by financial institutions which could make loan repayment challenging.

Reflections

The compelling reason for embarking on this research was to explore how to get the SMEs in Nigeria to contribute more to economic development and growth of the country. I noticed that the research participants were very open and forthcoming in sharing their experiences and strategies leveraged for the successful repayment of their loans to the banks. Therefore, I followed the interview protocol deliberately, and the data collected from the three participants were sufficient for attaining data saturation. Furthermore, the data collected during the interviews were an eye opener as it enhanced a deeper insight into why SMEs underperform for reasons including but not limited to the hostile business environment in which they operate, mainly in Lagos, Nigeria.

My overall experience at Walden from the coursework stage of the program and while conducting the research study, was quite enlightening and thought-provoking. The diligence and rigor required in compelling adherence to the international standards of ethical considerations in the research process and ensuring the benefits of the research far outweigh the risks to the participants are quite thoughtful. Through these processes, I have become a better leader, a better listener, and more sensitive to my team's diversity. I have learned how to explore resources for an insightful literature review, conduct face-to-face interviews, record, and transcribe and analyze data using computer-assisted software. My analytical skills and ability to comprehend issues and trends have improved during my study.

Conclusion

Globally, SMEs are the economic pillar of major developed countries as they significantly contribute to employment creation, export growth, and the financial sector. Despite their strategic importance to economic development, SMEs in Nigeria continue to be plagued with a high rate of failure and underperformance due to inadequate financial support. Globally, the commonest challenge faced by SMEs is lack of access to credit (Godke & McCahery, 2019). From the research findings, loans secured by SMEs can be repaid within the due time. Though from my participants, previous business experience and ownership are not considered as part of the strategies for ensuring loan repayment to the banks, rather, financial awareness and planning, technical expertise of the management team and more importantly, the discipline in ensuring loans obtained from the banks are not diverted to other uses are enduring strategies for ensuring bank loan repayments. A SME owner who takes these points serious may not have much problems repaying their loans

The three SME owners who participated in the study conduct their businesses in Lagos. They are well experienced in business management, financially literate, have in place structures and processes that enhances record keeping and checks and balances with good people management skills, and had a history of successful repayment of their loans to the banks. The results of this study indicated that SME owners could improve loan repayment by focusing on applying loans to areas with increased customer demand. Also, efforts must be made to ensure that loans are not diverted. The diversion of loans for personal use is one of the most significant contributors to non-performing loans among SMEs. Furthermore, an SME with an active loan must implement a repayment plan to manage the loan. Lastly, improving financial literacy through capacity building can positively impact the ability to meet loan repayment obligations.

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Appendix: Interview Protocol

Participant Pseudonym: ____________________
Participant Code __________________
Interview Date_____________________ **Total Time**
____

What to do	What to say – Script 1.
1. Welcome participant and introduce the interview session with greetings and introduce self. 2. Give participant a copy of the consent form to go over the contents and ask him if there are questions and or concerns. If he raises questions or questions, address them before proceeding.	A. Good day Mr. / Mrs. xxxx, My name is Taiwo Ala, currently a doctoral student in the department of Business Administration of Walden University. I am conducting research on the Performance of SME Loans: Challenges of Small Business Owners in Lagos, Nigeria. B. Thank you for agreeing to and honoring the invitation to participate in this study. I really do appreciate. Before we start the interview, please here is the copy of your signed consent form for your record. C. I believe you have read and understood the content of the agreement in the informed consent form. Please If you have any questions or concerns, I will be happy to provide clarifications on them before the start of the interview.
3. Turn on the recorder. 4. Introduce participant(s) with the coded identification and note date and time in the journal. 5. Begin interview with question #1, and follow through to the last question. 6. During interview, observe non-verbal cues and paraphrase as appropriate. 7. Ask follow up questions – probe questions for more depth 8. End interview. Discuss memberchecking with participant(s). 9. Thank the participant(s) for their participation in the interview. Give contact numbers to participants for follow up questions and concerns if need be	1. What strategies did you make as a business owner that enabled you to repay your loans when due? 2. What was the most effective strategy you used to be able to repay your loan on time? 3. What are the skills or training you have that helped you with your loan repayment strategy? 4. What role did your management team play in the successful loan repayment strategies? 5. What were the challenges you encountered in repaying your loans? 6. What were the strategies you used to circumvent these challenges? 7. What other information would you like to add regarding prompt loan repayments to the banks?

Wrap up the interview and thank the participant for sharing his experience and time.	Thanks for sparing time to share your experiences with me. In the next 2 days, I will transcribe the interview data and return to you for a review of the process to ensure the correctness of the interview data.
Agree the time for follow-up member checking interview	I would appreciate we agree on a convenient time at most 30 minutes to meet and review the recordings and interpretations of interview.