

Factors Influencing Textile Production in Nigeria

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Abstract

The study examined factors influencing textile production in Nigeria, determined strategies employed by the firms, and possible solutions for better operations. Eighteen (18) textile firms were selected from three purposively selected states noted for fabric productions in Nigeria. Data were collected using questionnaire and interview schedule. Descriptive statistics was used to analyze the data. The result showed that smuggling ($\bar{X} = 0.94, \pm 0.23$), lack of adequate power supply ($\bar{X} = 0.94, \pm 0.23$), and low profit margin ($\bar{X} = 1.00, \pm 0.00$) were prominent challenges militating against the firms. The strategies employed by the firms to remain competitive despite these challenges include product differentiation (77.8%), low cost (33.3%) and continuous innovation (16.7%). Possible ways to revamp the industry are: effective policy to curb importation of textiles and strengthen local production (61.1%), adequate power supply (100%) and low interest rate on loans (94.4%). The study recommends that government should pay closer attention to suggestions made by the firms such as implementation of favourable policy for effective production so as to revitalize the industry.

Key words: Textile, Industry, Production, Problems, Strategies, Prospects

Introduction

Textile production is globally noted for its contribution to social, economic and industrial development. The importance of the industry is evidenced in meeting the increasing demands of home and industrial needs. Fabrics are indispensable for individual and family well-being as they serve the purpose of

protection, covering and other household uses (Forster, 2014). The industry serves as source of employment generation for individuals thereby raising their economic status, reducing poverty and curbing social vices. The industry further contributes significantly to Gross Domestic Product (GDP) and foreign earnings due to the

strong link with furnishing, cordage, bagging, chemical and petrochemical industries. It is strategic to the nation's overall industrialisation efforts because of its high absorptive capacity of engineering goods and services, manpower development and training (Allwood *et al*, 2006).

A review of textile firms in Nigeria shows that the first textile mill in Nigeria, the Kaduna Textile Mills, was established in 1956, followed by Nigerian Textile Mills in 1962 (Jamie, 2007). This began an era of industrialization in Nigeria. Raw materials (mainly cotton) is processed through spinning for the production of yarn, weaving for the production of grey cloth, and dyeing, printing and finishing, for the production of finished textiles. The textile manufacturing sector produces different fabrics annually, ranging from African prints, shirting, embroideries, among other textile articles (Jetter, 2002). Around 1975, textile mills involved in suiting, shirting, rugs, tarpaulin, jute, ropes, knitted fabrics and embroidered lace as their end products had 45 establishments. In 1978, the number rose to 156 with spinning, weaving and finishing textiles having the largest number (Sunmonu, 2008; Olateju, 2011).

By a conservative estimate, about 200,000 persons were involved in textile industry in the 90's, but in 2015, the

number reduced so low to 24,000 compared with countries like India employing as much as 35,000,000 people (Ghezi, 2013). The industry was the largest employer of labour in the manufacturing sector and accounted for about 25% of total manufacturing employment between 1986 and 1991 due to improved capacity utilization (MNT, 2007).

Today, the number of textile firms in Nigeria has reduced drastically. The production capacity is low while the employment generation is far behind what it used to be. Gherzi (2013) revealed that between 2003 and 2008 the number of active textile mills declined from 60 to 45 with a sharp drop in direct employment from 60 000 to 24 000. This is a serious economic issue in the nation. In these periods there was a steep fall in cotton lint production from about 90,000 tons to 60, 000 tons. Export of textiles also declined. The major factors attributed to the decline of the industry performance were deterioration in supply of power and black oil as well as sharp escalation in influx of smuggled and counterfeit textiles. Viewed against this background, China's textile industry contributed about \$420 billion to the country's GDP (Olateju, 2011) while India accounts for 15% of world's total cotton crop production and records largest production of silk. The performance

indicators of Nigeria's textile industry (2005- 2010) show that the capacity utilization in the industry is declining (IMF, 2012). The highest was recorded in 2006 (56%). In 2010, the value reduced to 32.5% which is a reflection of the state of the industry. Also, import of textiles increased from 24,267.0 tonnes in 2005 to 50,726.4 tonnes in 2010.

Textile firms in Nigeria have not been able to make notable expansion in terms of facility and manpower. It becomes imperative therefore to assess factors influencing textile manufacturing in Nigeria and examine possible solution for the sustenance of the industry.

Objectives of the Study

The main objective of the study was to assess factors influencing textile production in Nigeria. Specifically, the study:

- 1) identified factors influencing textile production in Nigeria,
- 2) identified challenges facing textile firms in Nigeria,
- 3) determined strategies employed by textile firms in coping with the challenges,
- 4) determined possible solutions to the problems facing the firms.

Methodology

Study Area: The study was carried out in Lagos, Kano and Kaduna States

because these are the states where most textile firms are located in Nigeria (Nigerian Textile Manufacturers Association, 2014). Some of the firms are International Textile Industry, Lagos; Tofa Textiles Ltd, Kano and Chellco Industries Ltd, Kaduna. They are involved in carding, weaving, spinning, printing and dyeing of fabrics. The industries produce cotton prints, school uniforms, rugs, yarns, ropes and polypropylene sack.

Population: The population of the study consisted of all textile manufacturing firms in Nigeria. There are 33 existing industries in the textile subsector in Nigeria (Akarakiri, Irefin and Olateju, 2012).

Sample and Sampling Technique: All the firms in Lagos, Kano and Kaduna State were selected for the study. They included 10 from Lagos, 7 from Kano and 1 from Kaduna States, making a total of eighteen firms. Purposive sampling was used to select the 18 General Managers from the firms. The General Managers were the respondents because they were in better position to give required information.

Instrument for Data Collection: Questionnaire was used for data collection as well as oral interview. Questions on factors influencing production, challenges facing the firms and coping strategies were found out from the managers. Secondary data

was sourced from journals and annual publication of the firms.

Method of data analysis: Results were analysed using descriptive statistics.

Results

Table 1: Profiles of Textile Firms in Nigeria

Characteristics	Frequency	N=18	Percentage
Age (years)			
<10	1		5.6
10-20	1		5.6
21-30	2		11.1
31-40	7		38.9
41-50	6		33.3
>50	1		5.6
Total Number of Employee			
<500	12		66.7
500-1000	3		16.7
1001-2000	3		16.7
*Major Operations			
Ginning	1		5.6
Carding	5		27.8
Spinning	10		55.6
Weaving	16		88.9
Dyeing	12		66.7
Printing	9		50.0
Knitting	3		16.7
Finishing	16		88.9
Sources of Raw Materials			
Local	1		5.6
Imported	1		5.6
Local and Imported	16		88.9
*Sources of capital investment			
Personal savings	2		11.1
Loans from family and friends	1		5.6
Government support	1		5.6
Loan from banks	15		83.3
Internally generated revenue	4		22.2

*Multiple responses

Table 1 shows the age distribution of the firms. Most of the firms (38.9%) were established between 31-40 years ago. Majority (66.7%) have employee less than 500. This was not the case in time past when the industry employed large workers. Majority (88.9%) rely on local and imported raw materials such as dyestuff and fibres. Also, majority (88.9%) are involved in weaving while dyeing and spinning are carried out by 66.6% and 55.6% respectively

Table 2: Mean Responses on Factors Influencing Textile Production

Challenges	Mean	Std. deviation
Smuggling	0.94	0.23
Lack of adequate energy	0.94	0.23
High cost of Labour	0.39	0.50
Lack of modern machines	0.33	0.49
Use of old technology	0.55	0.51
High cost of foreign raw materials	0.72	0.46
Insufficient technical manpower	0.28	0.46
Foreign exchange system	0.83	0.83
Unfavourable government policies	1.00	0.00
Low profit margin	1.00	0.00
Political imbalance	0.67	0.48
High interest rate on government loans	0.67	0.48
Poor patronage	0.50	0.51

Table 2 shows that low profit margin and unfavourable government policies are common factors influencing production in all the firms. Majority (94.4%) also affirmed that smuggling and lack of adequate energy in production are threats to the firms. Others include foreign exchange system (83.3%), high cost of foreign raw materials (72.2%), high interest rate on loans (66.7%) as well as use of old technology (55.6%). Other key challenges in the firm include political imbalance (mean = 0.66) and high interest rate on loans (mean = 0.66). It is noteworthy that policy can be influenced by change in government in the nation.

Table 3: Percentage Responses on Strategies Employed by Textile Firms

Strategies	Frequency	Percentage
Product differentiation	14	77.8
Low cost	6	33.33
High quality products	17	94.4
Diversification into other products	4	22.2
Continuous innovations	3	16.7
Medium term strong planning	1	5.6
Customization	3	16.7
Brand product and leadership	1	5.6

Table 3 shows that a high percentage (94.4%) reported the production of high quality fabrics. Others (77.8%) adopt product differentiation. Low cost strategy (33.3%), diversification into other products (22.2%) as well as customization of products (16.7%) was also adopted.

Table 4: Percentage Responses on suggestions to Revamp the Textile Firms in Nigeria

Suggestions to Revamp the Industry	Frequency	Percentages
Ban on importation of textile	11	61.1
Adequate power supply	18	100.0
Adoption of new technology in production	10	55.6
Adoption of new machines	8	44.4
Favourable government policies	18	100.0
Improve production of local raw materials	14	77.8
Low interest rate on loans	17	94.4
Encouraging the purchase/use of Nigerian fabrics	15	83.3
Advertisement to change mentality of Nigerians	14	77.8

Table 4 shows various suggestions were made to revamp the textile industry in Nigeria. Prominent among these are adequate power supply (100%) as attested to by all the firms, favourable government policies (100%), low interest rates on loans (94.4%) and encouraging the purchase and use of Nigerian fabrics (83.3%).

Discussions of Findings

Various studies on Nigeria Textiles Industry (Sunmonu, 2008; Makinde *et al*, 2015) revealed that importation of finished textiles from foreign countries

and low technology in production are hampering the operations in the industry. Unfavourable government policies and low profit margins have the highest mean of 1.00. ILO (2016) reported that the textile sector today is characterized by high volatility, low predictability, and generally low profit margins. Unfortunately, government policies on importation of foreign textiles are not effective as visible in the ways textiles are dumped into the country at the expense of local ones.

The World Trade Organisation's agreement implies a cross-border exchange of goods and items between member countries. The textile firms are not favoured by this agreement because Nigeria as a country fails to protect her own local industry, a neglected aspect in the agreement. Most of the textiles imported are relatively cheaper due to low labour cost. If the nation can curb smuggling or enforce payment of necessary dues on imported goods, it will relieve our local industry. The issue of energy needed for production is also a perennial challenge in the industry. Most of the firms rely on generator plants to run the multifaceted operations in the firms because of epileptic power supply. Wong (2009) also stated that the situation of the textile industry has persisted to be very difficult due to continued smuggling of textile product and ever-increasing production cost. Nigerian currency is

also rated low compared to other nations. Efforts and cost of purchasing raw materials also constitutes serious bottleneck in the firms as well as regulations on standards.

Cooper, (2001) opined that new product development can be a strategy employed in production. The study identified strategies adopted by the firms that have made them resilient despite the challenges. It is generally accepted that consumers will still appreciate quality products and will want to pay for it. This is a means of adding values to products that will make it compete favourably with other products in the market. Those who adopt customization of products only produce on request. This implies that those who have occasions like political rally, religious programs, burial etc. will bring their order and that product will be designed only for the occasion and not for mass consumption.

Conclusion

The study concludes that the identified factors such as smuggling and inadequate power supply are limiting the operations in Nigerian textile firms. The firms however devised strategies to produce quality products, customization as well as differentiation of products. It is believed that if the suggestions such as ban on importation of textile to strengthen local production, provision of adequate

power and implementation of favourable policies are put in place, the firms will be strengthened. These will resuscitate the industry and enhance employment generation and overall family well-being.

Recommendations

The following recommendations are made based on the findings of the study:

- i. The Federal government should review the current policy surrounding textile production in Nigeria. Policies on importation and smuggling are germane to textile firms.
- ii. Adequate and constant power supply for the energy demanding industry.
- iii. Institutional support from research institutes for new innovation in the industry.

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