

# Embarking on Entrepreneurial Activity in Textile & Clothing Industry Is the Only Way for Economic Growth in the Sector

**Dr. Ola Adebayo (Ph.D)**

*Department of Entrepreneurship, Joseph Ayo Babalola University*

*Ikeji-Arakeji Osun State, Nigeria*

*E-mail: [Adebayosamson1@yahoo.com](mailto:Adebayosamson1@yahoo.com)*

*Adebayosammies@yahoo.com*

*Phone: 2348063199460, 2348079293505*

**Dr. G.K. Jenyo**

*Department of Business Administration*

*Adeleke University, Ede, Osun State, Nigeria*

*E-mail: Jenyogabriel @ yahoo com, Phone: 2348030645535*

## Abstract

Entrepreneur is defined as an individual who takes risks and starts something new. “Briefly stated the entrepreneur organizes and operates an enterprise for personal gain. He pays current prices for the materials consumed in the business, for the use of the land, personal services he employs and for the capital he requires etc. The net residue of the annual receipts of the enterprises, after all costs have been paid, he retains for himself.” These principles and theories apply also to the indigenous entrepreneurs in the textiles and clothing industries. Today most Nigerian indigenous textile and clothing industries have closed down, sending thousands of thousand of Nigerian workers to premature retirements. The focus of this paper is to highlight the history and the background of the evolution of the textile industry, and why the industry is badly affected. The paper discusses the sorts of entrepreneurial initiatives and innovations that could be pursued by the interested indigenous textile entrepreneurs, if they are to remain in business. In the paper are the lists of textile industries that have closed down and the few ones that are still in operation and contributing to the economic growth of the nation. The paper concluded by making inferences on why some of the industries are still in operation and waxing stronger and stronger , even in the face of so many obstacles to the growth of textile and clothing industry in Nigeria.

**Keywords:** Natural Fibres, Synthetics Fibres, Cost of Spinning, Cost of Weaving, Cost of Processing.

## **Introduction**

The initial development of industrial estate that led to the evolution of the manufacturing sector of the economy started in 1953, by the establishment of Apapa medium-large industrial estate. This is followed by the Yaba industrial estate established in 1958 by the federal ministry of Commerce and Industry for small and medium enterprises. Another industrial estates for the medium-large enterprises, the Ikeja Industrial Estate established by Western Nigeria Regional Government 1954 and the Trans-Amadi Industrial layout in Port-Harcourt, established in 1961 by the Eastern Nigeria Regional Government, were the pioneers.

Essentially, these were industrial layout, areas provided with roads, railway sidings, transport and utilities, drainage facilities and so on, in which plots were made available to tenants. A unique feature of this pioneer industrial layout was the establishment of residential areas for the accommodation of workers and their managers. Immediately, after the acquisition of these industrial estates, manufacturing industrial tenants started building their factories, warehouses, offices, etc. Textile industries at the time are either fully owned by the indigenous-Nigerian government or in partnership with foreign concern, examples include;

- (i) Nigerian Textile Mills, Ikeja established in 1961
- (ii) Kaduna Textile Limited, Kaduna established in 1961/63
- (iii) Aba Textile Limited, Aba established in 1961/63, etc.

## **Methodology**

This is a descriptive survey research coupled with primary data collection from the labour organizations, employers' associations, and from the research findings from the United Nations Organization.

In doing this work, questionnaires were administered to some companies a lot of data were generated (data not included in this work because of the limited space allowed). However, the data is available with the author if required. A period of nine months was expended for the information gathering. Data collected for this work clearly shows factors that were responsible for the closure of textile industries.

Comparative analysis of these factors were attempted. The parameters were represented by tables 2-7 and figures 1-5

## **Industrial Revolution**

The history of the industrial revolution entrepreneurs will not be complete without-reference to an industrialist "Textile Revolution entrepreneur- Whitney's contribution to the industry. In the 19<sup>th</sup> century, entrepreneurs who dramatically thrust the world into industrialization –were Elim Whitney-Cotton gin. Samuel colts- weaponry, increase the fire power needed to expand westward. Moree's-Telegraph revolutionized communication technology. Andrew Carnegie- founded the American steel industry. Rockefeller-created empires fortunes (oil) that are legendary. McCormic's-Constructed a mechanical reaper that revolutionized agriculture. Alexander Graham Bell –launched the telephone communication industry with the telephone. Thomas A. Edison-made the light bulb and made it commercially viable by establishing an electric operating industry. Thomas J. Watson Jr,-The founder's son, IBM flourished as a corporate giant in computers etc.

**Table1: Indigenous and Foreign Textile and Clothing Industries Currently In Operation**

/N	Company & Address	End Products	Remark
	Adhama Textile &germent ind. Ltd 171, Mission Road,Bompai,Kano	Garment	1
	Dangote Agrosack Ltd Oba Akran Ave. Ikeja, Lagos	Polypropyne sacks	1
	Mabol IN. servicesNig. Ltd 16, Chief Benson Anorue street, Ajao estate-Lagos	Knitted Materials Matress tapes edges, Mosquito nets & Lantern wick	4
	Melone King Services Nig. Ltd Plot 77 Ikorodu St. Odogunyan Ikorodu Lagos.	Embriodery Lace	1
	Tobitex Ltd. New Yidi Road Ilorin <a href="mailto:Deletinucafe@yahoo.com">Deletinucafe@yahoo.com</a>	Cotton Yarn	1
	Tofa Txtiles Ltd. 5, Independence Road Kano	Babay Shawl, Blanket, Bed Cover	3
	Zaria Industries Ltd. Zaria Jos Road Zaria	Tarpaulin	1
	Rosies Textile Mills Ltd. 49A Milleron Avenue Aba Abia State	Mosquito nets Tee-Shirts E-mail--nnamdioji	2
	Rutthstar Ltd. 16, Betty Pride Way, BVetty Pride Plaza Ajao Estate, Lagos.	Kitted Materials Matress Tapes Edges	2
0	Chalcedony syn. Fabric Ltd.	Knitting fabrics mosquitos net, underlay, foam tapes, Elastic	5
1.	Mabol Ind. Services Nig. Ltd. Lagos	Knitted fabrics, mattress tape edges mosquito net and lantern wick	4
2	Sunflag Nig. Ltd, Apapa, Lagos	Cotton yarn, towels, sport wears, cotton grey & cotton printed fabric, suinting, shirting	7
3.	Woollen & Synth, Indutries Ltd, Ikeja, Lagos	Towel, suiting fabric, Bedsheet, shirting, furnishing fabric etc.	10

## **Possible Innovative Diversification**

### **A. Natural polymers such as ;**

- (i) Viscoe Rayon
  - (ii) Cupraonmonium Rayon
  - (iii) Cellulose Acetate
  - (iv) Triacetate
  - (v) High-Tenacity celledosic
  - (vi) Polynosic Rayons; (Japanese rayon)
  - (vii) Vincel or moynel
  - (viii) Alginate fibres
  - (ix) Casein fibres
  - (x) Casein Fibrelane BX
  - (xi) Ardil Fibres (from ground nuts)
  - (xii) Viscara made from maize protein
- Synthetic fibres;  
Spandex Fibres  
Vinyon Fibres

Some important commercial products that would result from this innovative diversification include industrial tyre-cord, belting, conveyor belts, dress fabrics, skirting, curtains, hangings, raincoats, water-proof, sport wears, socks, ties, sweeter, ties, filling pillows, suitings, pyjamas, carpets, upholstery, ropes, cordage, nettings, girdles, corsets, braissieres, surgical stocking and sock tops etc.

**Cotton wool manufacture:** t here are different kinds of cotton wool. The best way of classifying them is according to their use namely as follows:

- Surgical cotton wool
- Cotton wool for cosmetics and hygienic use
- Cotton wool for wadding and polishing

Surgical cotton wool is further divided according to the material to the raw material s it is made from and what is to be used fro, which results in the following sub-divisions.

### **Surgical cotton wool made from cotton:**

- Surgical cotton wool made from viscose fibres
- Surgical cotton made from a mixture of cotton and viscose fibres.
- Surgical wool for use on the eyes

### **B. Spun – Bonded fabrics made from filaments:**

Choices of polymer depending on what the spun – bonded fabrics are to be used for, they can be made from any of the polymers listed below which are those most frequently used.

- Polymer 6 and 6, 6
- Polyester
- Polylefins (polypropylene, polyethylene)
- Bi- components or Heterofiles.

The fibres properties resulting from these polymers influence the physical and chemical properties of the spun-bonded fabrics.

C. End uses of Spun-Bonded fabrics are:

1. Primary backing formulated carpets
2. Laminate to reinforces rubber or foam
3. Filtration of liquids and gases
4. Contructional engineering
5. Interlining material and other home textiles
6. Table cloths and other home textiles
7. Underlay in the furniture industry
8. Wall coverings
9. Book binding
10. Packaging
11. Disposable protective clothing
12. Labels, flags, and other uses

**Factors Responsible for the Closure of these industries include:**

The followings are some of the major causes that brought about sudden and overwhelming death of these industries? include:

- (i). Cost of power / kWh
- (ii). Cost of water
- (iii). Cost of steam / kg
- (iv). Cost of labour (wages) / h
- (v). Cost of interest / depreciation / inflation
- (vi). Export financing
- (vii). Age structure of the equipment installed in Nigeria
- (viii). Lack of Diversification
- (ix). (Mono product) African prints
- (x). inadequate government support, Administrative lapses, and mismanagement

in the part indigenous industries controlled by government appointees.

**Comparative Analysis with the following Countries:**

- (a) Chinā
- (b) Pakistan
- ©. Indian
- (d) Nigeria
- (e) Kenya
- (f) Indonesia
- (g) South African

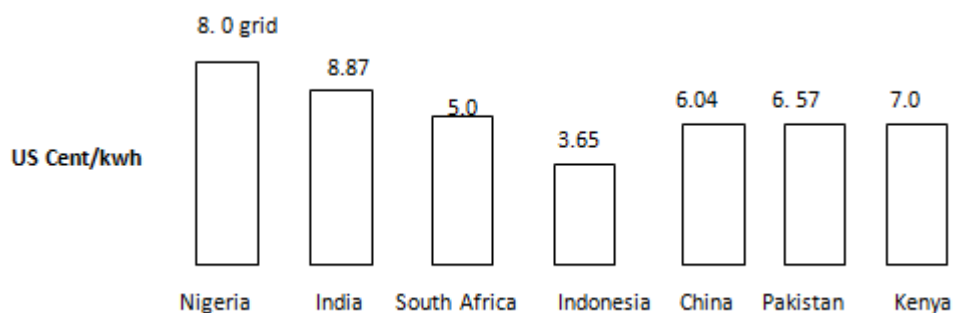
countries with which Nigeria competes, it becomes evident, that Nigeria has very high costs for the most important inputs.

**(i) Electricity (PHCN) costs around 9.5 – 10.5 Naira/kwh on average**

Companies in Nigeria have to completely rely on their own diesel generators. With the current fuel prices diesel generated electricity, costs at least 14US cents/kwh. Nigerians can be seen, has the highest power costs in comparison with the references countries

**Tables 2: Cost of Power (UScent / kwh 2002)**

Cost Parameter	Nigeria	India	South African	Indonesia	China	Pakistan	Kenya
Power cost range	8grid	5.83 10.42	4.0 5.2	3.00 4.00	4.66- 7.96	6.56- 6.75	6.0 8.0
Source of power	14-diesel	Grid	Grid	Grid	Grid	Grid	Grid

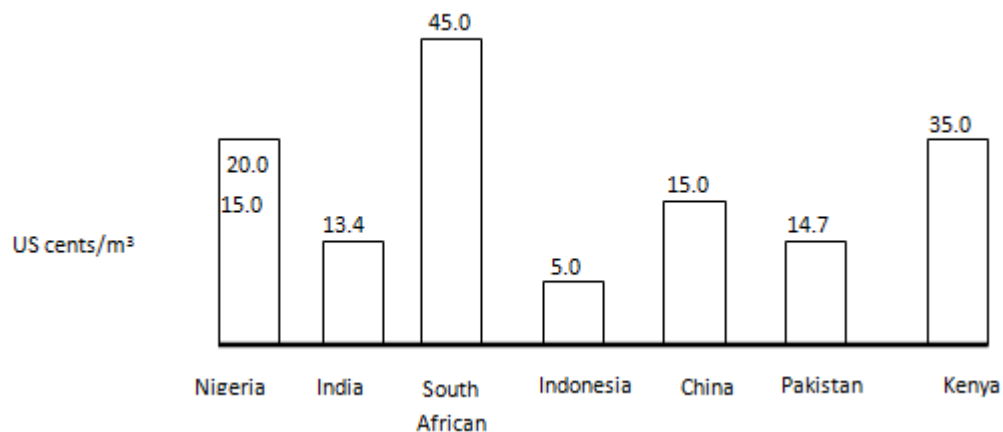


**Tables 3: Cost of Water: Cost of Raw Water (45 cents/m³ 2002)**

Cost parameter	Nigeria	India	South African	Indonesia	China	Pakistan	Kenya
Raw water US Cents / m³	15.0 from wells 20.0 from tanker	13.37	45.00	Ground water 5.0	15.00	14.71	32.00

Fig 2

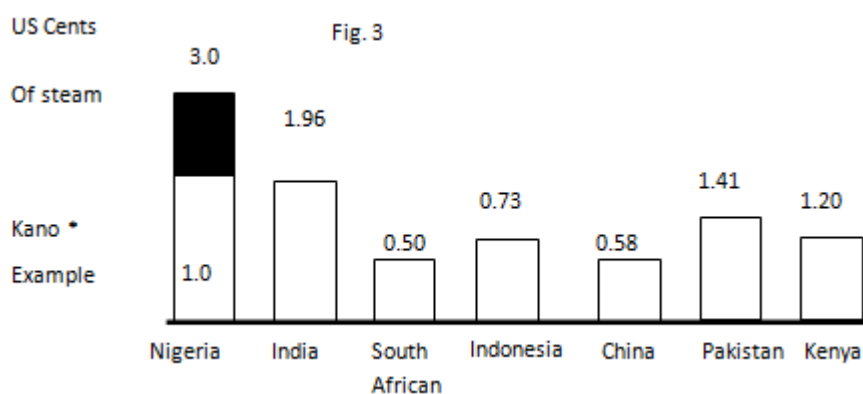
Cost parameter	Nigeria	India	South African	Indonesia	China	Pakistan	Kenya
Raw water US Cents / m³	15.0 from wells 20.0 from tanker	13.37	45.00	Ground water 5.0	15.00	14.71	32.00



Water is not available to the industry at attractive rates especially in the North where raw water has to be supplied by tanker to some of the mill s and can cost up to 20 cents/m<sup>3</sup>

**Table 4: Cost of Steam / kg: cost of steam (US cents/kg of steam 2002)**

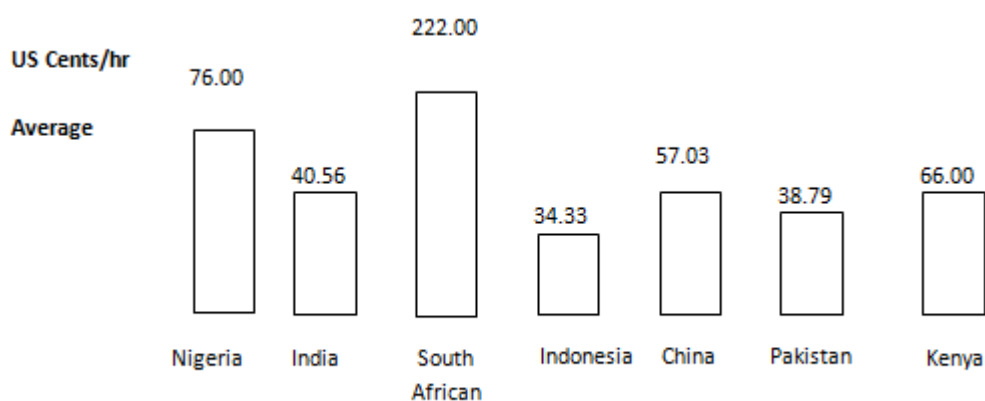
Cost parameter	Nigeria	India	South African	Indonesia	China	Pakistan	Kenyan
US cent / kg of steam	1.0-3.0	1.96	0.50	0.73	0.58	1.41	1.2
Fuel	Furnace oil	Furnace oil	Coal and furnace oil	Furnace oil	Coal	Furnace oil	Furnace oil



At the fuel oil prices of 40 naira/litre, the price is around 3.0 cents/kg in kano. Nigeria steam costs are around 1.0 cents/kg. Again the cost compares unfortunately with the references countries.

**Table 5: Cost of Labour: Cost of Labour (US cents / hour 2002)**

Cost parameter	Nigeria	India	South African	Indonesia	China	Pakistan	Kenya
Wages including all the benefits (Range) US cents / hr	64.0 – 88.0	28.21- 53.89	222.00	30.08 – 41.67	43.85 – 75.67	38.79	63 – 70



The average hourly costs of wages including the social charges are very much above the level paid in the reference countries. When coupled with the relatively low labour productivity, it becomes clear, that Nigeria labour costs adversely affect in addition to the other input costs, the competitive positioning of the Nigerian textile industry.

**Table 6: Financial Cost Interest, Depreciation and Inflation 2002**

Cost parameter	Nigeria	India	South African	Indonesia	China	Pakistan	Kenya
Rate of interest on foreigner currency long-term loan	2.5%	2.5-3.0%	3%	2.5%	6%	5-6%	2.5-3%
Rate of interest on local currency long-term loan	21% long-term 30% long term	13-16%	13.5%	16-18%	5.5%	13-14%	22%
	No special fund available	7%	No special fund available	16-18%	3%	13-14%	

The cost of short term borrowing at the present rate of 28-30% is a major international cost disadvantages for the Nigeria textile industry as the comparison clearly shows:

**Table 7: Age of Machinery installed 10years and less than 10years**

Technology level	Nigeria	India	South	Indonesia	China	Pakistan	Kenya

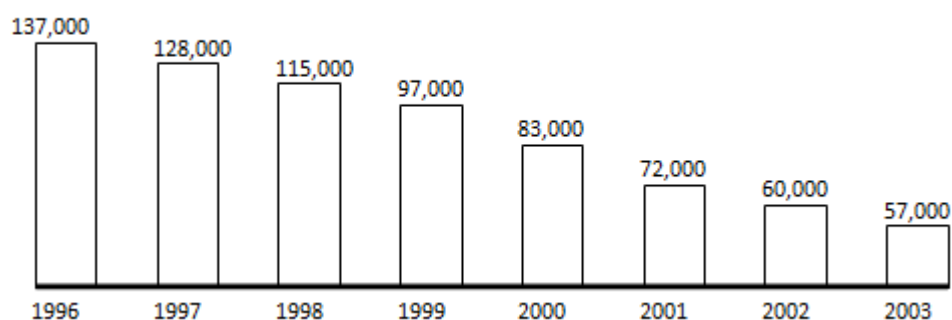


			African				
Ring spinning spindle < 10 years	3.6%	29%	39%	17%	38%	16%	
O E rotor < 10 years	28%	3.5%	91%	34%	28%	6%	
% of shuttleless in total 100m populations	1.56%	0.62%	80%	10.42%	9.30%	6.15	
Shuttleless 100ms < 10 years	8%	69%	93%	36%	74%	29%	

The level of technology which is indicated by the age of the machinery which is installed in a country is very low in Nigeria, as the comparison with the references shows:

### Employment Statistics of Nigeria Textile Industry (1996-2003)

Fig. 5



**Source: NTMA, Gherzi Research.**

The Nigeria Textile Industries is still the largest employer in the manufacturing sector until recently it provided about 25% of total employment. Employment decrease, however from 937,000 jobs in 1997 to 57,000 in 2003 or by almost 58% over the last 7 years caused mainly by the large increase in illegal imports.

### Conclusion

#### Employment issue;

Nigeria' textile industry is almost a mono product industry which can easily be attacked with the import of one product only. At present, there are 250,000 cotton farmers in Nigeria employing 500,000 labourers. An industry which is raw material driven, has a cotton base. The competitive intensity is high.

Since Nigerian companies produce a product which allows little product diversification. Other major cost drivers in the textile industry are the cost of cotton, dye stuff, chemical, capital, cost drivers in spinning, weaving, and processing, in grey cloths, the cost of yarns. The cost of power and wages.

In African prints, the fabric costs and the power costs are the main cost drivers. There is a need to stabilize the home market by protecting it from the damaging impact of smuggling.

The need for protecting the home market cannot be over emphasized since it would lead to a situation in which production and employment would again increase, investor

confidence would return, new product lines would be taken up, capacity would expand and not shrink as for the last 10 years and new jobs would be created in cotton farming and textiles and the sector would be rebuilt.

### **Recommendations**

Looking at table 1, it can be seen that the industries that have been diversified into newly textile products are the ones that are waxing stronger and stronger.

Companies such as;

- (i) Woollen and synthetic, industries Ltd, Ikeja. 10 range of products.
- (ii) Sunflag Nig. Ltd., Apapa , Lagos. 5 range of products.
- (iii) Chalcedony Syn. Fabrics Ltd. Lagos. 4 Range of products.
- (iv) Mabol Ind. Services Nig. Services Lagos. 4 range of products etc

It is therefore highly recommended that Textile entrepreneurs should diversify into the new areas if they intend to stay and contribute to this sector of the economy.

- (v) That federal government should pump money into the industry and try to make sure that energy supplies are adequate and constant so, that extra costs of generating sets are completely eradicated.

## **References:**

1. Lakamfa, O. Weaving in to history, Textbook of Textile and Garment workers in Nigeria.
2. UNIDO/Gharzi (2000) study.
3. Gunilla, A. Bjorn, B. Union Power in the Nigerian Industry.
4. National Union of Textile Garment and Tailoring workers “way forward”.
5. NTMA-Nigeria Textile Manufacturers Association.
6. Nigeria Tribune Wednesday 15, April 2009 p 19.
7. Grayson, D. OECD (2000) ,Entrepreneurship advice, training and mentoring for Urban renewal; perspectives from the United Kingdom and Europe pp 105-112
8. Shrader, R, Wiewel, OECD (2000,) “area based polices & entrepreneurship”, pp.203-211
9. Kirb, D. A. (2005), “entrepreneurship” pp. 30-36
10. Holt, H. D. (2005), “New venture creation entrepreneurship” pp. 3-20, 50-58
11. Histrich, R. D. Micheal, P. (2002) “entrepreneurship” pp.7-10, 100-107
12. Adebayo, O. (2008) “entrepreneurship “how was it about?”