CREDIT FACILITIES AVAILABLE TO SMALL SCALE CLOTHING AND TEXTILE YOUNG ENTREPRENEURS IN ENUGU STATE

Emeghebo, Udochukwu M. & Amaefule, Ginika
Department of Home Economics and Hospitality Management
Faculty of Vocational and Technical Education
University of Nigeria Nsukka
udochukwu.emeghebo@unn.edu.ng
Onyiaginikajessica@gmail.com

Abstract
This study aimed at identifying credit facilities available to small scale clothing and textiles young Entrepreneurs in Enugu State. It utilized descriptive survey research design. The population was 540 Clothing and Textiles Entrepreneurs and bank managers. The Sample for this study was 126 comprising of 66 entrepreneurs 30lecturers and 30 bank managers. Multi-stage sampling technique were adopted in choosing the respondents. The instrument for data collection was structured questionnaire titled “Credit Facilities Availability Questionnaire in Enugu State” (CFAQ). The instrument was validated by three experts. To obtain the reliability of the instrument, the questionnaire was trial-tested on 20 respondents in Anambra State. Cronbach Alpha reliability coefficient of 0.83 was realized and was deemed reliable. Data collected for this study were analyzed using a mean of 2.50 for the research questions and t-test statistic for testing the hypotheses formulated at 0.05 level of significance. The results of the data analyzed show that, over draft from banks, loans from thrift operators, cooperatives, family and friends among others are sources of credit available to young entrepreneurs.

Keywords: Clothing, Textile; Entrepreneur; Credit; Facility;

Introduction
Small scale enterprises or businesses are generally privately owned. A small scale enterprise (SSE) is a business that is established and managed by an entrepreneur in other to pay the employee and still make profit (Udofia, 2011). Okafor, Onifade and Ogbechi (2018), stated that there is no consensus among policy makers and scholars concerning the point at which a business firm is deemed to be small. Indeed, there is no universally or even nationally acceptable standard definition for small scale enterprise. According to Annette (2022), a small-scale business is typically described as an enterprise with a small number of employees, a relatively low sales volume, and is usually privately owned with most of the profits going to the owner. These businesses also typically serve a small community and has low turnover in staff. In Nigeria according to Obi (2015),” the parameters for the definition include value of assets, number of employees, sales revenue, size of capital, and turnover rate”. However, the main characteristic of a small-scale enterprise that is known universally is it is small and have little or no access to finance and resources, the management structure is simple, this makes one person both the owner and manager (iEduNote 2022). Ukpore (2010) opined that SSE is operated mainly with hired labor usually not exceeding fifty workers. Small-scale businesses’ total assets in equipment, plant and working capital are less than N500,000.00 and employing fewer than fifty full-time workers. Small scale enterprise has been regarded as the bulwark for generating employment and technological development, this is why there should be clear understanding of what small scale businesses are. To some people, small scale business is a firm with no more than a specific number of employees, such as five to ten while others consider a business small if they are in a certain line of business such as barbing salon making of clothes among others.

Clothing is a collection of items worn on the body. Clothing worn by an individual can influence the health and well-being in a great way (Emeghebo, Igbo and Amaefule 2021). According to Anyakoha (2015), Clothing is anything article or item placed on the body in order to protect, beautify or adorn it. Clothing embodies garments and accessories Anyakoha (2008). Sonye (2019), highlighted that clothing are worn for various functions and purpose like preservation of culture, identification, modesty, adornment, protection and safety. Clothing variety
of items and applications like gowns, shirts, trousers, skirts, jewellery, watches, belts, make up, hair do, umbrella, hand bags, walking sticks, among others (Nkpadolu 2019). Clothing creates satisfaction and boost one’s ego, through clothing and textile skill these basic human needs are achieved.

Clothing and textile as a skill-oriented course offered in Nigeria Tertiary Institutions, in Home Economics Education that help to equip individuals especially young people with saleable skills needed for self-reliance. Clothing and Textile is a branch of Home Economics Education that is concerned with the acquisition and development of practical skills by the students. According to Ossai (2001) in Emeghebo, Igbo and Amaefule (2021), clothing and textile equip individuals with enormous opportunities for employment in jobs such as Dressmaking/clothing construction, Designing, Dry cleaning and laundering, Tie-dying and batiking, Fashion merchandising, Pattern illustration, among others. These different skills are put into diverse use by young entrepreneurs and they tend to convert these skills into reasonable clothing and textile businesses to earn a living. Clothing and textile occupations lend itself to entrepreneurship and subsequently small scale businesses. Types of clothing and textile small scale business include; knitting, making of shoes, starting of clothing lines, belt making, creating unique T Shirts, making of hand bags, selling clothing on-line, scouting for super model, starting fashion Blog, launching of fashion magazine and making of maternity wears. Other clothing businesses include making of perfume, being a fashion designer, beginning wedding gown rentals business, starting a lingerie business, becoming a fashion marketer, badge making business, becoming a fashion You Tuber, making and selling jewellery, making of children designer clothing, setting up boutique, costume rentals business, dry cleaning services, embroidery making business, operating a fashion design institute, garment wholesale business, hand print fabric clothing, safety clothing selling, soft toy making, uniform making, hair styling/barbing, make up and head gear tying. In spite of all these clothing and textile skills mentioned above that lend itself to self-employment and self-reliance most young people move around not doing anything. They cannot go into these businesses because there are no take off capital. Some young people roam about engaging in all type of vices and crimes. Those of them that have even acquired some skills in some of the small scale businesses in clothing still get frustrated because they do not have start-up capital and cannot stand on their own. They are not aware of some the credit facilities available to start a business or to enhance an existing one. So, the young people need credit to start a business and stay on their own and employ people as well.

Credit is as important as money to individual, families and organizations. Credit also acts as catalyst for rural development by motivating latent potential or making under-used capacities functional (Oladeebo and Oladeebo, 2008). Dubey, et al (2009), affirmed that credit is a very powerful instrument for the empowerment of the poor people. It can generate accelerated economic growth when credit is easily available, properly utilized and repaid on time. Beryl (2005), pointed out that credit provides insurance against unanticipated shocks to expenditure or income for revolvers and serve as a medium for financing transaction. Credit is also predicated upon confidence in the sense that the request for a loan is usually met on the basis of a promise of repayment by the borrower at a stated time and under given condition of repayment under these circumstances (Emeghebo, Igbo and Amaefule 2021). There are many sources of credit and fund but the young entrepreneur doesn’t have the opportunity of getting it, they lack the knowledge of this. Thus, this study is identifying the sources of credit facilities that is available to the small scale clothing and textile young entrepreneurs.

Sources of fund available to small scale entrepreneur according to Igbo and Chukwuone (in print) include the following:

Personal Funds: it is mainly from personal savings. This is the least expensive source of finance. It gives the greatest level of control with the least amount of outside interference.

Family and friends: here family and friends invest due to their relationship with the entrepreneur, provide equity funding for new ventures and are usually not a source of problem for the entrepreneur because they are patient with repayment.

Bank and other financial institutions: This can be short- or long-term loan. However, these institutions require some tangible guarantee or collateral. This collateral can come in form of land, building, the entrepreneurs’ house, car, stock, etc.

Franchising: it involves using another company’s name, product and equipment to run their business under an agreement. The young entrepreneur reaps
the benefit of using an established business name. It boosts their business without much risk and finance.

Government grant: the government sometimes offers grant to young entrepreneurs to develop and launch an innovative ideas and products.

Also, Burke (2009) listed the following as source of finance available to fashion entrepreneurs namely, networking, personal funds, family and friend, trade credit, retained profit, banks, business angels, venture capital, debt or equity financing and life cycle finance. Thus, this study aimed at discovering the soft target sources of credit that could be taken advantage of by young entrepreneur in Enugu State.

**Purpose of the Study**

The main purpose of this study is to find out sources of credit that could be utilized by small scale clothing and textile young entrepreneurs in Enugu State. Specifically, the study sort to determine:

1. credit facilities available to small scale clothing and textile entrepreneurs in Enugu State.
2. reasons for obtaining and utilizing credit facilities by small scale clothing and textile entrepreneurs in Enugu State.
3. benefits which the small scale clothing and textile entrepreneurs obtain from the use of credit facilities.

**Research Questions**

The study answered the following research questions:

1. what are the credit facilities available to small scale clothing and textile young entrepreneurs in Enugu State?
2. what are the reasons for obtaining and utilizing credit facilities by small scale clothing and textile young entrepreneurs in Enugu State?
3. what are the achievements which the small scale clothing and textile young entrepreneurs obtain from the use of credit?

**Methodology**

A descriptive survey research design was adopted for the study. The population of 540 already established Clothing and Textile practitioners, comprising of 173 registered small scale entrepreneurs of clothing and textiles businesses in Enugu State (Center for Small and Medium Enterprises (CSME) Enugu State Government), 301 Commercial and Micro Finance Banks in Enugu State (Vconnect, 2020) and 66 lecturers of Home Economics in tertiary institutions in Enugu State. The Sample for this study is 126 made up of 66 already established entrepreneurs, 30 lecturers and 30 bank managers. Multi-stage sampling techniques were adopted for 173 registered SSEs in Enugu state. The instrument for data collection was structured questionnaire titled “Credit Facilities Availability Questionnaire in Enugu State” (CFAQ). The instrument was validated by three experts, one lecturer from the department of Home Economics in faculty of Vocational and Technical Education, one staff from (SME) and one lecturer from the Centre for Entrepreneurship and Development Research (CEDR) of the University of Nigeria, Nsukka. To obtain the reliability of the instrument, the questionnaire was trial-tested on 20 respondents in Anambra State. Cronbach Alpha reliability coefficient 0.83 was realized which was reliable for the study. The data collected for this study was analyzed using mean of 2.50 to answer the research questions.
Results

Research Question 1

What are credit facilities available to young clothing and textile entrepreneurs?

Table 1: Mean and Standard Deviation of Responses on the credit facilities available for clothing and textile entrepreneurs

<table>
<thead>
<tr>
<th>S/N</th>
<th>Credit Facilities</th>
<th>X</th>
<th>SD</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Overdraft from Banks</td>
<td>2.99</td>
<td>0.81</td>
<td>Agree</td>
</tr>
<tr>
<td>2</td>
<td>Loans for small scale businesses collected from cooperative</td>
<td>2.75</td>
<td>0.77</td>
<td>Agree</td>
</tr>
<tr>
<td>3</td>
<td>Installment Payment on equipment/facilities from group savings and credit schemes</td>
<td>2.49</td>
<td>0.79</td>
<td>Disagree</td>
</tr>
<tr>
<td>4</td>
<td>Revolving credit from finance companies</td>
<td>2.63</td>
<td>0.80</td>
<td>Agree</td>
</tr>
<tr>
<td>5</td>
<td>Credit card</td>
<td>2.75</td>
<td>0.80</td>
<td>Agree</td>
</tr>
<tr>
<td>6</td>
<td>Hire purchase</td>
<td>2.74</td>
<td>0.84</td>
<td>Agree</td>
</tr>
<tr>
<td>7</td>
<td>Sales credit</td>
<td>2.74</td>
<td>0.79</td>
<td>Agree</td>
</tr>
<tr>
<td>8</td>
<td>Loans from friends</td>
<td>2.82</td>
<td>0.86</td>
<td>Agree</td>
</tr>
<tr>
<td>9</td>
<td>Loans from thrift used for investment in human capital</td>
<td>1.87</td>
<td>0.72</td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>10</td>
<td>Loans from family members</td>
<td>2.83</td>
<td>0.91</td>
<td>Agree</td>
</tr>
<tr>
<td>11</td>
<td>Commission support overdraft</td>
<td>1.74</td>
<td>0.76</td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>12</td>
<td>Commercial support short term loan</td>
<td>2.80</td>
<td>0.90</td>
<td>Agree</td>
</tr>
<tr>
<td>13</td>
<td>Central Bank of Nigeria – Micro, Small and Medium Enterprise Loan (CBN-MSME)</td>
<td>2.89</td>
<td>0.96</td>
<td>Agree</td>
</tr>
<tr>
<td>14</td>
<td>Term loan or temporary overdraft</td>
<td>1.87</td>
<td>0.73</td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>15</td>
<td>Loan from Bank of Industry</td>
<td>2.80</td>
<td>0.92</td>
<td>Agree</td>
</tr>
</tbody>
</table>

Table 1 shows mean of 1.74 to 2.99 that items number 1, 2, 4, 5, 6, 7, 8, 10, 12, 13, 14 and 15 were above 2.50 meaning the items were agreed. Item number, 3, 9, and 11 are below 2.50 meaning it is disagreed. While standard deviation ranges from 0.72 to 0.92 meaning there is close relationship in the responses.

Research Question 2

What are the reasons for obtaining and utilizing credit facilities by young clothing and textile entrepreneurs?

Table 2: Mean and Standard Deviation of Responses on the reasons for obtaining and utilizing credit facilities by young clothing and textile entrepreneurs

<table>
<thead>
<tr>
<th>S/N</th>
<th>Reasons for obtaining and utilizing credit facilities</th>
<th>X</th>
<th>SD</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Normal business operation</td>
<td>3.09</td>
<td>0.86</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>2</td>
<td>Maintenance of business</td>
<td>3.14</td>
<td>0.86</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>3</td>
<td>Acquisition of tools and equipment to boost business</td>
<td>3.05</td>
<td>0.83</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>4</td>
<td>Buying or remodelling houses for the business</td>
<td>2.61</td>
<td>0.96</td>
<td>Agree</td>
</tr>
<tr>
<td>5</td>
<td>Buying shares from Banks/Companies</td>
<td>2.50</td>
<td>0.89</td>
<td>Agree</td>
</tr>
<tr>
<td>6</td>
<td>Investment on human capital to improve the standard of living</td>
<td>2.42</td>
<td>0.91</td>
<td>Disagree</td>
</tr>
<tr>
<td>7</td>
<td>To attend seminar or workshops training</td>
<td>2.37</td>
<td>0.89</td>
<td>Disagree</td>
</tr>
<tr>
<td>8</td>
<td>To pay off debt</td>
<td>2.58</td>
<td>0.92</td>
<td>Agree</td>
</tr>
<tr>
<td>9</td>
<td>To ease economic pressure (when the condition is too hard)</td>
<td>2.37</td>
<td>1.06</td>
<td>Disagree</td>
</tr>
<tr>
<td>10</td>
<td>To go into new businesses</td>
<td>2.78</td>
<td>0.99</td>
<td>Agree</td>
</tr>
<tr>
<td>11</td>
<td>Expansion of existing business</td>
<td>3.11</td>
<td>0.87</td>
<td>Strongly Agree</td>
</tr>
</tbody>
</table>

Table 2 shows mean of 2.37 to 3.09 that items number 1, 2, 3, 4, 5, 8, 10, 12, 13, 14 and 11 were above 2.50 meaning the items were agreed. Item number, 6, 7, and 9, are below 2.50 meaning it is disagreed. While standard deviation ranges from 0.86 to 1.06 meaning there is close relationship in the responses.
Research Question 3
What are the benefits which the small scale young entrepreneurs obtain from the use of credit?

Table 3: Mean and Standard Deviation of Responses on the benefits which the small scale young entrepreneurs obtain from the use of credit

<table>
<thead>
<tr>
<th>S/N</th>
<th>Benefits which the small scale entrepreneurs obtain from the use of credit</th>
<th>X</th>
<th>SD</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Buying and remodelling houses</td>
<td>2.69</td>
<td>0.89</td>
<td>Agree</td>
</tr>
<tr>
<td>2</td>
<td>Buying a car for easy movement</td>
<td>2.68</td>
<td>0.88</td>
<td>Agree</td>
</tr>
<tr>
<td>3</td>
<td>Purchase of business equipment and application</td>
<td>2.69</td>
<td>0.89</td>
<td>Agree</td>
</tr>
<tr>
<td>4</td>
<td>Buying shares from banks/companies</td>
<td>2.63</td>
<td>0.87</td>
<td>Agree</td>
</tr>
<tr>
<td>5</td>
<td>Buying assets such as landed property</td>
<td>2.67</td>
<td>0.89</td>
<td>Agree</td>
</tr>
<tr>
<td>6</td>
<td>Attending conference, seminar and workshop</td>
<td>2.75</td>
<td>0.88</td>
<td>Agree</td>
</tr>
<tr>
<td>7</td>
<td>Purchase tools and equipment for enhancing their businesses</td>
<td>2.69</td>
<td>0.88</td>
<td>Agree</td>
</tr>
<tr>
<td>8</td>
<td>Used in human capital development such as school fees, private training</td>
<td>2.15</td>
<td>0.84</td>
<td>Disagree</td>
</tr>
<tr>
<td>9</td>
<td>Collecting credit to pay overdue debt</td>
<td>2.59</td>
<td>0.83</td>
<td>Agree</td>
</tr>
<tr>
<td>10</td>
<td>Utilizing credit by using it to create wealth to themselves</td>
<td>2.67</td>
<td>0.86</td>
<td>Agree</td>
</tr>
<tr>
<td>11</td>
<td>To store materials so as to be used when the price rises or its scarce</td>
<td>2.73</td>
<td>0.89</td>
<td>Agree</td>
</tr>
<tr>
<td>12</td>
<td>To improve the standard of living</td>
<td>3.04</td>
<td>0.86</td>
<td>Agree</td>
</tr>
<tr>
<td>13</td>
<td>Funds not available ordinarily are made available</td>
<td>3.13</td>
<td>0.91</td>
<td>Agree</td>
</tr>
<tr>
<td>14</td>
<td>For business expansion</td>
<td>2.89</td>
<td>0.94</td>
<td>Agree</td>
</tr>
<tr>
<td>15</td>
<td>Agricultural loan and some loan scheme are guaranteed by CBN</td>
<td>2.86</td>
<td>0.96</td>
<td>Agree</td>
</tr>
<tr>
<td>16</td>
<td>Some financial institutions, their interest are lower</td>
<td>2.78</td>
<td>0.94</td>
<td>Agree</td>
</tr>
<tr>
<td>17</td>
<td>Some banks will offset your debt if your activity with them is high and the security you have with them is higher.</td>
<td>2.91</td>
<td>0.91</td>
<td>Agree</td>
</tr>
</tbody>
</table>

Table 3 shows mean of 2.15 to 3.13 that items number 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16 and 17 were above 2.50 meaning the items were agreed. Only Item number, 8, is below 2.50 meaning it is disagreed. While standard deviation ranges from 0.86 to 0.96 meaning there is close relationship in the responses.

Results: the following are results obtained from the data analyzed,

1. **11 (eleven) Credit Facilities were available for the young entrepreneurs**
   - Overdraft from Banks
   - Loans for small scale businesses collected from cooperative
   - Revolving credit from finance companies
   - Credit card
   - Hire purchase
   - Sales credit
   - Loans from friends
   - Loans from family members
   - Commercial support short loan
   - Central Bank of Nigeria – Micro, Small and Medium Enterprise Loan (CBN-MSME)
   - Loan from Bank of Industry

2. **8 (eight) Reasons for obtaining and utilizing credit facilities**
   - Normal business operation
   - Maintenance of business
   - Acquisition of tools and equipment to boost business
   - Buying or remodelling houses as an investment
   - Buying shares from Banks/Companies
   - To pay off debt
   - To go into new business
   - Expansion of existing business

3. **16 (sixteen) Benefits which the small scale entrepreneurs obtain from the use of credit**
   - Buying and remodelling houses
   - Buying a car for easy movement
   - Purchase of business equipment and application
   - Buying shares from banks/companies
   - Buying assets such as landed property
   - Attending conference, seminar and workshop
   - Utilizing credit to create wealth for themselves
   - To store materials so as to be used when the price rises or it is scarce
   - To improve the standard of living
   - Funds not available ordinarily are made available
   - For business expansion
   - Agricultural loan and some loan schemes are guaranteed by CBN
   - Collecting credit to pay overdue debt
   - To store materials so as to be used when the price rises or it is scarce
   - To go into new business
   - To go into new business
34. Some financial institutions, their interest is lower
35. Some banks will offset your debt if your activity with them is high and the security you have with them is higher

**Discussion of Findings**
In this study, 11 out of 15 credit facilities were available to the young clothing and textile entrepreneurs. This finding is in agreement with Burke (2009) in which he highlighted that family and friends, trade credit, bank among others are credits facilities available to young clothing, textiles and fashion entrepreneurs. The findings also disagree with Dimelu (2008) who stated that small scale entrepreneurs made use of thrift, overdraft in running their businesses.

The present study in adducing reasons for obtaining and utilizing credit facilities found out 8 (eight) reasons which include the following: business operations, business maintenance, acquisition of tools and equipment, boosting business, buying and remodelling house, buying shares, go into new business and expansion of existing business. The finding is in line with Jared (2015) who gave six reasons for obtaining credit. This involves business operation and maintenance.

The findings of this study as regards to benefits of credit utilization is in line with Chen (2022) who identified creating wealth for self and improving living conditions.

**Recommendations**
Based on the findings of the Study the following are recommended
1. Young clothing and textiles entrepreneurs should make use of the credit facilities identified by this study for example obtaining loans from friends and family.
2. They should utilize the facilities in expanding their businesses.
3. The findings of this study should be used to improve the entrepreneurship courses in Home Economics at both the secondary and tertiary level of education.

**References**


Credit Facilities Available to Small Scale Clothing and Textile Young Entrepreneurs in Enugu State


