

**DETERMINANTS OF DECLINE IN SELECTED TEXTILE MANUFACTURING
COMPANIES IN NORTHERN NIGERIA**

BY

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DECLARATION

I hereby declare that this thesis titled “Determinants of decline in selected textile manufacturing companies in Northern Nigeria” is a product of my own work. All materials are properly acknowledged in references. Any error in this script is entirely my own.

Abdullahi B. Yusuf

CERTIFICATION

This is to certify that this thesis titled “Determinants of Decline in Selected Textile Manufacturing Companies in Northern Nigeria” meets the regulations governing the Award of Masters of Science (M.Sc) Degree in Business Administration of Ahmadu Bello University Zaria and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This work is dedicated to my entire family.

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ABBREVIATIONS

ATC	-	Agreement on Textile and clothing
AGOA	-	African Growth Opportunity Act
ATM	-	African Textile Manufacturer
CEO	-	Chief Executive Officer.
DFID	-	Department for International Development
EU	-	European Union
KTL	-	Kaduna Textile Limited
MAN	-	Manufacturers Association of Nigeria
MFA	-	Multi-Fibre Agreements
MMF	-	Man Made Fibre
R&D	-	Research and Development
SMEs	-	Small and Medium Scale Enterprises
SON	-	Standard Organization of Nigeria
USA	-	United States of America
US	-	United States
USAID	-	United State African Industrial Development Project
UNIDO	-	United Nations Industrial Development Organization

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ABSTRACT

The massive and frequent rate of textile industry closure in Nigeria is a disturbing phenomenon. The main objective of the study is to identify the determinants of decline in selected textile manufacturing companies' in northern Nigeria. Cross sectional survey design was adopted in which relevant primary data was collected by means of questionnaire instrument. A sample of 384 was selected from the population of 7305 employees of four selected textiles manufacturing firms in northern Nigeria using stratified random sampling with proportionate sample size allocation. Data collected were analysed using factor analysis and three hypothesis were tested using multiple regression analysis. The results of multiple regression analysis show that only two factors account for declining of the textile industry. These are product quality and obsolete technology. While the remaining factor, foreign textile fabric does not significantly contribute to the decline. The study concludes that inadequate investment in modern textile technology led to production of low quality textile products which resulted in the collapse of textile industry in northern Nigeria. It recommended investment in technological innovation and improvement to transform the industry.

CHAPTER ONE

INTRODUCTION

1.2 Background to the Study

Over the last five decades since independence, Nigeria struggled to promote industrial development. The efforts have generally yielded very modest success and the reality is that in the early 21st century Nigeria continues to face crisis of “Industrial development”. The Nigerian National Bureau of Statistics (NNBS; 2011) asserts that in the 1960s and 1970s Nigerian manufacturing sector developed positively as a result of Foreign Direct Investment (FDI).

Manufacturing sector of any economy plays a critical function in the developmental process. The sector remains a source of high wage and low wage jobs for all types of workers. It previously accounted for majority of Nigeria foreign trade earnings and it remains essential if Nigeria is to make future major reduction in its trade deficits. However, studies from National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) (2011) classified over 50 percent of manufacturing companies as “ailing industries”. The industries include: textiles, iron ore, plastic, aluminum, food processing, cement, automobile, etc. Yet, the government’s effort at reviving the ailing manufacturing concern has not yielded the required result.

In Nigerian manufacturing history, textile industry occupies a unique position because of its capacity to generate employment (Okere, 2009). Though, traditional textile have been produced in Nigeria for many years, but modern textile production commenced in Nigeria in 1956 and 1962 with the establishment of Kaduna Textile Mill and United Nigerian Textile Mill Limited. The industry produced varied fabrics annually, ranging from African prints, shirting’s, embroideries, etc, to Guinea brocade, Wax prints, Jute and other products (Eneji, Onyinye, Kennedy and Li wrong; 2012). The Central Bank of Nigeria (CBN) Annual Report (2006) revealed that out of 13 sub-sectors in the manufacturing productions, textile and synthetic fabrics account for a significant proportion of the overall growth in manufacturing production. Nigerian consumers gave the sector a high priority not for basic clothing but for wide

range of ceremonial purposes, festivities cultural events or for personal wealth and social status in the peasant economy which is also reflected in the quantity and quality of cloth use, store and occasionally displayed by people. There are different types of cloth making among various dominant ethnic groups in Nigeria. The Yoruba are famous for Aso-oke traditional fabric weaving, the Hausas are known for Kura cloth making which is deep blue-black and shining design and the Igbos widely known for Akwete cloth weaving which is basically done by women.

Prior to the down surge in 1990s, Manufacturers Association of Nigeria (MAN; 2010) asserts that in the 80s the industry provided employment to 450,000 Nigerians with well over 650 functional factories and small scale production units scattered all over the country. Another group of 160,000 Nigerians were indirectly employed by the industry. This group includes the producers of raw materials for the textile industries who are generally referred to as cotton farmers. The industry raised millions of middlemen, marketers of finished products, tailors, garment makers, wholesalers, retailers and traditional producers of local fabric.

The textile industry passed through various phases of growth. Import substitution policies induced steady growth in the 1960s which gave way to rapid growth averaging 12.5% in the 1970s when the economy was booming. The recession of early 1980s took its toll: the cumulative production index declined from 427.1 in 1982 to 171.1 in 1984 (Abubakar, 2011). The industry recovered in the late 1980s achieving an annual growth rate of about 67% between 1985 and 1991 with synthetic textile alone accounting for about 80% of recorded growth. Due to backward integration programme instituted by many firms in the industry following the strict government directive on the issue in the mid 1980s, the level of domestic sourcing of raw materials was put at about 64% in 1991, a steady improvement from 52% in 1987 and 57% in 1988 (Agbonifoh, 1999). The industry is mainly controlled by large private sector firms, often with substantial foreign participation.

The major foreign investors within the industry are from Hong Kong, China, India, United Kingdom, United State of America, Japan and Netherlands. These are private capital investments for profits except for China where most of the firms are

state and provincial enterprises. As at 1987, 37 textile firms in Nigeria were operating 716,000 spindles and 17541 looms (Gherzi, 2012). However, the output of the sector has never exceeded 75% of annual domestic consumption, allowing for a thriving trade in imported textile products. Technological gaps in the industry show that 12 mills representing 61% of the total capacity spin only cotton. However, nearly 30% of existing mills are integrated mills (Eneji, Oyinye, Kennedy and Rong; 2012).

Textile industry remains a very significant source of employment and is the most labour intensive sector of the manufacturing industries. The development of textile industry in Nigeria gained momentum due to availability of indigenous cotton or raw material, existence of cheap labour and ever growing domestic market.

Over the last few years, several economic factors such as globalization and trade liberation have created new production and transportation opportunities. Thus, major trends shaping the domestic manufacturing sector includes: technological advances, improved production methods and global surplus of manufacturing capacity especially from China. Today, the Nigerian textile industry is on the brink of extinction. Between 1992 and 2006, 543,000 textile workers have lost their job (Olori, 2012). More than 150 textile companies have closed down in the past 20 years (Okere, 2009). The decline in textile production is also evident in the cottage industry, as only the southwest and northern Nigeria region have local textile producers.

1.3 Statement of the Problem

Nigerian textile industry has become less competitive in the global market place as competition increases; the process of carrying out business strategy is being challenged. This pressure includes swift development in modern textile machines, the cost of acquiring and implementing the technology, employees training to go along with what is obtained, and preference among Nigerians for foreign textile fabric, especially when considered in the light of its effect on made in Nigeria wax. Thus, the decline of the sector was more pronounced as the conventional handloom faced severe competition from power loom. Many textile factories close shops in northern Nigeria, out of 37 textile manufacturing firms in the region only four are presently functioning.

However, extant literature on the determinants of textile manufacturing firms in northern Nigeria is to the best of our knowledge very rare. For example, Obawepe and Fadeyiro (2012) simply examine trend of demised industries in Kwara state, Gatawa, Aliyu and Musa (2013) focused on impact of globalization on textile industries and Esseini (2014) concentrates on the constraints of medium scale textile manufacturing industry in eastern Nigeria.

Apparently, existing literature has not shifted research focus towards failure of textile companies in northern Nigeria. Consequently, a wide gap in empirical knowledge is left unattended to for over a decade when the industry continues to decline. In view of this, the study intends to investigate the determinants of textile manufacturing companies decline, using product quality, foreign textile fabric and obsolete technology.

1.3 Research Questions

Consequent upon statement of the problem, the following research questions become necessary:

1. To what extent does quality of 'made in Nigeria' textile fabric affects the decline of textile manufacturing firms in northern Nigeria?
2. What is the impact of foreign textile fabric upon the decline of textile manufacturing firms in northern Nigeria?
3. To what extent does obsolete technology affect the decline of textile manufacturing firms in northern Nigeria?

1.4 Objectives of the Study

The overall objective of the study is to identify the determinants of the textile manufacturing firms decline in northern Nigeria. The specific objectives are to:

- (i) Investigate the relationship between quality of 'made in Nigeria' textile fabric and the decline of textile manufacturing firms in northern Nigeria;
- (ii) Assess the impact of foreign textile fabric upon the decline of textile manufacturing firms in northern Nigeria;

- (iii) Examine the relationship between obsolete technology and the decline of textile manufacturing firms in northern Nigeria

1.5 Hypotheses of the Study

The following hypotheses are formulated to guide the study:

H₀₁: There is no significant relationship between quality of ‘made in Nigeria’ textile fabric and decline of textile manufacturing firms in northern Nigeria.

H₀₂: There is no significant relationship between foreign textile fabric and the decline of textile manufacturing firms in northern Nigeria.

H₀₃: There is no significant relationship between obsolete technology and the decline of textile manufacturing firms in northern Nigeria.

1.6 Significance of the Study

The owners of manufacturing firms invest their resources with the aim that they will bring expected benefits to them. This expectation of investors in manufacturing sector is truncated because of non-performance of some of these firms mainly due to the incessant changes in the environment. This study will be of great significance to the following beneficiaries:

Business Managers: Managers of manufacturing textile firms need to identify and overcome obstacles that impede technological development and quality of products. Successfully overcoming the hindrances will create global competitive advantage thereby leading to expansion of business organization.

Investors: The results of the study will assist in building innovative capacity of business organization which will enhance their international competitiveness, patronage of their products and services leading to higher sales for the company.

Economy: Empirical findings from CBN; 2006: MAN, 2011 have identified textile industry as the vital sector for economic growth since it has a potential to provide employment and can contribute to gross

domestic production as well as poverty reduction scheme of the country. It will also serve as useful source of literature for further research in this direction in Nigeria.

1.7 Scope of the Study

There are many textile companies spread across the country. Most of these companies are concentrated in northern Nigeria because of the availability of raw material (cotton) in the region. Presently, northern Nigeria has 37 textile manufacturing firms. The study therefore focuses on some selected textile companies operating in northern Nigeria. These companies include; United Nigeria Textile Company, Kaduna Textile Mill limited, Angel spinning and Dyeing and African Textile Manufacturers located in Kaduna and Kano respectively. This study restricted itself to studying determinants of the textiles manufacturing industry decline in northern Nigeria.

1.8 Limitations of the Study

The researcher goes through many rigours before locating staff of non-functional firms (i.e. Kaduna Textile Limited and Angel Spinners, Kano). The researcher was able to locate these staff through meeting schedule by National Union of Textile and Garment Workers of Nigeria and Textile Labour Union offices in Kaduna and Kano respectively and it took almost two months to collect the questionnaires administered to them.

The insurgency factor in Northern Nigerian cities of Kaduna and Kano used as a research case study where the firms are located did not enable the researcher to gather necessary information timely due to incessant bomb blasts by the insurgents.

1.9 Definition of Key Terms

Business Failure: The cessation of operations and exit from business population because it is no longer a viable concern.

Competition: It is the capability of an organization to satisfy customers in comparison with its market rivals. It reflects quality, cost, delivery, and flexibility.

Industry decline: Is the degeneration of organizational performance in financial, human resources, technology, market share and sales.

Quality: Strict and consistent commitment of standards to achieve uniformity of a customer's products.

Strategy: Is a pattern in a stream of decisions made by an organization.

Technology: The purposeful application of information in the design, production and utilization of goods and services in an industry. This includes tangible (blueprints and models) intangibles (consultancy and training), High (automated technology) and low (labour intensive technology)

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Introduction

This chapter deals with the review of relevant related literature in order to provide a theoretical framework for this study. Major ideas of this section are grouped and presented under the following subheadings: textile manufacturing sector, fundamental concept of industrial decline, levels of industry decline, quality of textile fabric, textile value chain, the global environment of the textile and garment industry, technology of textile industry, problems of textile industry in Nigeria, review of empirical studies on industry decline and theoretical framework.

2.2 Historical Background of Textile Industry

Textile industries have traditionally been the starting point of economic autonomy. The industrial revolutions of England and United States both began with textiles. China, Korea, Taiwan, Singapore and Hong Kong are all success stories; each has expanded its manufacturing capabilities after beginning with textile (Frazer, 2007). The textile industry is a good economic development starting point because it can employ unskilled workers, train them and make them skillful in a particular production process: Nigeria has a huge supply of unskilled workers due to its large population and other factors such as pervasive poverty and illiteracy. In addition to a large pool of labour, Northern Nigeria also has large a supply of cotton (Babadoko, 2007).

Handmade traditional textiles have been produced in Nigeria for many years but real industrial production of textile is a recent activity. Textile mills in Kaduna and Kano from inception were conceived as vertically integrated mills to process locally sourced raw materials(mainly cotton) through spinning for production of yarn, weaving for the production of grey cloth, dyeing, printing and finishing for the production of finished textiles (Aguiyi, Ukachia Onyegbulum and Nwankwo; 2011)

In his effort to industrialize the north, Sir Ahmadu Bello established the Kaduna textile mill (KTL) and Kano textile factory in Gwammaja. The idea was to process the large quantity of cotton grown by farmers in the north since cotton is the

primary raw material for textile industry. Other related factories such as weaving and spinning enterprises spring up at the same period, thus between the 1970's and 1960's the two cities were transformed into textile base. These factories became popular in the production and marketing of textile materials such as Atampa, African prints that were highly sought after within the West African sub-region.

Furthermore, between 1970's and early 1960's, Kaduna state and Kano State had over 50 functional textile factories but it is today a dumping ground for textile from Asian countries. Before the collapse of the industry in Kaduna and Kano the government derives as much as ₦4 billion per annum from textile related taxes and levies as reported by MAN (2011). But for over a decade now, the closure of these factories and the low capacity utilization or production capacity of existing ones is of great concern and the succeeding government had not been able to address the situation. Many of the workers that were laid off are still out of jobs, while taxes in billions derived by governments from these factories had become a thing of the past

Nigeria Textile Industry was in the 80's a key player in the national economy particularly in the provision of livelihood for about 20 percent of the population with 600,000 workforce operating close to 170 textile mills across the country. (Olawaju, 2010). The industry then generated an annual turnover of \$8.95 million; an average of 20% of the sector's Gross Domestic Product (GDP) which accounted for not less than 10% of corporate income taxes (Central Bank of Nigeria, 2005). Records from the Manufacturers Association of Nigeria (MAN) (2010) show that 1.3 million cotton growers in the country's cotton production belt if factored into their dependency ratio of 1:8 worker for dependant, then it is obvious that 17.2 million Nigerians derive their livelihood from the industry. Nigeria was previously ranked second largest textile industry in sub-Saharan Africa queuing behind South Africa. She represented 63 percent of the textile capacity in the most African sub-region before the neglect and policy inconsistencies that capsized the sector.

Njoku (2010) viewed that the number of textile and garment factories after the storm fell from 175 in the mid 1990's to less than the 25 in 2010, while employment dropped from 137,000 in the 1990's to 60,000 in 2002 and further to 20,000 in 2010. As a consequence, this led to the decline in cotton lint production from 98,000 in

2006 to 55,000 tons in 2010 and export of cotton went down from \$44 million to \$31 million within the same period. Records from MAN (2010) further indicated that capacity utilization in the industry reduced to 20.14 percent in 2010 from 50.75 percent in 2003 while many surviving ones are closed to extinction.

There is presently no restriction in ownership in the Nigerian textile industry but foreign ownership is limited. Through privatization, most of the equity investment held by government has been transferred to private hands. MAN (2008) notes that foreign investment is mainly by Chinese and Indian investors, although Europe, US, Japan and Syria are also represented. Some of the big groups which have emerged as a result of mergers, vertical integration and take over are linked to the international groups such as the Chachi-ming and Churchgate groups. The significance to the Nigerian economy of these groups is high in addition to financial resources; they bring experience and expertise to developing countries. MAN (2011) further notes that the major textile machinery and equipment in operation in the Nigerian textile industry can broadly be grouped in the following categories: Spinning (carding, ring spinning, open end spinning air flat); Weaving (schall looms, handloom power looms); Winding; Twisting; and Finishing (i.e. printing, washing and bleaching).

2.3 Manufacturing Industries in Nigeria

A strong and prosperous Nigeria will depend upon a vibrant and growing manufacturing sector that can renew and create national competitive advantages in the midst of rapid technological change and globalization of markets, production and innovation. Global trends (e.g. e-commerce, sustainability changing demographics globalization, etc) require new fundamentals to grow shareholder value, while providing superlative service and innovative marketing strategies to nurture growth and retain customers. Yet, the absent of fundamentals required for robust industrial growth and development means the nation has remained a net importer of manufactured goods and the Nigerian manufacturing sector in comparison to other industrial nations it intends to surpass.

The manufacturing sector according to Mustapha (2013) provides the greatest opportunity for the transformation of the Nigeria economy from a mono-cultural

economy to a diversified one. As an engine of growth, a boost in manufacturing production offers prospects of increased availability of locally manufactured products, which would conserve and increase foreign exchange earnings.

Furthermore, there is no doubt that government has major influences on corporate life. They influence corporations through taxes, regulations and even sometimes in terms of business policy. In the aspect of turnaround, government is found to be helpful in some cases of government-related turnaround effort such as the case of Nigerian Ailing Industries N100 billion bails out fund (MAN, 2010; Abdullahi and Hussaini, 2010). Apart from giving help in certain cases of turnaround, government is found to be the reason for corporate decline such as through budgets cuts (Okere, 2003) or through tight monetary policy which shrink the government spending (Abdullahi and Hussain, 2010). Another type of assistance came in the form of national fund which was used to facilitate debt and financial difficulties of troubled or ailing firms (WTO, 2005). This type of assistance are being used by many South East Asian countries during the economic recession of 1998 and also recently by industrial nations during economic meltdown. Sometimes, government also influenced the turnaround process by supervising the process itself such as the case of turnaround of Daewoo Car Assembly Plant (Lim, 2003).

2.3.1 Subsector of Nigeria Manufacturing Industry

Nigeria produces a range of goods that are categorized, using international classifications, under the following 10 sub-sectors of the Nigerian manufacturing industry. The sub-sectors are: food, beverages and tobacco, chemical and pharmaceuticals, non-metallic products, basic metal iron, steel and fabricated metal products, textiles, weaving apparel, carpet, leather/footwear, electrical and electronics, pulp, paper and paper products, printing and publishing, motor vehicle and miscellaneous assembly, domestic industrial plastic and rubber and wood products (including furniture).

However, to quickly optimize the potential of these sub-sectors, target incentives must be made available and specific strategies must be developed to quickly transform and execute the capacities and capabilities of these subsectors in the effort to leapfrog their contribution to the GDP. Thus, significant investment is required in the subsectors to stimulate economic growth.

Furthermore, manufacturing in Nigeria is concentrated in Lagos-Otta-Agbara Industrial cluster, the Kano-Kaduna axis and Portharcourt – Aba industrial zone (Aluko, Akinola and Fatokun, 2004). The pattern of the distribution of manufacturing industries at the city level indicated a marked concentration of manufacturing establishment in the southern part of the country especially Lagos, Delta, and Ogun in the Southwest. Other locations of relative high concentration of industrial establishment are Kaduna and Kano in the north; and Port Harcourt and Aba in the south-east. The key consideration for manufacturers in identifying a desirable location provided by Nigerian Vision 2020 Technical Group (2013) are: good transportation networks, reliable logistics facilities, concentration of skilled manpower, presence of and ready access to large basic infrastructural facilities and access to airports, seaport and railway.

2.4 Concepts of Textile Industry Decline

The textile industry is made up of series of inter related processes, whose purpose is to create different products for clothing and industry. The industry includes whole process from obtaining primary materials to distributing end-products to consumers and, traditionally, has been characterized by weak demand, low technology content and a labour-intensive production process. The industry has evolved over years of restructuring and witness the orientation of its activities the most important aspect of which are: the transportation of the commercial structure; product diversification; continuous changes in materials; and the optimization of distribution and logistics.

The textile industry activities include a wide range of activities, from production of fibers and items of clothing, to the distribution of the end-product to the consumer. The complete textile cycle is made of the production of natural and man-made fibers, the traditional textile industries (spinning, weaving and finishing textile), and the clothing industries. The market is split between three broad groups of products:: clothing (approximately 50% of total consumption), textiles for the home and decoration (30%), and textile for technical or industrial use (20%).

Frazer (2007) defines textile industry as an organization whose business include yarn production, spinning systems, weaving, knitting, making ready-made

garments and composite milling operations. Textile industry is also seen as a group of related industries which uses a variety of natural cotton wool or synthetic fibre to produce fabric (Yohanna, 2010) Similarly, Ogundipe (2008) views textile industries as a group of firms that produce woven or knitted fabric made from natural or synthetic sources.

The textile manufacturing sub-sector is composed of spinning, finishing of yarn, knitting and weaving activities. Weaving includes the manufacturing of cotton, silk and synthetic fabrics. MAN (2010) outlines four primary textile branches or industries: Fiber and filament making, yarn making or spinning, fabric making (i.e. weaving, knitting and woven processing), household goods and industrial goods.

Manufacturers Association of Nigeria (MAN, 2010) discerns that, textile industry is energy, water and chemical intensive and about 60% of the energy is used by dyeing and finishing operations. The industry played a pivotal role in the development of Nigerian economy and later became a metaphor for Nigeria loss of competitiveness as an industrial nation.

Business turnaround research provides empirical evidence of common strategic actions among firms facing a decline in financial and management performance such as 'retrenchment' and 'recovery' response (Filatotchev and Toms, 2012). Another stream of research concentrates on links between firms' characteristics and survival (Chaganti, 1985). Differentiating between 'failures,' 'survivals' and 'revival', this research perspective suggests a number of variables that may affect probability of the firms' survival which includes declining market share, negative cash flow, deterioration in physical facilities, employees turnover, etc. Though, Industrial Organizations (IO) and Organizational Ecology (OE) scholars disagree over several issues, they tend to have idea that when it comes to failure, the industry matters more than the firm. They agree that organizations are embedded in their environment and therefore, external factors have more explanatory power than the firm level factors. Mellahi and Wilkinson (2004) emphasize that organizational failure is caused by external factors over which management has little or no control.

As firms become more established and successful, they develop institutionalized sets of capabilities and routines (Harkens, Erhardt and Rutgers, 2012). However, at some point, all firms begin to decline. Cameron, Sutton and Whetten (1988) look at decline as including the reduction of internal resource munificence, both financial and managerial overtime. For many, if not of those declining firms, the main strategy the firm was pursuing before entering decline is no longer suitable to competitive environment (D'Aveni, 1989). For firms in the declining stage of the life cycle, firms either fail completely or experience significant declines in their markets, translating into shrinking organization. Not all firms that enter decline die, however, Harkens et'al (2012), postulate that some firms that begin to decline and work to adapt to their new situations by focusing on their talent and changing strategy can revive their fortunes.

Given the survival of the fittest, decline is a natural step in the life cycle of industries. Organizational ecologist asserts that environment will naturally weed out unfit organizations and that the ability to survive overtime is a function of both organizational suitability to the current environment and its ability to adapt appropriately if the environment evolves as alignment with the environment will expose firms to different liabilities associated with decline (Pretorius, 2009). Though, Abubakar (2011) view that it is an adoption of proactive restructuring strategies that will secure the survival and growth of a particular textile firm in the period of general industry decline.

From the perspective of organizational turnaround literature (e.g. Baker and Mone 1994; Pearce and Robbins 1999) organizational decline is defined as at least two successive years of financial performance decrease as represented by return on investment (ROI) and return on sales (ROS). This conceptualization of organization decline is appropriate for profit making firms, according to Mckinley, Latham and Braun, (2011), organizational decline is seen as successive year-after-year decrease in an organization's resource base that last for at least two years. Mckinley et'al (2011) emphasized that, successive two years period is a useful minimum time period for defining organizational decline because it provides enough time for the resources reductions to be noticed by managers and to evoke a response. Though, emphasizing

adoption of concepts from the turnaround literature involves no assumption that all organizations experiencing decline will turnaround.

It is equally significant to differentiate organizational decline from organizational crises, failure, jolts, and stagnation. Like organizational decline crises can involve highly ambiguous situations that threaten organizational continual existence, but the difference between crises and decline is the speed with which the two phenomenon occur and the time managers take to respond. While organizational failure is when a venture fails involuntarily and unable to attract new debt or equity funding to reverse decline and/or cannot continue to operate under the current ownership and management (Pretorious; 2009). Nonetheless, a failed organization is the one which has to sell or liquidate in order to avoid losses or pay off the creditors.

Organizational decline can also be differentiated from organizational jolts because Meyer (1983) cited in Mckinley et'al (2011) state that jolts are construed opportunities by the administrators who manage organizations to respond quickly to both internal and external signs of firm decline. In comparison with decline, stagnation refers to a static condition of loss performance rather than a year after year erosion of resources. Organizations experiencing stagnation remain in a condition of constant sub-optimal performance as their actions continue to accumulate counterproductive problems (Masuch; 1985).

2.5 Levels of Industry Decline

Goyal (2013) typified the trajectories of industry decline. He summarized that if the management of a company is weak, the accounting information might be neglected or such information will be deficient and the company will not respond to change, weak management will overtrade, launch a new project or the gearing ratio will rise to a level that even a normal business hazards will become a threat.

Decline start from the firm or industry equilibrium and reaches a nadir. The nadir tasks management into taking corrective actions which constitute the second stage of the process. Decline according to Chowdhary (2002) can be attributed to external factors or the environment (called *k* extinction) or the internal factors (called, *r* extinction). The *k* extinction occurs because an organization is the part of a micro

niche inhibit by a population of firms or part of an industry that is shrinking or shifting in size. Though, the carrying capacity of the micro niche is exhausted all firms belonging to the niche face a depleted resource pool and an intense inter-firm rivalry. In another dimension, *k* extinction is generally labeled as organization decline and refers to reduction in resources within an organization independent of the changes in the environment. This decline occurs when an organization is operating in a stable or growing micro niche but fraught with self induced problems (Pandy and Verima (2005). The management of *r*-decline is called turnaround management. Cameron, Whetten and Kim (1987) state that organizational decline represents substantial resources loses over time and can be either a gradual process or a sudden unexpected disruption. Substantial organizational decline according to Tushman and Anderson (1986) leads to crisis where the survival of the firm is threatened. Managers tend to attribute performance decline and any resulting organizational failure to external factors beyond their control, such as competition (Boyle and Desal, 1991).

Furthermore, there are similarities between firm decline and business failure, these reasons differ to some extent from the causes reported by Boyle and Desai (1991) as well as Weitzel and Johnson (1989) in that the focus is different. It is apparent that depending on the life-cycle stage a venture is in, the specific causes for failure vary accordingly and therefore, the organizational phase shows different reasons for failure.

Henderson (2013) confirms the existence of both liabilities of newness (where selections processes favour older and more reliable firms with social legitimacy) and obsolescence (where a firm becomes highly inertial and its “founding imprint” becomes increasingly misaligned with its changing environment). He adds the liability of adolescence (firms that are past the use of their founding assets but that have not yet accumulated sufficient skills and know-how). Henderson suggests that contrary to general thinking, failure rates increase in adolescent firms as the impact of their original resources endowments have expired. However, the associated failure rates differ, depending on the long-term strategies chosen by firms.

The reference to firms decline and liability of newness points to some relationship with the life-cycle stage to moderate the signs and causes of decline. Terms such as start-up failure and liability of obsolescence confirm the life-cycle

metaphor borrowed from the ecological sciences. These liabilities, Pretorious (2013) described them as a set of configuration that exist for the causal factors of decline and failure. In the same way the cause configurations vary with age (young vs old), size (small vs big) and life-cycle stage (infant, growth, mature or decline). Each set of configurations is associated with a different level of risk towards a venture.

In organizational decline literature, dimensional approaches have been adopted in identifying failing organization (Lorchke, Bedein and Palmer 2004) including declining profitability (Pearce and Robbins, 1992) proximity to bankruptcy (Baker and Duhaim, 1997), lack of slack resources Castrogiovanni, 1991) expert opinion (Brutton, Ahlstrom and Wan, 2001) and stake holders opinion (Frankenberg, 2007). Similarly, Argenti (1976) states that approaches of studying organizational decline on financial matters are limited due to creative accounting practices, orientation in the past and inaccurate accounting information. Carter and Schurab (2009) in their study depended on stakeholder opinion about the organization's proximity to bankruptcy. This evaluation has the advantage of drawing on both financial and non financial information about the business. Though, the turnaround literature suggest that many firms experiencing severe decline lack the expertise to initiate necessary changes (Cameron et'al, 1987; Hofer, 1980). During the decline time constraints often limit opportunities for developing needed expertise internally. Instead, firms may quickly gain access to expertise from the outside by either hiring employees or contracting with service providers such as management consultants (Hansen,2012).

Hirschman, Schender and Durbar (1992) have observed that some managers are reluctant to leave a declining organization to which they are morally committed because they feel that they can help minimize the negative consequences of decline. However, Scott (1996) cited in Smith and Graves (2005) argues that competent managers avoid declining organizations because certain firms find it difficult to respond to decline or crises situation as the best hands are usually the first to jump a sinking ship. Thus, the central issue in industry decline is not whether managers are capable of managing decline but instead, will they be willing to? (Weitzel and Johnson, 1989).

Organizational theorist (Hirschman et al, 1992) have also proposed that folktales offer rich insights for research on organizational decline and crises because their prime function is to define information on human and group behavior in existence threatening situations. As decline is mainly a sub-phenomenon of crisis situations, the folktales perspective in general and Propp (2000) analytical schema in particular offered a rich resource in explaining and understanding the underlying structure in the process of organizational decline. Propp's framework illustrates how folktales are processes of developing from initial prosperity through various functions to a positive end.

The theoretical insight from Proppian schema is that organizational decline and turnaround is a process that proceeds from strategic harmony to disharmony and again to harmony through the influence of several underlying mechanisms that consist of a set of elaborated functions (Lamberg and Payumen, 2005).

2.5.1 Preconditions of Industry Failure

Corporate decline generally does not stem from a single factor; it results from an accumulation of decisions, actions and commitments that become entangled in self-perpetuating workplace dynamics (Kanter, 2003). A precondition refers to a condition (or set of configurations) that must exist or be established before something can occur, thus it is a prerequisite. Francis and Desai cited in Filatochev and Toms (2012) refer to preconditions as contextual factors. Lorange and Nelson (1987) cited in Moundry and Johnson (2006) describe the configurations that lead to decline in business performance, especially after the firms have been successful for a period of time. They confirm that preconditions do exist and that the signs are often invisible, especially during the early stages of the decline process.

These preconditions to failure are often presented as metaphors. Each metaphor suggests a configuration that would require a different intervention to turn the business around towards improved financial performance. Richardson, Nwankwo and Richardson (2013) use four '*frog analogies*' as metaphors to describe the specific preconditions that would lead to each type of failure and differentiate how these would appear different for small and large ventures. They further equate organizations in their metaphors with leader type, personality and style to explain the configurations. There are four analogies. *Boiled frog*, metaphorically describes

organizational leadership that suffers from introversion and inertia in the face of environmental change (confirmed by Chowdhury, 2014). *Drowned frog* describes organizational leaders that try to do everything through hyperactivity and ambition to perform well. After early success, the leadership pursues high growth through uncontrolled diversification and an eventual loss of focused strategic competitive advantage occurs. The *bullfrog* metaphor represents a leadership that spends money from the organization (which it cannot afford) on personal benefits that often can be categorized as aimed at prestige and establishing an image in the community. The *bullfrog's* behavior raises ethical questions and proper governance guidelines are clearly not complied with. *Tadpole* refers to a start-up venture that never turns into a proper business, or the big new project in a large organization that drags it under.

Overconfidence and success seem to lie at the heart of much of business failure in the research of Richardson et al. (2013). However, whereas the *'boiled frog's* managers, for example, may show overconfidence based on their longstanding position as a major market player, the *'drowned frog'* managers exhibit superiority complex based on the belief that their early and often remarkable success can be reproduced time after time, notwithstanding the new and increasingly different and bigger contexts in which success is sought. The *'bullfrog'* shows confidence of a different kind, feeling untouchable, while not acknowledging the wrongdoing that hurts the business financially.

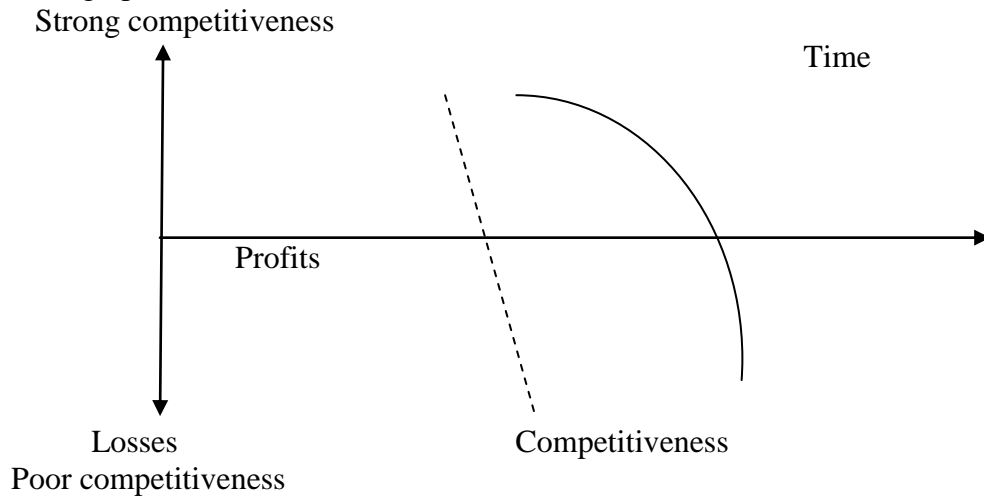
Bollen et al (2015) expand the same metaphors into a classification system for evaluation of failures in European firms. They refer to the tadpole as the unhealthy firm, the *drowned frog* as the firm that is over-ambitious and shows extreme growth, the *boiled frog* as a firm that is unable to adapt to environmental change, while the bullfrog refers to management involvement in unethical and fraudulent behaviors. Their conclusion confirms that no single factor is dominant and can be used to explain the majority of business failures of large public companies in Europe. While these frog metaphors are helpful, they focus strongly on the leadership variables of decision-makers (supporting the human factor perspective), which are not necessarily conclusive as determinants of the preconditions to decline.

2.5.2 Turn around Strategies for Reviving Decline Industries

Kazmi (2004) views turnaround strategies as reversing a negative trend and turning an organization into level of profitability. While Cameron and Whetton (1987) and Lohrke, Bredeian and Palmer (2004) observe that, a firm may be said to be in decline when it experiences a resource loss sufficient to compromise its viability. Thus, turnaround may be considered to have occurred when a firm recovers adequately to resume normal operations, often defined as having survived a threat to survival and regained sustained profitability. Pearce and Robbins (1993), Baker and Duhaime (1997) and Suzuki (2013) capture turnaround strategy as a series of rescue efforts aimed at arresting the declining trend of business activities of a firm and mobilizing it to move in an upward swing.

However, defining turnaround on the basis of profitability alone is problematic. Baden and Stopford (1992) and Pandit (2000) demonstrate that a gradual loss of competitiveness is often not reflected as a gradual deterioration in profitability. Rather, profitability may decline very slowly at first and suddenly plummet (see fig 1). Similarly, there may be a time lag between improvements in competitiveness and subsequent profit improvement. Baden and Stopford cited in Pandit (2000) explain the decline lag as a result of management's partial response to the initial admittedly weak or signs of impending failure.

Fig 2.1: High profits



Source: Behavior of Profits with falling competitiveness (Baden and Stopford 1992, 124) cited in Pandit (2000)

Nearly every firm experiences a stage in new life cycle with declining performance threatening its survival. While some firms continue to decline and eventually fail, others undergo successful turnarounds and return to prosperity. The early turnaround literature such as Hofer, (1980) state performance decline as a strategic problem which should be solved by management directing all resources towards undertaking a strategic re-orientation until a firm recovers. However, following the early ideas of Bibeault (1999), turnaround was argued to be much more than a strategic change and was viewed as a process consisting of two phases; decline and recovery phase.

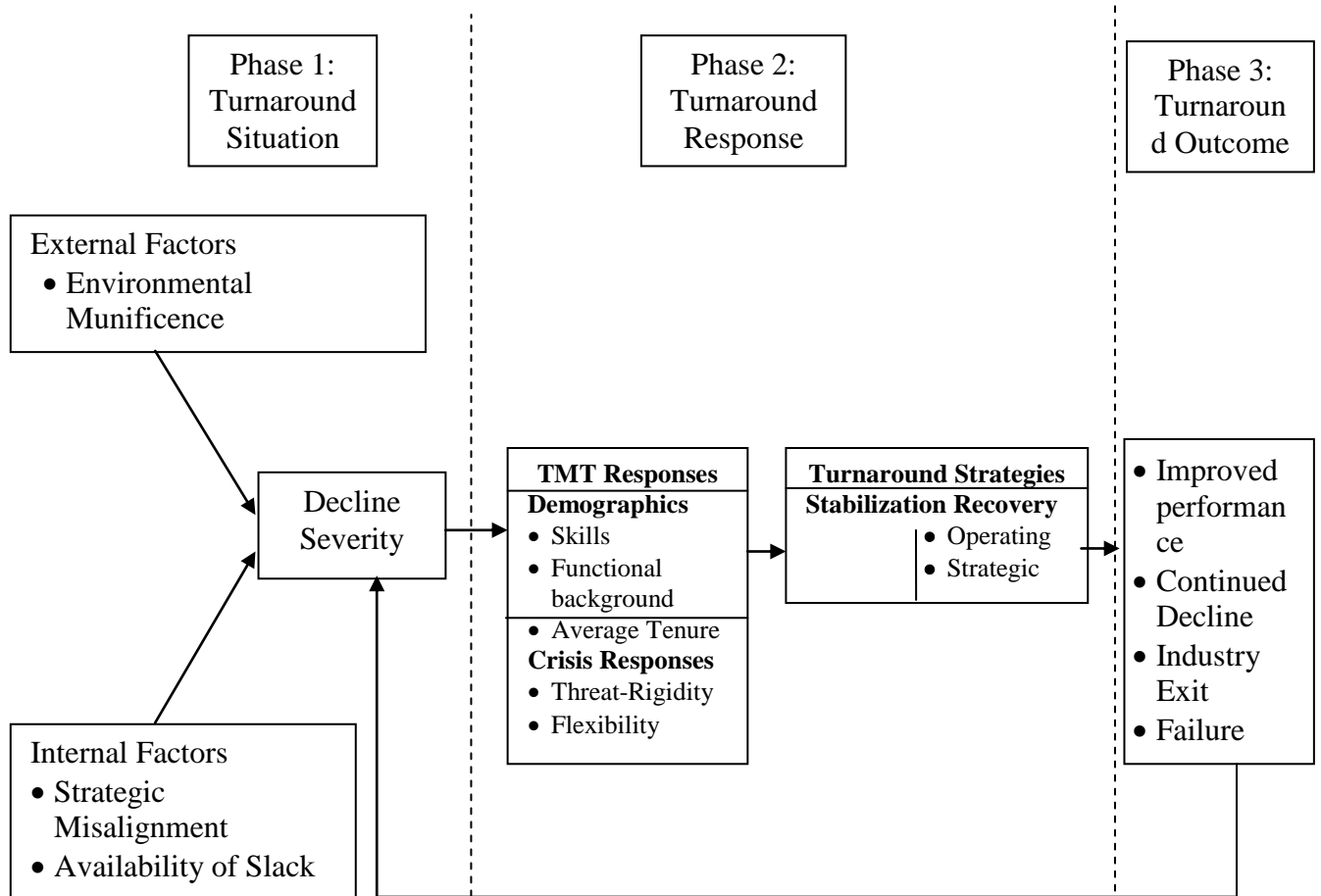
The classical study of Pearce and Robbins (1992) i.e. cost and assets retrenchment was perceived to be the central key strategy in order to mitigate decline and ensure performance recovery and they argued this to be more effective than management's selection of an appropriate turnaround strategy. However, Pearce and Robbins (1994) later stressed retrenchment as a component of turnaround strategy where both strategic (e.g. repositioning in the market assets redeployment) and operational elements (e.g. cost and assets retrenchment) would be combined in forming the overall strategy in the turnaround process. Though, Abdullah and Hussein (2010) argue that strategies such as retrenchment, cost reduction or downsizing were among popular strategies adopted by troubled firms. One of the reasons why ailing

firms adopt these strategies was perhaps better explained by survival based theory. This theory argued that in order to survive, organizations had to deploy strategies that should be focused on running very efficient operations and can respond rapidly to the ever-changing environment (Silhvonon, 2010).

However in reality, not all troubled companies which adopt this kind of strategies managed to successfully turnaround. As Slatter and Lovett (1999); Abdullah and Hussain (2010) argue, only one out of four troubled companies managed to successfully turnaround itself. The lack of exploration provided by survival based theory open up possibilities for other theories of strategic management to lend itself in explaining the behavior of turnaround companies.

Several studies have generally examined turnaround process in three related phases: phase I, a firm encounters a turnaround situation due to environmental changes, intended deficiencies or a combination of both (Schendel and Patton, 1976; Zammuto and Cameron, 1985; Pearce and Robbins, 1993). The Severity of the resulting decline is generally depicted as depending on several external and internal factors including environmental munificence and dynamism, degree of strategic misalignment and availability of slack resources (e.g. financial liquidity). Phase II, an ailing firm is responding, in an attempt to formulate and implement a turnaround strategy to prevent optional disaster. Finally, phase III, the extent to which ailing or declining firm responses have addressed the external and internal factors causing a firm decline is shown as determining whether its performance improves, continues to decline, or eventually fails (Lohrke, Badeian and Palmer, 2004).

Fig. 2.2: The diagram below depicts a model of turnaround process.



Source: Lohrke, Bedeian and Palmer (2004:65)

As fig. 2.2 suggests, a firm may experience a decline in performance due to both external and internal factors. For the former, numerous studies inform that environmental or industry based venues often affect all firms in an industry (Pearce and Robbins 1992; Lohrke et.al., 2004). Although the level of severity experienced may vary based on an individual firm’s responsiveness (Harrigan 1980; Slatter and Lovett 1999 and Lohrke et.al., 2004). Industry based decline is commonly caused by a downsizing in environmental munificence which occurs when a firm’s environment loses its capacity to support growth (Castrogiovanni, 1991) or increased environmental dynamism which occurs when a firm faces heightened variability in key external factors such as competitive intensity or consumer demands (Palmer et.al., 2004).

Internal factors may likewise lead to a firm’s decline. Faulty decisions may result in a firm’s strategy being misaligned with its task environment whether or not

the environment has changed (Arogyaswamy and Yasai-Ardekani, 1995) strategic misalignment may result from the firm's failure to update product lines, overcome functional weakness and curtail operating expenses or ill advised expansion (Ekpunobi, 2010) and also lack of available slack resources may also prompt a firm's decline.

Following decline, a firm must respond in an effort to ensure its recovery (Hoffman 2008). A faltering firm will most likely continue to decline and may eventually fail if the firm lacks the ability to respond successfully to external and internal factors creating a turnaround situation (Hambrick and D'Aveni, 1992; Lohrke et. al., 2004). When a firm responds inappropriately, it may continue in its efforts to reverse a firm's decline although such efforts will most likely become more difficult as slack resources become exhausted, organizational stakeholders withdraw support and key firm members exit (Arogyaswamy and Yasai-Ardekani, 1995). During decline, firms must make expeditions well-informed decisions to hasten a firm's recovery (Pearce and Robbins, 1993)

Studies have equally shown that when a firm formulates and implements informed strategies, their firms can turnaround even when facing declining environmental munificence (Harrigan, 1980) increasing environmental dynamism, escalating internal problems (Pearce and Robbins, 1992; Baker and Duhaime, 1997) or limited slack (Lorhke et'al., 2004).

As noted, to achieve a successful turnaround, a firm must first analyze level of decline and select an appropriate strategy for recovery (Pearce Robbins 1993; Arogyswamy and Yasai-Ardekani, 1995). This often requires increasing a firm's efficiency, stabilizing its internal operations and renewing key stakeholders support. In doing so, the range of viable decisions available to a firm will depend to a large extent on the severity of firms decline (Palmer et al, 2004). For example, a firm facing low severity decline, but having sufficient slack resources to at least temporarily stave off bankruptcy may be able to consider multiple options in making strategic decisions. In contrast, firms facing high severity decline with few slack resources may need to make expeditions and unilateral decisions in an effort to avert a firm's immediate economic failure.

Once a firm stabilizes its performance it must necessarily address the cause of the firm's decline so as to effect recovery (Pearce and Robbins, 1993). In doing so, a firm's decisions may promote recovery through either increasing a firm's long term efficiency (i.e. an operating turnaround strategy) or changing its strategic position in the market place (i.e. a strategic turnaround strategy). For example, a firm facing decline because of a cyclical down swing in munificence may be able to recover by employing an operating turnaround whereas one facing decline because its strategy has become misaligned with its changing task environment may require a strategic turnaround (Zammuto and Cameron, 1985).

Though focusing solely on profit determination and improvement to measure decline and turnaround respectively, presents three potential problems. First, profitability is measured as a ratio and thus, can be affected by changes in the numerator, denominator or both (, Lohrke, Palmer and Bedeian, 2004). For example, a firm that invests in new assets and does not experience an immediate corresponding rise in net income will report decline in its Return on Asset (ROA) ratio, even though such investments may enhance its future competitiveness and in turn aid its turnaround efforts. Secondly, profit determination may be delayed by managers making incremental adjustments, in response to weak, decline signals until all such possibilities are exhausted and rapid profit decline ensues (Baden and Stopford, 1992). For example after prolonged decline, a firm may force a "collapse of faith" by key stakeholders, sending the firm into a rapid downward spiral (Weitzel and Johnson, 1989). Thirdly, (as demonstrated by the recent Enron and WorldCom bankruptcies), declining firms can manipulate profitability through creative accounting practices (Lohrke et.al, 2004). For example, a firm that sells key assets and does not experience an immediate corresponding decline in net income would report an increase in its return on investment (ROA), even though it may have crippled its future competitiveness and in turn, handicapped its ensuing turnaround efforts (Baker and Mone, 2004)

However, turnaround strategy according to Garba (2007) usually involves one or more of turnaround strategies, he emphasizes that the matrix covers two dimensions (1) Use Of A Product which is measured by vertical line and (2) market which is measured by the horizontal line. Garba (2007) further buttress that textiles companies could use "mandatory strategy" to revive declining textile firms.

Companies seek to make their products mandatory as a means of increasing their sales. Funtua textiles, a manufacturer for example, has benefited from government decision to make white cloth for shirts mandatory in public schools uniform which the company produces.

Garba (2007) emphasizes using re-organization, restructuring and de-emerging strategies in turning around decline firms. In re-organization, strategies and plans are sometimes made by changing reality. The issue is to redefine types and levels of decisions, relationships sequences, work structure and design etc to reflect and align the company more effectively with new strategic reality. In downsizing, this is concerned with reduction of labour force to a “competitive level”. It may lead to closure or sell off of some units of the business which are no longer considered ‘core’ of the business. It may also involve outsourcing certain activities from outside the firm. While in restructuring: turnaround strategy may often simply require making the organization more efficient through internal restructuring of top management. While in de-emerging, organization is not expected to diversify into several areas such as stretching their brands through numerous brand extensions, but to focus on producing its traditional products or serving future markets.

Makgeta (2010) and Mustapha (2013) use the structure/conduct/ performance framework as a foundation to investigate the attributes of turnaround of firms. They found that turnaround and non turnaround firms indicated that size, research and development and interaction between operating margin and advertising can be helpful in explaining some turnaround situations. More importantly, the scholars found that smaller firms appear to be able to improve their results much quicker and more dramatically than larger firms.

According to Frankenberg (2007), the consent among turnaround strategies experts is that large firms turnaround are less difficult than small firms turnarounds and have a higher probability to success. They continued to say that the high leverage drivers and strategies for successful turnaround will be similar if not identical regardless of the firm size. However, Lim (2008) also finds that larger firms have greater chance of survival. Chowdhury and Lang (1996) observe that turnaround of smaller firms appears to entail somewhat different strategies by increasing employee productivity, disposal of old assets and extending credits. Makgeta (2010) and

Mustapha (2013) argue that either large or small firms, adequate bridging of financing is an essential ingredient to successful turnaround.

From action choice perspective, the decline of firms could be for three reasons. First, the managers are unable to account for environmental uncertainty in their action-choices e.g. sudden changes in technological environment and government policies (Khandwalla 1992; Mone& Baker 1998). Secondly, corporate managers committing mistakes in strategies earlier adopted. Thirdly, corporate managers knowingly undertake action choices for their own subjective reasons that lead to decline (Sheryl 2007). According to these theories, inertia pressure arises from sunk investments, specialized assets, bureaucratic control, integral political and cultural constraints, external restrictions and managerial commitments to status quo due to long tenure of managers in the organization and in the industry (Hambrick & D'Aveni, 1992). Empirical findings also indicate that excessive domain initiatives too lead to decline (Hambrick & D'Aveni, 1992; Maheshwari, 2000).

Organizational and psychology theorists take a more voluntaristic perspective and argue that managers are the principal decision makers in the organization, as their actions and perceptions are the fundamental cause of organizational failure or decline (Beeri, 2009). Most scholars agreed that the major causes of continuous decline in performance that usually lead to organizational crisis are poor management and poor leadership. Sometimes, management does not take the right decisions, even where appropriate actions are taken, lack of quality leadership boycotts their implementations. Organizational studies and psychology experts further argue in Threat Rigidity Effect Theory that individuals, groups and organizations tend to behave rigidly in threatening situations and seek to maintain the existing status quo. The rigidity often distracts a manager's attention from solving the crisis.

Sudarman and Lai (2004) cited in Sheryi (2007), in examining a sample of firms in the United Kingdom found that recovery firms adopted more long term expansionary and external market focused strategies than non-recovery firms, which were preoccupied with internal changes. However, the strategies of recovery and non recovery firms diverge overtime. Though, in Curse of Success Theory cited in Beeri (2009), most successful organizations in the past become the one most vulnerable to failure in the future due to the assumptions that success raises over confidence,

arrogance and preservation of traditions which retains the 'how' and 'why' of doing things. Recovery strategies are not one time actions, they are expected to be revised to respond to the pace of recovery or the effectiveness of earlier actions (Sheryl, 2007).

Thus, Hofer (1980) cited in Makgeta (2010) states that before beginning with turnaround, it should be ensured that the 'going concern' value of the firm is substantially greater than its liquidation value. He argues that the current operating health is more important than the strategic health because the strategic health becomes irrelevant if the firm goes bankrupt in near future.

2.5.3 Managerial Responses to Industrial Decline

Successful managerial responses to decline can be organised along many dimension. Managers tactics vary according to the condition of the decline being faced. Cameron and Zammuto cited in Maheshwari (2000) states that when decline occurs suddenly, protective reaction are likely the first response. When decline threatens the existence of the niche (i.e. changes in configuration) as opposed to simply reducing the resource based (changes in size), managers are usually inclined towards proactivity rather than reactivity. This is because the manager must lead the organization into the new domain if it is to survive, and finding a new supportive niche requires initiatory rather than responsive behavior.

Furthermore, the commonly understood classification of turnaround strategies is to base them on organizational functional areas as provided by Manimala 1991, Khandwala, 1992 and Panicker 2012. Corporate managers generally operate within their functional areas and therefore take actions for rectifying the problems experienced in their respective divisions.

In corporate planning division, sickness and failure are often attributed to lack of planning or even short-sighted planning. Planning in organizations may have a short-term focus (for example, annual planning for implementing the current activities) or a long-term focus (which involves changing the nature and direction of the organization through expansion, diversification, exploration of new paths through R&D, and so on).

The long-term changes in corporate strategies are better when the existing products and services have limited acceptability in the market. In the context of

turnaround management, strategic re-orientation may follow two different directions- in the case of mature organizations that have taken up too many activities and dissipated their energies, there is need for re-focusing on the core activities; on the other hand, when the core is already strong or strengthened through operational strategies as part of turnaround, organizations may decide to expand and diversify anticipating the changes in the environment. This view was supported by the findings of Manimala (1991), where it was observed that the strategic actions like growth, are followed by operational ones involving arresting sickness, focusing on the core and supported by institutionalization. Observations by Pearce and Robinson (1992) found that contraction and consolidation are used when an organization's problems are not pervasive. Even though growth strategies may not be appropriate when an organization is not doing very well, researchers have largely ignored this possibility in a study of small manufacturing firms, Chowdhury and Lang (1996) observe that entrepreneurial moves, which typically involve growth strategies, could be an alternative to retrenchment. Refocusing on the core business may often involve corporate restructuring as the elimination of non-core activities would involve the redefining of roles and positions (Garba, 2007). For large firms, however, almost all strategic actions revolve around expansion and diversification strategies (Rasheed, 2005; Panicker, 2012).

The human resources divisions have to actively partner with the business leadership and develop strategies to create capabilities within the organization to speed up the execution of corporate turnaround (Prasad, 2006). Literature on human resources strategies dwells on downsizing efforts, especially those adopting a top-down approach, simply focus on reducing the number of employees (Cameron, 1994). Firms experiencing negative trends of performance typically resort to retrenchment as their most prominent turnaround strategy (O'Neil, 1986 and Pant, 1991). According to Mishra and Mishra (1994), the downsizing strategy commonly adopted by troubled organizations in the early 1980s was mainly an effort to reduce the number of employees in order to stay competitive. That trend continued into the 1990s with firms attempting to cut costs through staff-reduction to remain competitive in the global marketplace (Cameron, 1994). However, in the context of successful turnarounds, Manimala (1991) observes that the more effective and long-lasting

employee management strategies for troubled organizations were based on employee engagement and culture building.

Change in top management is another well defined human resource strategy. Leaders are often a contributing source of decline (Arogyaswamy & Yasai-Ardekani, 1995). Executives either directly cause the problems at the heart of the crisis or failed to recognize the problems early enough (Bibeault, 1982). The first step or the first priority in a turnaround situation is the recognition that new management can make the difference (Barker & Mone, 1994). Top management change is widely recognized as a precondition for successful turnarounds (Schendel and Patton, 1976; Hofer, 1980; Bibeault, 1999; Slater & Lovett, 1999). The nature of the top management team in a company is of greater significance for success or failure than any of the company's products, skills or physical assets (Murphy, 2008). It is the top management who sets the style and tone of management in the organization and therefore can involve and empower their employees. Empowered employees are energetic, passionate and experience a feeling of ownership over jobs, which will encourage and motivate the employees to offer their innovative best for the company with a customer service mindset (Prasad, 2006). Under such conditions, performance management becomes voluntary and leads to better results as compared to management-initiated performance appraisal and monitoring.

The objectives of financial division in turnaround management are to develop and use the financial strength of the business as an asset to enhance the competitiveness of the business (Singh, 2011). Organizations adopt several such financial strategies as reduction in the per value of shares, obtaining loans at low rates of interest, postponement of maturity of debts and conversion of debt into equity (Kumar 2003). Pearce and Robbins (1992) have also observed that the choice of turnaround strategies is linked to the company's financial performance. They suggested that as the severity of decline increased, the financial strategies for turnaround should use more of asset reduction strategies rather than cost reduction.

Research on turnaround suggests that the performance outcomes of asset and cost reduction are contingent on industry dynamics (Chowdhury & Lang, 1996). Turnarounds cannot be sensibly analyzed without taking into account the context of the financial obligations and related governance arrangements (Kumar, 2003;

Filatotched & Toms, 2012). Hofer (1980) and Pearce and Robbins (1992) argue that companies under severe financial distress need to make aggressive cost and asset reduction in order to survive. Slashing labor costs, production costs, selling and administrative expenses, Research and Development expenditure, and financing costs is a common strategy used in the early stages of corporate turnarounds (Singh, 2011). However, as pointed out by Slater and Lovett (1999), the aggressive reduction of costs and assets is no easy task because of the possible organizational resistance to such action. Asset-reduction strategies have been recommended for failing companies in order to improve cash inflows (Hofer, 1980; Hambrick & Schechter, 1993; Pearce & Robbins, 1992), which would help in meeting the immediate cash obligations as well as for creating more productive assets.

Further, companies with high fixed costs become more vulnerable to market changes because of the inflexibilities and inefficiencies associated with it. Several other researchers have also observed that cost cutting and financial restructuring leading to lean management are critical strategies for successful turnarounds (Hoffman, 2008). This view is earlier supported by (Hambrick & Schechter, 1993), who found that asset-reduction and debt-reduction to be the two pillars of financial strategies for turning around decline firms.

The significance of marketing division in bringing about successful turnarounds has been highlighted by several researchers (Hofer, 1980; Goldman, 2000). However, corporate turnaround literature has paid little attention to the value of market intelligence and planning in the company turnaround process (Harker & Harker, 2001). The marketing oriented business is customer-focused, and generates and disseminates market intelligence that is widely used throughout the firm (Manimala, 1991) Such firms are able to sense and respond to market forces with greater precision than more inward-looking rivals (Kwadwalla, 1992). However, there is scant attention in the literature on the role of marketing and sales in the corporate turnaround process (Goldman, 2000).

Sales is a critical function involving four elements that are apparent more in the successful turnarounds, such as: (1) environmental comprehension, (2) market selection, (3) innovative market offers, and (4) managed relationships (Bibeault, 1982; Harker & Harker, 2001). Much has been written about marketing orientation in

the management and marketing literature (Slater & Lovett, 1999). Such importance given to marketing is borne out in the findings that customer focus is an important feature of successful turnarounds, where customer focus permeated the whole organization and was fully supported by the top management. The turnaround organization's customer efforts are characterized by the appointment of exclusive managers and sales people for key accounts, who work tirelessly to build the respect and trust of customers so essential for building up a sound relationship (Harker & Harker, 2001).

Along with the enhancing marketing and sales activities, successful companies would also try to improve their product quality. It is observed that poor quality of products is a major cause of corporate failure as it is obvious that without a good quality product, marketers would toil in vain. Successful business competes on quality rather than on costs, with a view to developing competitive advantage (Manimala, 1991). Repositioning has also been described as an 'entrepreneurial' turnaround strategy. Market penetration and niche positioning also have been identified as valuable strategies for the successful corporate turnarounds (Hofer, 1980).

2.6 Quality of Textile Manufacturing Fabric

The pressure from globalization has made textile manufacturing organization move towards three major areas: quality, cost and responsiveness. Quality is a universal value and has become a global issue. Product quality according to Juli et'al (2014) is the fulfilling specification of an item. Thus, a product is said to be high in quality if it is functioning as expected and reliable.

The quality of a product and country of origin effect has been identified as an important factor explaining customer's product preference. Agwal and Kamakuru (1999). However, Quartey and Abor (2010) define country of origin image as how a product designed, manufactured or branded in a developed country is perceived in a developing country. Opurum and Akorli (2009) argue that the country of manufacture and product quality strongly influence consumer decision making in globally available product categories. The study conducted by Wang and Lamb (1983) cited in Jaffe and Martinez (1995) reveal that consumers from developed countries tend to prefer products from developed countries to those from developing countries. They complain that consumer prefer products from their own countries, followed by

products from other countries. Though, Quartey and Abor (2010) said consumers from developed countries tend to prefer their own product due to strong patriotism or consumer ethnocentrism and that consumer only purchase foreign textile products when they are of significantly superior quality.

Previous studies had revealed that country of origin can influence consumer's attitude and purchasing intentions towards foreign products and brands. These influences have been reported for products in general as well as specific product categories, including consumers as well as organizational buyers.

Country of origin effect, according Ladipo et' al (2013) is important in evaluating foreign products principally from two main perspectives: quality and purchase value. Hui and Zhour (2013) noted that these perceptions are predisposed by such factors as brand familiarity, the level of involvement in the purchase decision, the level of involvement evoked by the product class, the familiarity with countries and preference for foreign products. The conclusion that emerged from country of origin of research indicates that consumers use country of origin as a decisive factor to evaluate products (Han 2013), product quality and attitude formation (Hong and Wyer 2014).

The existing literature also suggests that consumers prefer western to domestic products. Anofu (2002) cited in Quartey and Abor (2010) states that consumers in the former socialist countries of eastern and central Europe prefer western to domestic product. Jaffe and Martinez (1995) report that Mexicans have a poor perception of local products and they tend to rate American and Thailand textile products above Mexicans fabrics. In a study in Czech, Klenosky, Benet and Chatraba (1996) suggest that consumers had a preference for German Fabric as compared to fabrics of Czechs republic.

A number of studies have also been carried out in African countries with respect to country of origin effect and quality of a product, Okechukwu and Oyemah (1999), a Nigerian study, suggest that the Nigerian consumer obsession with foreign textile products has a detrimental effect on domestic textile manufacturing firm. They found that country of origin effect and quality of a product is significantly more important than price and other products attributes in consumer preference. Nigerian consumers have a negative image of Made-in-Nigeria textiles product labels, rating it

lower than labels from more economically developed countries. They also found that superior reliability and technological advancement of foreign textile products are the most important correlates of the Nigerian consumer's likelihood to purchase foreign textile products.

Nigerian consumer has access to several products from around the world and the information on the country of origin may be used to evaluate these products. There is a popular belief that the qualities of local products are lower than those of imported fabrics (Agbonifoh, 1999). In spite of the widespread belief that locally manufactured products are inferior in quality to the foreign ones; complaints of the high prices of locally-made items are also rampant. Consumers want to take advantage of the affluent and latest services that technology and business can offer (Achumba, 1998). They make a rational choice by comparing and contrasting products features and performance. Perceptions are influenced by such factors as brand familiarity, the level of involvement in the purchase decision, the level of involvement evoked by the product class, the familiarity with countries and preference for domestic products (Jerome 2011). Consumers are personalities whose behavior is governed by different and varied influences such as: their society beliefs, attitude, past learning, experience, perception and expectations. These form their taste choice and product preference. Not only that, economic factors which tend to favour consumer preference for foreign products centre around product quality, price and availability (Achumba, 1998).

The abundance of foreign brands of many kinds of products in Nigerian markets makes it easy for consumers to satisfy their yearnings for these imported items. A number of psychological forces also operate in the consumer to influence his perception towards local and foreign products. Firstly, there are individuals who, in the search for distinctiveness, exclusiveness and egotism, seek out those products which can confer these qualities on the buyer or owner. Secondly, for many people, oversea countries are places they would cherish to visit either for sightseeing or for image-boosting purposes; as a result they buy their products as a way of identifying themselves with those countries (Ogunnaike, 2010).

Furthermore in a survey of consumers in Kano metropolis, Agbonifoh (1999) cited in Ogunnaike (2010) finds that 93 percent of the respondents considered locally-

produced textiles inferior to the imported ones. Shobowale (1997) however, claimed that although imported textiles are superior in quality to home-made ones, they are much cheaper. Products from developing countries like Nigeria are further viewed with negative impressions (Adamu, 2011). In terms of the evaluation of the product dimensions, the most preferred product dimension is quality, followed by branding, style, design, packaging and price in that order. Ogunnaike (2010) also discovered that the image a person has of himself determines the kind and nature of the product purchased in order to meet up with this perceived image or concept. Also, consumers are motivated by such variables as quality, colour, past experience, price and product package. Adamu (2011) also argues that most Nigerians prefer foreign textile goods to made-in-Nigerian goods, even when the Nigerian products have the same quality or even possess better quality than the foreign goods. The preference in favour of foreign goods is more of old prejudices against made-in Nigeria goods. Udoekpo (1981) cited in Ogunnaike (2010) suggests that between 60% to 70% of the study respondents' preferred imported clothing, shoes, handbags, and other goods. They claim that made-in-Nigeria goods were of lower quality, both physically and in value than the imported goods.

In general, Ladipo et'al(2013) summarises that made-in-Nigeria textile goods are perceived as inferior, even when the foreign products were not really better in value or physically different from the domestic alternatives, except for the labels describing them as imported or made-in-Nigeria. No wonder some goods made-in-Nigeria are sometimes labeled made-in-England, Paris, London, etc, as to facilitate acceptance.

2.7 Textile Value Chain

Baden and Stopford (2000) and Kazmi (2004) describe value chain as a full range of activities required to bring a product or service from conception, through the intermediary phases of production (involving a combination of physical transformation and the input of various producer services) delivering to the final consumer and final disposal after use. It links all these processes and the economic agents involved, transferring traditional boundaries between sectors and economic activities.

A typical textile value chain as observed by Gherzi (2011) start with cotton production which passes through ginning where fiber is separated from the cotton seed. The next stage is spinning where the fiber is spun into yarn. At this stage, a Man-Made Fiber (MMF) such as polyester is also used as substitute for cotton fiber. The next stage of processing includes knitting and weaving depending on the type of fabric to be produced. The knitted or woven fabric goes through dyeing and further processions such as bleaching. Once the fabric is processed, the last stage is stitching through which various made-up are produced. Additional steps in the value chain include branding and retailing. The core activity of the value chain is facilitated by a network of supportive activities including transport, logistics as well as export support.

The textile value chain is consisted of a number of discrete activities. Increasingly the supply chain from sourcing of raw materials via design and production to distribution and marketing are organized as an integrated production network where the production is sliced into specialized activities and each activity is located where it can contribute the most to the value of the end product.

According to different kinds of dominating powers, Gereffi (1999) summed up two kind of global value chains. Thus, producer-driven and buyer driven value chain. A basic distinction is made between buyer-driven and producer driven chains. Producer driven chains are typically found in capital intensive, high technology, large scale industries with high barriers to entry in production (such as cars, aircrafts). While buyer driver chains are usually found in consumer goods industries (e.g. garments, footwear and toys), which are labour intensive in production and have lower barriers to entry in production. In buyer driven chains, lead firms are usually the merchandisers, branded manufacturers, retailers and marketers, who focus on design, product development, marketing and brokering relationships. Globalization processes, changes in markets and technology may be leading to shift towards a greater prevalence of buyer driven chains. Gereffi (1994, 1999) argues that retail concentration in the US market is a key driver of intensified global sourcing in the garment industry.

However, textile industry has corporately low entry barrier but with textile and fabric production moving upwards along the global value chain, the barrier to entry of textile industry becomes bigger and bigger. Under the circumstance of economic globalization, the textile enterprises in developing countries was faced with one problem: how to undertake the process of upgrading to increase and improve their participation in the global network for local textile industry clusters made up of SMEs involved in the value chains.

However, upgrading of firms within value chains can take a variety of forms. These include moving from lower to higher value added products, increases in the range of activities performed locally, the development of backward and forward linkages between firms (or networks) and intersectional shifts of activity to higher value added sectors. (Palpacuer, 2012; Baden & Stopford, 2010).

Gereffi (1999) suggests that being involved in international value chains enables organizational learning and upgrading, citing the experience of the rise of East Asian producers, from low-value added manufacturing to a strategic role in coordination of garments production in the region. Some global retail firms are increasingly devolving not just production but also packaging logistics, quality control, even design, to firms lower down the chain to concentrate on branding marketing and brokering.

Silhoven (2010) in contrast, finds that although buyers may be instrumental in product upgrading at early stages of firm involvement in value chains, this declines overtime. Moreover, buyers he said, and lead firms may be antagonistic to any upgrading which involves suppliers up the value chain, e.g. into design or retail activities so that exporting firms can get locked into low value added activities within the chain.

2.8 Nigeria in the Global Garment and Textile Value Chain

The global garment and textile industries face changing international trade regimes concerns with labour standards, new competitors and forms of competition. These challenges have a differentiated impact on developing country producers and workers creating winners and losers.

Textile and garment industries represent the back bone of industrial growth. For many developing countries, rapid development has been associated with textile industry. The new competition in textile and garment industry according to Nadvik and Thorbun (2003) is shaped by four distinct features: First, the impending phase out of the Multi-Fibre Agreement (MFA) i.e. the regime governing international trade in textile and clothing. Secondly, competition from China. Third, pressure to meet international labour and environmental standards. Fourth, demand from global buyers for cheaper products, higher quality and shorter lead times. These factors place the textile and garment firms in Nigeria under serious pressure with significant consequences as epitomized by Nadvik and Thorbun (2003), Modibo (2007) and MAN (2011) that Textile and garments are affected by the international regulatory regimes of the MFA which restricts entry into the leading global markets such as the United States of America (USA) and European Union (EU), through export quotas administered in the exporting countries. It has been a way in which new exporting countries with as yet unused export quotas could attract foreign Investors into garment and textile production, while restricting established exporters like China. The phase out of the MFA in January 2005 poses a potential threat to Nigeria whose garment and textile exports are grown on “export rates”.

Moreover, competition from China has a severe impact on Nigeria textile and garment industry. MAN (2011) reports that of the 40 textile firms surveyed in (2008), 36 of the firms saw competition from China as a significant threat. Competition from China has two distinct aspects as enumerated: Comparing Nigerian textile labour cost or wage rate to China; and views on sourcing decisions between Nigeria and China.

Nigeria’s wage rate, at least in the state owned sector from evidence (MAN 2011) is below those of China. The average monthly wage for a worker in a key textile and garment located in northern Nigerian cities of Kaduna and Kano was ₦11, 000 in 2008. While that of China in cities of Shanghai, Sichuan, etc was ₦56, 000 within the same period.

Pressure from garment retailers in the industrial countries for shorter lead times provides a stimulus to source locally. The improvements in Chinese textile quality also improve Chinese enterprises strength as prospective exporters and

competitors against Nigeria fabric. Chinese fabric exporter also find it easier to secure china's 17% export subsidy (rebate on taxes) if they export directly rather than indirectly in garments. Chinese suppliers outperformed Nigeria garment and textile firms on response time, flexibility in dealing with large and small orders in supplying their own fabrics sourcing would continue to remain diversified. Thus, while China supplied 15% of the firm's total annual garment purchases of US\$3.7 billion Free on Board (FOB), it would continue distributing 35% of its sourcing between India, Philippines, Indonesia and Bangladesh (Gherzi, 2011). A major shift in attitude with respect to China may emerge when such buyers begin viewing China as end-market. Currently, the leading international players in Chinese garment retail are branded Hong Kong based garment producers.

However, Sandrey and Edinger (2013) explain that impact of manufacturing textile goods is the cornerstone of the relationship between China and African countries. They inferred that, the competition with the domestic manufacturing textile firms in Africa has a negative impact on employment. They convincingly argued that, China's devaluated currency facilitates exports of what they produce in these African countries. As a consequence of this some African countries such as Nigeria and South Africa have increased tariff in the textile industry in an attempt to protect local jobs from influx of cheap textile fabric.

Posso (2013). as well as Ashourina, Munch and Ngnyen (2014) on the other hand, discerned that importing and dumping of China textile fabric into African countries have negative impact on economic growth. They further argue that continuous importation of Chinese textile fabric correlated to closure of many textile units in African countries. Labour standards increasingly matter in the global garment and textile industry. Driven by consumer pressures and the campaigns of selected international textile and garment firms compliance with labour standard is now a critical aspect of competition. While a number of sector specific labour standards value emerged, most Nigerian textile and garments firms rarely comply with the individual company codes of their buyers and final retailers. In most cases, these require suppliers to meet rational labour laws. In some cases, codes are framed on the international labour organizations and labour standard, which addresses issues of association. In addition, some Chinese, Bangladesh, India textile and garment firms

are attempting to harmonize social and labour standards with an independent system of auditing. Its monitoring procedures borrow from the more widely known independently audited ISO 9000 standards on quality assurance which emphasizes documentation for time ability purposes.

However, standards do matter to local firms. Of the 30 garment manufacturers surveyed in Nigeria, 15 had obtained the ISO 9000 quality standards. Some of the garment firms in Nigeria stated that ISO 9000 helped improve their management systems, attract new buyers and as a necessary consideration for export products (MAN, 2010). The global garment industry is being increasingly influenced by changes taking place at the retail end. That is, a process of increasing concentration, especially as many traditional garment retailers struggle to compete in most price competitive markets. There is also the entry of a variety of new types of retailers. These include the aggressive entry of supermarkets and discount outlets in garments retailing as well as growth of new specialist multiple that targeted the large youth market with low price but high quality design intensive products. In addition to price pressure, delivery schedules also mattered. Twenty eight of the 30 textile and garments firms sampled in an empirical study by Gherzi (2011) shows that delivery times was now as critically important as product quality.

The success of Nigeria textile and garment producers will depend on its ability to confront the challenges currently shaping the global garment and textile industry. Though textiles and clothing are some of the most regulated traded sectors in the world, they rare remained so despite the liberation efforts in the industry. The trade regimes responsible for this are 1974 Multi- Fibre Agreement and 1994 Agreement on Textiles and Clothing (Scheffer, 1999). In practice, the MFA has not only provided an effective framework for extending the protected position of developed country garment manufacturers, it has also given some developing countries including Nigeria (MAN, 2011) preferential growth access to leading markets. The Agreement on Textiles and Clothing (ATC) intervened to bring textiles and clothing within the ambit of World Trade Organization (WTO) rules by abolishing all MFA growths by the end of 2004. This was to be done over a period of ten years to allow those countries affected by the MFA (but exporters and importers) to take steps to adjust to a new free

trade, trade environment. (Nadvi and Thoburn, 2003). The ATC clearly stipulated that there would be no retreat from this time frame.

Many developing countries benefited from MFA building a thriving clothing industry thanks to the distortions it introduced, leading garment exporters that were quota restricted (such as Korea and Hong Kong) promoted an export clothing industry in quota free countries as one channel to jump their own quotas. Countries that built an export garment industry on these distortions, Bangladesh, for example clearly fear the MFA phase out and the consequences for the competitiveness of their clothing industry. Nevertheless, the MFA phase out while it lead to regional and bilateral trade agreement, there are challenges and opportunities for Nigeria garment and textile industry.

2.8.1 The Global Environment of the Textile and Garment Industry

The global environment of the textile and garment industry is evolving in many directions. Gherzi (2006) viewed that a strong consolidation process is under way at all stages of the textile chain from fibre production to retail. With the inception of the US situation (where consolidation has already taken place) the textile sector is still very fragmented in most countries. Economies of scale, traditionally related to investments in production technology have become determining factor in many corporate activities like sourcing, marketing management process and finance.

Similarly, Frazer (2007) said integration between different stages of the textile chain may provide great advantage in terms of speed of response to market demands and suppression of non-value added (or duplicated) activities along the chain. These may impact on such items as product development, sampling, sales organization, marketing and promotion, administrating quality create productivity, and sales volumes leftovers of finished products and raw materials. A successful integration strategy that is usually labeled as efficient consumer response may involve cost advantages up to 25% of total cost. Integration may have place both in the form of strategic alliances between companies at different stages of textile chain and through mergers and acquisition. The number of textile companies across the world that are investing in clothing and retail is rapidly increasing. Though, parallel to that, efficient

consumer response is becoming the strategy among companies of high wage countries to counteract low cost competition.

The two components of this macro-travel are the globalization of markets and the regionalization of sourcing. While textile consumption in industrialized countries (USA, Europe, Japan) is generally stable new markets are emerging in Asia, South America, Eastern Europe and Middle East characterized by the growing demand for quality goods. The globalization of major brands is clearly visible around the globe. This phenomenon has been further fuelled by the regionalization of sourcing where the low local wages of developing countries are often associated with availability of more potentials, the abundance of labour and the existence of a long established tradition in textiles.

2.9 Technology of Textile Industry

The state of textile firm technology determines the quality and quantity of production of its goods and services. But despite this, technology is prone to constant change which organizations have to monitor, manage and cope with. Dauda and Akingbade (2011) look at technology as a form of machine, equipment, information and communication made up of knowledge, tools, methods and system directed to work in a specific manner. In contrast, Khalid (2000) sees technology as the hardware and software and the brain ware. The hardware is the physical structure and logical equipment, the software is knowledge and method used for production or output from the hardware and brain ware is the reason for using technology in a particular way.

Latest technology is vital to improve production and get competitive advantage. Altaf (2008) emphasizes that, new technology enhances textile firm competitive position; help the company produce more products with better quality and variety. In a study conducted in Pakistan by Tanveer and Zafar (2012), they find that a textile firm in a particular region was producing 8 bales per hour instead of 60 bales per hour. The spinning and weaving section are dependent on less efficient and old fashioned technology. At knitting, dyeing and finishing, cutting and stitching stages, there was an average of 23% to 28% losses faced by the company due to low class

technology. In a study of Bari and Ejaz (2012), textile industry in China, Indian and Bangladesh are more competitive as they operate with latest technology for production and operation which minimizes their total cost.

However, in a study conducted in Nigeria by Dauda and Akingbade (2011), they report that some of the technology driven textile manufacturing organizations like Aswani and Enpee textile firms in Lagos, technology innovation is only considered in terms of purchase of latest equipment designed and manufactured in Advanced countries of Europe, America, Japan, China and some Asian countries. In contrast, Schumpeter cited in Dauda (2010) states that transition from older technology to new technology innovation cause “creative destruction” in manufacturing industries in terms of labour unemployment as machine replaces people in work place. This is also consistent with earlier study of Cinoli and Dosi (1988) that employers restructure, reengineer and reposition their organization to maintain a system that will enable them cope with rapid and radical technological change with little or no regard for workers input and interest.

Furthermore Aluko and Fatokun (2004), Frazer (2007) and Adamu (2011) say that low level of technology is perhaps the greatest obstacle constraining productivity in Nigerian textile companies. They argued that new processes and procedures of doing old things and automation have revolutionalized the manufacturing industry and multiplied productivity in the industrialized nations. Unfortunately, textile industries in Nigeria cannot acquire modern machines that reduced processes. Most of the companies in the sector are all producing with machinery procured in 1960’s, 1970’s and 1980’s giving rise to frequent breakdown and reduction in capacity utilization. Though, technology is viewed mainly in terms of modernization of machines. It is expected that industry acquired enough process know-how to exploit the potential of new generation machines. Complete modernization and automation of the industry can also lead to layoff and redundancy of work force in a particular industry (Frazer,2007).

A recent survey by Manufacturers Association of Nigerian (MAN, 2011) shows that local textile has the market share of about 20% with a balance of 80% percent being controlled by assorted fabrics. The report further indicates that a total of

56 firms became terminally sick and collapsed in northern Nigeria comprising the Kaduna and Kano manufacturing axis. Though, Ogunaike (2010) and Abdul (2011) opine that information on installed machinery was not available but as at 1987, the textile firms in the country were operating 716,000 spindles and 17,541 looms. The output of the sector had most times never exceeded 55% of annual domestic consumption allowing for a thriving trade in imported (mostly smuggled) textiles (Olawajaju, 2010). Technological gaps in the industry are illustrated by the fact that twelve mills spin only cotton. Although nearly 25% of the existing mills then were integrated mills, modernization of spinning capacity generally lagged behind technological improvements in the weaving mills. Labour productivity in spinning operations was too high because of low capacity utilization and inadequate provision for on the job training.

As the value of the customer increasingly becomes imperative, manufacturing companies must look to upgrade their machinery and technologies to more updated efficient machinery. Frazer (2007) and Sagagi (2007) note that, to introduce innovative products and technologies more quickly, manufacturers need to ensure effective and efficient use of resources by using new tools such as rapid prototyping, robotics, etc. Though declining firms often upgrade their technologies to offer competitive products only in the identified niche, upgrading technologies could vary from strengthening the current operations to investment in new processes.

2.10 Problems of Textile Industry in Nigeria

The Nigerian industrial sector which the textile manufacturing represents is constrained by a host of inhibiting factors. One of the factors that lead to the dwindling fortunes of the Nigerian textile industry is the membership of Nigeria at the World Trade Organization (WTO) in 1995. Two factors set in namely; (i) the concept of liberalization (ii) the period of Multi-Fibre Agreement (MFA) which introduced a system of quota that could be imposed by developed countries on the amount of textile products that developing countries can export. The foregoing is interpreted largely as a protection of developing textiles from China. The multi-fibre agreement was replaced by world trade organization's agreement in textiles and clothing (ATC) in 1995. Under these agreements, the textile industry was brought into full compliance

with the General Agreement in Tariffs and Trade (GATT) rates, and all quota restrictions were removed by 1st January, 2005.

However, from 2001 to 2005 when the quota was removed, Chinese companies were greatly improved in textile production and international marketing in an aggressive dimension. Before the expiration of MFA, the United States introduced the African Growth and Opportunity Act (AGOA), an initiative that opened up the American market to African countries, the textile products were one of the fastest growing exports to US under AGOA. Accordingly, Abubakar, (2011) viewed that, African countries suffered from the increase in exports from the Chinese industry on two fronts i.e. cheap exports from China were undermining local industries. Secondly, the growth of Chinese exports to United States was making it almost impossible for African countries to compete with China for US markets.

Although the aggregate performance of the manufacturing sector in Nigeria had generally been on a decline, nonetheless, for textile industry, the decline was more pronounced because the textile industry was a major employer of labour in the manufacturing concern. The vertical integration anticipated at its conception was not optimally achieved and the industry depended heavily on the poor infrastructure.

Olarewaju, Kola, and Njoku (2011) identify the problems of textile companies as institutional and policy related challenges. According to them, the most debilitating among the challenges faced by textile manufacturing industries is poor power supply, multiple taxation, smuggling, fake and counterfeit products of popular Nigerian made fabrics like “guinea brocade”, Ankara, Nichem wax, etc. Accordingly, Olarewaju et’al (2010) conclude that Chinese initially flooded the country with “guinea brocade” as a way of forcing down prices. Incidentally, such tactics affected companies like Aswani textile in Lagos which had invested heavily in this line of clothing production. Corroborating this argument, Abubakar (2011) and UNIDO Report (2009) state that, African countries suffered from the increase in exports from the Chinese textile industry on two fronts. That is, cheap export from china undermined local textile industries and at the same time, the growth of Chinese exports to United States are making it almost impossible for African countries to compete with China for USA markets.

Similarly, Njoku (2011) reveals that in the boom years of the 1970s and 1980s the country had about 200 medium and small scale textile mills which employed more than 200,000 workers from 1999 to 2003; more than 170 of the factories had closed down due to unfavourable government policies and with a workforce shrinking from 83,000 in the year 2000 to 24,000 in 2008. Malik and Fadare (2011) lament that operating environment is very harsh because, there is no way any firm can run permanently on generators as is done in Nigeria. Nigeria manufacturing environment depends solely on generators for power supply and since no firm can be run successfully in this manner, it means that, the system cannot support high energy consuming industry like textile and so will never compete against foreign imports from China and India.

Bashir and Bala (2007) and Usman (2009) in their findings suggest that low consumer demand is occasioned by preference of an average Nigerian for imported fabrics, low quality of domestic wax prints lack of investment on new and modern production facilities and low value of nation's currency. In the same vein, Usman (2009), and Yohanna (2011) view that, the price of cotton has increased from N65 per kilo in 1980 to N580 per kilo in 2010. Thus, cotton as an important input plays a crucial role in the process of textile production. While, Gherzi (2010) Abubakar (2011) show that there was an estimated 25,000 cotton farmers in Nigeria with the potential of employing 120,000 workers or labourers. The cotton farmers do not enjoy government subsidy in the purchase of fertilizers, pesticides etc which hinders production and availability of cotton in the market.

Kow (2004) cited in Vision 2020 technical group (2013) found several factors like: lack of adequate research and development in cotton sector, absence of modern equipment, low shedding of electricity, tight monetary policy as responsible for the collapse of textile companies in Nigeria. Similarly, Modibbo (2007) reveals that in 2007 the loss of jobs in textile sector was about 21,000 when the largest textile company in the country United Nigerian Textile Plc closed down with about 5,000 people sent to the labour market.

2.11 Review of Empirical Studies on Textile Manufacturing Industry Decline

Recent researches in the strategic management literature have focused on turnaround strategy when firms are in declining stage or considered as ailing units (Schendel and Patton, 1976; Hofer, 1980; Hambrick and Schecter, 1993; Pant, 1991; Pearce and Robinson, 1992; Baker and Duhaine, 1997; Kazmi, 2004; Manimala, 2005; and Panicker, 2013). Cameron, Whetten (1989); and Rasheed (2012) described organizational decline as two stage phenomenon. The first stage of decline occurs when an organization's adaptation to its domain or micro niche deteriorates. The second stage occurs when an organization's financial and human resources begin to diminish. Both stages of decline indicate that the organization has become less adapted to its micro niche and is less successful at exchanging its outputs for new inputs. Though Weitzel and Johnson (1989) characterized decline as the opposite of successful adaptation to the environment. They suggested that organizations enter the state of decline when they fail to anticipate, recognize, avoid, centralize or adaptation to external or internal pressures that threaten the organization's long term survival.

Gupta, (1983) cited in Goyal (2013) has carried out a study on corporate decline by using a simple non-parametric test for measuring the relative differentiating power of various financial ratios. His sample for the study included only units from cotton textile industry, which later extended to non-textile group. He selected 56 ratios and classified them under two groups i.e. profitability ratio and balance sheet ratio. To test the magnitude of each ratio, he made an array of sample of sick and non-sick companies and determined the optimum cut points for each ratio. The least minimum misclassification number/percentage was chosen as the deciding parameter. His sample considered 20 sick and 21 non-sick textile companies, the later was matched on the basis of product, age, size, assets and sales. Ratios for each sample company were calculated and tested in each year for a period covering 13years i.e. from 1962 to 1974. Five profitability ratios were finally selected which showed the possession of high degree of predictive power under the test when applied to a homogenous group. He observed that companies having low or inadequate equity base (reserve strength) are more prone to sickness. The study also pointed out that liquidity ratio had poor showing relating to corporate health.

In a study conducted by Tudor (2012) on evolution of Romania textile industry using Granger casualty test, the findings attribute the decline of Romania textile industry to disappearance of the primary industry which supplied raw material (cotton), continuous increase in minimum wage, acute shortage of labour caused by migration and liberalization of trade which exposed Romania manufactures to fierce competition from a growing number of international supplier especially from Asian countries.

Bhattacharya (1992) attempts to develop a model using multiple discriminant analysis in order to identify the different symptoms, which explain the sickness phenomena, their relative contribution in determining the propensity of sickness. He selected 28 sick and 26 healthy companies for the study. He constructed two sets of model. Both the models have shown identical classification result. The first model correctly classified the observations with 80 per cent accuracy while the second model achieved 78 per cent classification accuracy in the first year prior to sickness. Bhattacharya claimed his first model is superior to the second one on the basis of less number of sick companies misclassified as healthy companies.

Sudarsanam and Lai (2001) report empirical results of eight generic turnaround strategies on measures between recovery (decline firms that attain positive Z-scores by the end of the second year from distress) and non-recovery firms. The strategies they investigated were: operational restructuring, asset sales acquisitions, capital expenditure, managerial restructuring, dividend cut/omission, equity issue and debt restructuring. These strategies were evaluated after control for severity of the decline, internal problems, industry conditions and economic conditions. Their findings show that recovery and non-recovery firms adopt similar sets of strategies, and managers of non-recovery firms restructure more intensely than recovery firms. Nevertheless, non-recovery (failed firms) firms seem far less effective in strategy implementation than their recovery counterparts. Whereas recovery firms adopt growth-oriented and external market focused strategies, non-recovery firm engage in fire-fighting strategies.

Pearce and Robbins (1993) add strong financial control, product/market reorientation and improved marketing to the list of strategies associated with successful turnarounds. Inkpen (1995) suggests that absence of strategy could be

interpreted as failure on the part of management. Absence of strategy is most probably shown through absence of decision-making, or the inaction stage described by Weitzel and Johnson (1991). Pretorius (2008) proposes a matrix of strategies in response to different turnaround situations depending on resource munificence and origin of the decline. Hopkins (2008) agrees that correctly determining the turnaround situation has much to do with the eventual success of the chosen strategy.

Hambrick and Schechter (1993) cited in Sheryi (2007) were among the first researchers to test the utility of retrenchment as a turnaround strategy. They examined empirical data on 260 mature industrial-product business units taken from the Profit Impact of Market Strategies (PIMS) project. Hambrick and Schechter (1993) concluded that efficiency reassures are major avenues for turnaround and can be achieved through cutbacks in asset, cost, products and markets. Robbins and Pearce (1992) extended this work by exploring the strategic behaviour of 32 manufacturing firms in the US textile industry. They observed that cost retrenchment was a prevalent strategy and is considered a necessary element in achieving turnaround; when the improved margins from cost retrenchment were not sufficient to meet financial obligation, asset retrenchment was necessary to realize a turnaround; or a combination of cost and asset retrenchment resulted in the highest average level of turnaround performance. Robbins and Pearce (1992) concluded that retrenchment is a critical strategic element for achieving turnaround regardless of the cause of decline situation. Furthermore, Weitzel and Johnson (1989) explored the relative effectiveness of cost versus asset retrenchment in growth declining industries. They found that asset retrenchment was useful in growth industries but had a negative effect in declining industries. Though, cost retrenchment had no effect in growth industries but aided turnaround in declining industries. In their study of turnaround at Japanese firms, Zhou and Hui (2003) found that retrenchment activities included divestment of subsidiaries.

Castrogiovani and Bruton (2002) cited in Sheryi (2007) sought to examine the performance of distressed firms in a post acquisition context. In examining recently acquired firms, the study revealed that retrenchment did not affect performance, while capital infusion and integration did. The need for retrenchment may be context specific and may differ with independent firms than with corporate patents. Retrenchment then may not be a universally desirable stage in turnaround process, as

it did not seem beneficial following the acquisition of distressed firms. Lai and Sudansanan (2004) extended this work earlier by investigating the influence of the source and severity of decline on asset and expense retrenchment using 97 manufacturing firms in US. They recommended that firms take a contingency approach when contemplating retrenchment because their findings revealed that this strategy is neither necessary in all cases as suggested by Pearce and Robbins (1992) nor merely a consequence of decline as proposed by Mone and Baker (1998).

Hansen (2012) also examines the turnaround strategies of US-based firms to compete globally. In all companies' studied the replacement of the incumbent CEO was necessary for turnaround strategy to work. CEOs of declining organizations are often unable to accurately assess the severity of situation and tend to blame the problem on external factors. Though, O'Neil (1986) cautions that not all successful turnarounds require a change in top management, suggesting that incumbent CEO survival can depend on a number of factors, including the case of decline and the composition of board membership. Though Sherly (2007) states that in the context of textile firms, the CEO is often a visionary and largely responsible for initial success of the firm. Replacing the CEO might result in loss of expertise, higher costs due to severance pay, and a delay in the turnaround process because of the transition to new leadership.

Gatawa, Aliyu and Musa (2013) using panel data set for three selected textile firms in Kano for the period 1983-2005 utilizing fixed effect regression and random effect regression model to investigate on globalization, competition and textile output in Kano metropolis. The study reveals that globalization and competition have negative but significant influence on textile output. The study recommends that Nigeria government should take a second look at their membership of with World Trade Organization (WTO) and selectively engage these policies that will promote her national interest most especially, the imperatives needed to protect the textile firms. This finding is consistent with the study of Aluko, Akinola and Fatokun (2004).

Arasti (2011) conducted an empirical study on causes of industry decline in Iranian companies using a non parametric Friedman analysis of variance to identify main causes of decline. The result shows that management deficiency is the first causes of firm decline, although, he concluded that business managers/owners

prioritize others factors like financial support, inadequate economic sphere and insufficient government policies as causes of firm decline.

In the study of Jumeyo, Rohra and Maitilo (2007) on small scale industries in Indian using simple percentage analysis, they found that technology plays an important role in the viability of an industrial unit in sectors like textile industry. They concluded that the pace of change with new innovation and introduction of new technology is much faster today than it was in the past. In such a global scenario, small industrial units cannot survive in the global competition purely on the basis of cheap labour or adoption of simple labour intensive technology and keep pace with changing situations.

Empirical studies of Amartey, Amissah and Akama (2014) using chi-square test reveal that the decline of Ghana textile industry is attributed to massive influx of foreign textile, exorbitant utility cost, dishonesty on the part of foreign textile producers and use of obsolete technology by textile manufacturers.

In an empirical study on evaluation of imported Chinese textile fabric on the employment level in South African textile industry conducted by Edoun and Netshiozwi (2015) using regression equation, the finding reveals high level of imported cheap textile products is associated with a fall in employment levels and closure of textile firms. As the demand for locally produced textile products dropped due to an increased in demand for foreign textile fabric, local textile firms are forced to reduce their supply or close down, thereby reducing employment levels as people lose their jobs.

2.12 Theoretical Framework

Reviving ailing manufacturing industries is a purposeful managerial action to bring an organization out of decline and become profitable. Organizational decline may be caused by internal or external factors (Pearce and Robbin, 1993). Internal organizational decline may be due to erosion of efficiency, past managerial mistake, inertia leading to mal adaptation, erosion of competitiveness, etc. External factors that induce decline are, change in customer taste, change in socio-economic, political environment, technological discontinuities, industry life cycle, globalization, deregulation, etc (Baker and Duhaime, 1997 cited in Jeyavelu, 2007). However,

literature on organization decline remains diverse and conflicting among Industrial Organization (OI), Organizational Ecology (OE) and Organizational Studies (OS) to Organizational Psychology (OP). Theoretical and empirical research in organizational decline has reflected a clear divide along the deterministic – OI/OE and voluntarist-OS/OP schools of thought.

The following are the relevant theories associated with the study:

- (i) **Industrial Life Cycle Theory (ILT):** Firms follow a prior sequence independent of firms strategies and management (Klepper, 1997). The rationale is that organizational failure is natural and an objective phenomenon. Mellahi and Wilkinson (2004) note that industries follow the path of “inexorable and irreversible” movement towards the equilibrium of death. Thus, firms, nations, etc all follow the same grim law. The ILC theory suggest that industry decline results from change in taste or customer preferences, running out of supplies, a new or superior technology that promise more value.

- (ii) **Population Density Theory:** This is built on “density dependence” logic (Hannan and Freeman, 1988). According to this view, organizations mortality rates depend on the total number of firms within the relevant area and competition, which in turn promotes mortality hazards. (Dobrev, Kim and Hannan, 2001 cited in Mellahi and Wilkinson (2004)). The key argument here is that increase in number of firms enhances institutional legitimacy and ability of such firms to attract resources. While, competition which results from the growing presence of multiple firms will have negative impact on survival of existing firms, thereby decreasing the density of such firms. Hannan and Freeman (1988) cited in Mellahi et’al (2004) suggest a u-shaped relationship between density and decline of firms. They predict that organizational decline starts high and falls as legitimacy increases, then rises as competition increases.

2.13 Summary

The chapter has given a background of textile industry where trade occasioned by technological development, influx of Chinese textile fabric, globalization, etc.

coinciding with Nigeria joining the World Trade Organization caused a serious decline in textile sector. The review was attempted to see the moderating effect of textile firms decline, the relationship between successful firms and unsuccessful firms in a particular environment. The fundamental tenant of inquiry has been to identify consistent mix of different action relating to organizational decline. Though organizational crises do not suggest that organizational decline is omnipresent, most organizations will experience episodes of decline in their sales profits, budgets or other resources depletion at least once in their life time.

Thus, the main problem with Industrial Organization (OI) and Organizational Ecology (OE) scholars is that they over emphasize external factors while ignoring internal firm factors causing decline. In addition, several studies have demonstrated that performance is determined by firm strategy more than the industry. (Mellahi et' al (1984) and Mauri and Michaels (1998).

In contrast, the Organizational Studies (OS) and Organizational Psychology (OP) scholars' reliance on middle range theories without overall grand theory is a major constraint. A common criticism of voluntarist is its over reliance on internal factors. In order to bridge the gaps between deterministic and voluntarist scholars both managerial and external factors causing firm decline need to be reflected in researcher's choice of sources of data and collection methods, nevertheless, this study hinges on these theories.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

In every research work, the materials, methods and procedures used are critical to achieving the desired research objectives. This particular study is concerned with the determinants of decline in selected textile companies in Northern Nigeria. The study is particularly concerned with the objective evaluation and assessment, through survey methodology, of the factors responsible for the decline of textile firms in Northern Nigeria. In order to achieve this, the methodology is well planned and carefully articulated. Thus, the research was planned and conducted using the following strategy.

3.2 Research Design

In the global research community, there is no single blueprint for planning research and choosing a research design. Thus, research design is governed by the notion of “fitness for purpose”. Hence, the purposes of the research determine its design and methodology. This research is a combination, both in purpose and in design, of evaluation research and survey research design. It is on one side an evaluation research as it seeks to determine the reasons for textile industry decline in northern Nigeria. On the other side, a survey research because it would collect data from the target population through designed instruments or questionnaires.

Moreover, in every survey research, the major statistical components form the basis of the research design which includes both the sampling plan and the estimation procedures. The sampling plan is the methodology used for selecting the sample from the population. The estimation procedures are the algorithms or formulae used for obtaining estimates of population values from the sample data and for estimating the reliability of these population estimates, including dependent and independent variables.

- (1) **Dependent variable:** The dependent variable for the study is the decline of the Northern Nigerian textile firms. This was measured by 10 items through self developed questionnaire.

- (2) Independent variable: The independent variables for the study are product quality, foreign textile fabric, and obsolete technology.

3.3 Population and Sample

The population of this study is the number of the workforce of the four selected textile manufacturing firms in northern Nigeria as at the time of the survey. The population consists of 7,305 textile workers obtained from all the four selected textile firms. The four textile firms were selected through purposive sampling in order to have two functional and two non functional textile firms to be included in the sample. Wadsworth (2005) explains that purposive sampling involves selecting individuals known to meet certain clear criteria. In other words, it targets a particular group of people who have direct information in relation to the study. The probability of inclusion of both functional and non functional textile firms is assumed equal. They form the target population capable of providing the necessary information for evaluating the determinants of textile manufacturing firms decline in northern Nigeria.

3.4 Sampling Design and Sample Size Determination

The sampling design is stratified random sampling with proportional allocation. Sometimes it may be necessary to divide the population into several sub-populations in order to estimate population parameters through sample surveys. In stratified random sampling, the population of whole units in the population is divided into a number of subpopulations called strata.

In this research work, the necessity of stratification is due to administrative convenience and increase in precision of survey results. Thus, each of the four textile firms under study is hereby treated as a stratum. Since a stratified sample consists of units selected separately from each stratum, such a sample is expected to be a better representation of the whole population than a simple random sample selected from the entire population. In practice, the population often consists of heterogeneous units. Thus, each textile firm under study is used as a parameter to determine the causes of textile firms decline in northern Nigeria from different perspectives. The selection of textile firms from both functional and non functional firms was done with Probability Proportionate to Size (PPS) i.e. firms with larger workforce had higher probability of being selected from a number of textile firms in northern Nigeria. Moreover, it is

evident that the nature of sampling problem may differ from these different textile firms and each textile firm needs to be treated as a separate stratum. The following table summarizes the sample size allocation in this stratified random sampling.

Table 3.1: Stratified Random sampling with Proportional Sample Size Allocation

Selected Textile Firm	Status	Population	Sampling Fraction	Sample size
United Nigeria Textile PLC	Functional	1200	0.16	63
Angel Spinning Textile	Non-Functional	950	0.13	50
Kaduna Textile Limited	Non-Functional	1655	0.23	87
African Textile Manufac.	Functional	3500	0.48	184
Total		7305	1.00	384

The determination of sample size is a common task for many applied researchers. Inappropriate, inadequate, or excessive sample sizes could influence the quality and accuracy of research. The total sample size of the potential respondents was 367, derived from all the staff of the selected textile firms using Krejcie and Morgan (1970) sample size table. Based on the table 367 is adequate for a population size from 7, 001 up to 8, 000 (refer to appendix C). In order to get at least the minimum sample required (i.e. 367) of responses, 17 (about 5%) copies of the questionnaire was added to the minimum sample calculated. Cochran (1962) has opined that the amount of non-response can be handled by increasing the sample size. Therefore, the total number of the questionnaire that was administered was 384. Table 3.1 presents the population of individual textile firms and the proportional distribution of the questionnaire to each of the firms.

3.5 Sources of Data

Primary data was used in this study. Primary data refers to information that is first obtained by the researcher on the variables of interest for specific purpose of the study. For the purpose of this study, primary data were obtained through the

distribution of questionnaires to the staff of some selected textile manufacturing firms in Kaduna and Kano respectively

3.6 Method of Data Collection

In this study, data was collected using structured questionnaire which consisted of 40 items. The questionnaires were distributed to 384 respondents in the some selected textile manufacturing firms in Northern Nigeria. A cross sectional study was utilized to collect data from the respondents at a single point of time. The questionnaires were distributed through the textile firms administrative officers and National Union of Textile and Garment Manufactures of Nigeria. Participant responded to the items on a likerts type scale of 1-5. Participants were asked to indicate the degree to which they agreed or disagreed with the statements in the questionnaires. The information sheet highlighted that no attempt was made to indentify the respondents on the survey. Altogether data collected was 377 out of 384.

3.7 Instrumentation of the Study

The research study is premised on quantitative analysis. The analysis is designed to elicit information from the respondents on textile manufacturing industry decline which is the dependent variable and the determinants of decline which is the independent variables i.e. quality of made in Nigeria textile fabrics, foreign textile fabrics and use of obsolete technology. These instruments are vetted by the researcher's supervisor(s) before they were administered on the respondents in the field. All the relevant materials to this study are made use of during the design of the questionnaire and information data sheet. The instruments are designed in such a way that the content validity is measured before the administration of the questionnaire. The items in the questionnaire are clear and constructed to give room for closed ended responses. The respondents are allowed to choose answer that agrees with their opinion based on five-point likert scale rating. The instrument avoids double-barreled questions, and the researcher ensured that questions in the instrument are those that

respondents can answer without difficulty. The questionnaire is then tested using Cronbach's Coefficient Alpha, Reliability test is administered to test the current reliability of the instrument used for the pilot study. The instrument is confirmed to be reliable through administration of Cronbach's Coefficient Alpha. The prove showing the validity and reliability of the content of the construct is shown in validity and reliability table.

3.8 Validity and Reliability of the Instrument

Validity of the instrument means the ability of the questionnaire to capture exactly the data it was designed to collect. The content of the questionnaire, after scrutiny by relevant experts, is validated by the supervisor.

Reliability on the other hand tries to determine the random error of a scale in the study. The statistics used is Croabach's Coefficient Alphas. According to Briggs and Check (1986), cited in Usman, (2012) a minimum level of 0.7 is recommended. The findings of the Cronbach's Co-efficient for the instrument is given as:

Table 3.2 Reliability Result

Variables	Cronbach's Co-efficient alpha value
Quality of made in Nigeria textile product	0.89
Foreign textile fabric	0.73
Obsolete technology	0.91

Source: Author's Computation, 2015

3.9 Statistical Tools for Analysis

The selection of the technique for data analysis was done in the following stages. First, simple percentage was used to analyze the data generated from the use of questionnaire. Secondly, factor analysis by using principal component analysis was adopted for the purpose of partitioning of the experimental variables into factors that determine the decline of textile industries. Factor analysis was chosen because of its

merits. (1) It reduces number of variables by combining two or more variables into a single factor. (2) Identification of groups of interrelated variables to see how they are related to each other. (Everitt et al, 2001)

Furthermore, multiple regression analysis was used to test the hypothesis. The goal of regression analysis is to obtain estimates of the unknown parameters which indicate how a change in one of the independent variables affects the values of dependent variables (Usman; 2012)The regression model below was used to capture the hypothesis formulated:

$$y = a + \beta x + e$$

$$x_n = (x_1 - x_3)$$

$$y = a + \beta x + e(x_1 - - - x_3)$$

Where:

y=dependent variable (Textile decline)

α =Intercept or Constant

β = regression coefficient

x_1 - x_3 =Independent variables

x_1 = product quality

x_2 = foreign textile fabric

x_3 = obsolete technology

e= error term

Furthermore, to test hypothesis of the study, the researcher rejects the null hypothesis if the result is 1% (0.000 – 0.005) and 5% (0.006 – 0.050) significant level.

Otherwise, the researcher accepts the null hypothesis if there is no sufficient reasons for rejection.

3.8 Table 3.3 Summary of Method of Data Analysis

S/no	Research question(s)	Objective(s)	Hypothesis	Research Statistics	Variable
1.	To what extent does quality of 'made in Nigeria' textile fabric affects the decline of textile manufacturing firms in northern Nigeria?	Investigate the relationship between quality of 'made in Nigeria' textile fabric and the decline of textile manufacturing firms in northern Nigeria;	H₀₁: There is no significant relationship between quality of 'made in Nigeria' textile fabric and decline of textile manufacturing firms in northern Nigeria.	Multiple Regression Analysis	Dependent and independent Variables
2.	What is the impact of foreign textile fabric upon the decline of textile manufacturing firms in northern Nigeria?	Find out the impact of foreign textile fabric upon the decline of textile manufacturing firms in northern Nigeria	H₀₂: There is no significant relationship between foreign textile fabric and the decline of textile manufacturing firms in northern Nigeria.	Multiple Regression Analysis	Dependent and independent Variables
3	To what extent does obsolete technology affect the decline of textile manufacturing firms in northern Nigeria?	Examine the relationship between obsolete technology and decline of textile manufacturing firms in northern Nigeria.	H₀₃: There is no significant relationship between obsolete technology and the decline of textile manufacturing firms in northern Nigeria.	Multiple Regression Analysis	Dependent and independent Variables

3.10 Summary

As discussed earlier, the research design is a combination of evaluation research and survey design. The chosen sampling design is the stratified sampling with proportional allocation. Moreover, the statistical tools used for data analysis were descriptive statistics, factor analysis and multiple regression. All the analyses were done using SPSS (statistical package for social sciences).

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The data captured from the field with the use of research methodology and designs outlined in chapter three has yielded ground for analysis. The study examines the determinants of decline in selected textile firms in northern Nigeria. The questionnaires administered were collected from the respondents in the selected firms (UNTL, KTL, ATM and Angel Spinning). A total of 384 questionnaires were administered, but only 377 were filled and returned, 7 were not returned.

The raw data was duly checked to verify that each data collected was correctly entered. Each response category was then assigned a numerical value and data tabulated according to the number of observations that fell under them. Frequency tables depicting various factors of textile industry decline were analyzed, factor analysis was used as a pretest to reduce the variables into group of factors and regression analysis employed to examine the specific factors that account for textile industry decline.

4.2 Demographic Pattern of the Respondents.

A total of seven items were used to examine the demographic characteristics of the respondents. These includes; Gender, Marital status, Age, Name of organization, Official status in the organization, Length of service in the organization and Educational qualification. Frequency tables, pie chart as well as bar chart were used to analyze the result as presented below.

Table 4.1: Gender of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	357	94.69	94.69	98.9
Female	20	5.31	5.31	100.0
Total	377	100.0	100.0	

Source: Field Survey, 2015

The Table 4.1 above presents data on gender of the respondents. The frequency distribution of male respondents is given as 357 and the percentage is 94.69% while the female respondents have a frequency distribution of 20 representing percentage of 5.31%. The distribution is further illustrated in fig 4.1 below.

The implication is that textile firm have more male workforce than females. This is partly attributed to the nature of work undertaken in the industry and longer working period which do not favour women folk.

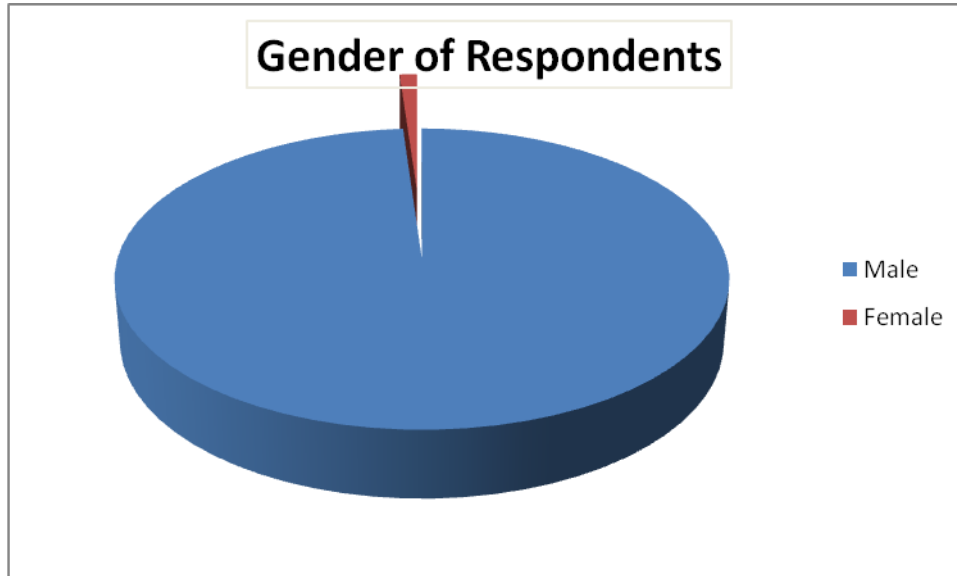


Table 4.2: Marital Status of the Respondents

The frequency distribution of respondents that are married, single, divorced or widowed is represented below.

	Frequency	Percent	Valid Percent	Cumulative Percent
Single	59	15.6	15.6	15.6
Married	306	81.2	81.2	96.8
Divorced	8	2.1	2.1	98.9
Widowed	4	1.1	1.1	100.0
Total	377	100.0	100.0	

Source: Field Survey, 2015

Table 4.2 presents the marital status of the respondents. The distribution shows that majority of respondents representing 81.2% are married, and 59 respondents (15.6%) are single. the distribution further shows that 8 respondents representing 2.1% are divorced and 4 respondents (1.1%) lost their husbands/wives. The analysis indicated that majority of the respondents are married.

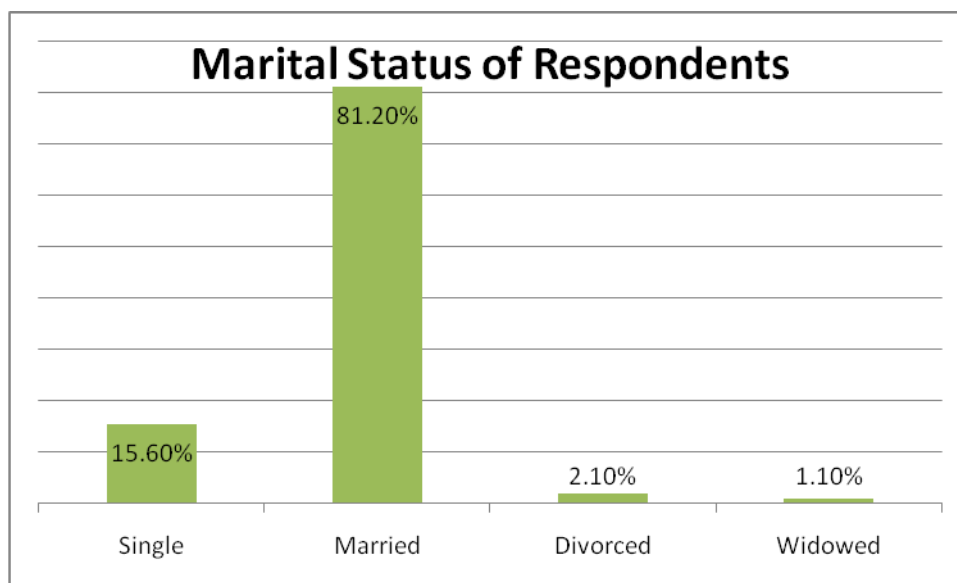


Table 4.3: Age of the Respondents

The frequency distribution of staff age of both functional and non functional textile manufacturing firms in Kaduna and Kano is shown below:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-20	18	4.8	4.8	4.8
21-40	142	37.7	37.7	42.4
41-50	74	19.6	19.6	62.1
51 and above	143	37.9	37.9	100.0
Total	377	100.0	100.0	

Source: Field Survey, 2015

Table 4.3 presents the result on age distribution of the respondents. The frequency distribution concern staff age in textile manufacturing companies. The staffs that are between the ages of 18-20 have frequency distribution of 18 and percentage of 4.8. Those that fall between 21-40 years have frequency distribution of 142 and percentage of 37.7. While those who are between the ages of 41-50 have frequency of 74 and percentage of 19.6. The staffs that fall between 51 years and above constitute 143 (37.9%). The cumulative percentage is 100%. This result is further illustrated in fig. III.

The significance of age from the responses gathered is that, textile manufacturing companies in northern Nigeria employed more energetic workforce because departments like ginning, spinning and weaving require workers with enough

strength and stamina. The company equally keep experienced workers as reflected in the distribution. Most of the mill workers are experienced workers and this enhances their level of dexterity on the job and knowledge.

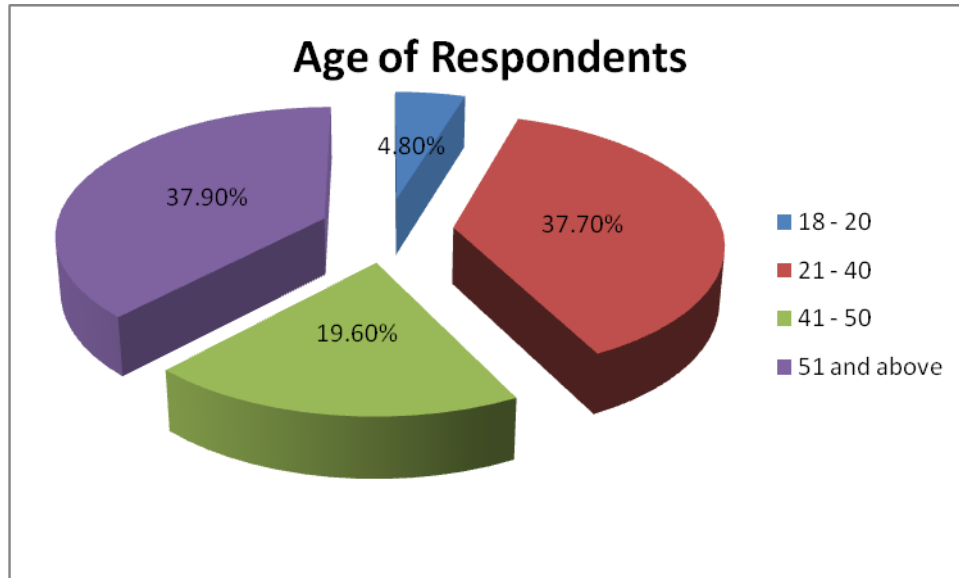


Table 4.4: Name of the Organization of the Respondents

The frequency distribution of name of the organization of respondents in four selected textile manufacturing firms in Northern is represented in the table below:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid UNTL	60	15.9	15.9	15.9
KTL	85	22.5	22.5	38.5
ATM	184	48.8	48.8	87.3
Angel Spinning	48	12.7	12.7	100.0
Total	377	100.0	100.0	

Source: Field Survey, 2015

The Table 4.4 above shows questionnaires distributed among textile companies selected for study based on stratified random sampling with proportionate sample size allocation. The frequency distribution of questionnaires given to staff of United Nigeria Textile Limited is 60 with a percentage of 15.9, and Kaduna Textile Limited received 85 with percentage of 22.5, African Textile Manufactures, Kano with frequency distribution of 184 and percentage of 48.8% and Angel Spinning,

Kano with frequency distribution of 48 and percentage of 12.7 and cumulative percentage of 100% is represented in fig IV. The questionnaires were shared proportionately based on available workforce at the time of the study.

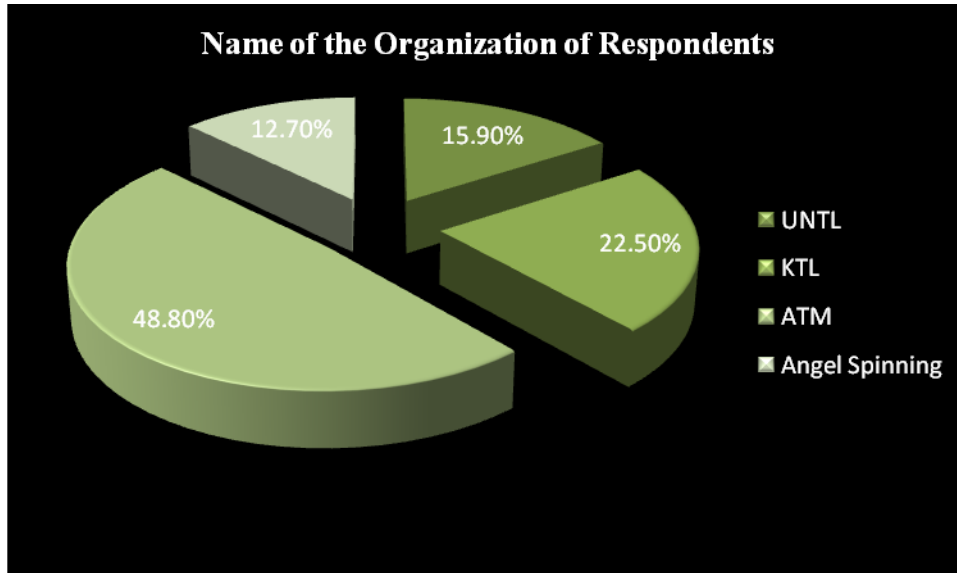


Table 4.5: Responses on Official Status in the Organization

The frequency distribution of the official status of the respondents in both functional and nonfunctional textile firms in Northern Nigeria.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Sectional Manager	5	1.3	1.3	1.3
Supervisor	19	5.0	5.0	6.4
Over looker	20	5.3	5.3	11.7
Head boy	26	6.9	6.9	18.6
Head doffer	33	8.8	8.8	27.3
Doffer	47	12.5	12.5	39.8
Textile operator	227	60.2	60.2	100.0
Total	377	100.0	100.0	

Source: Field Survey, 2015

The frequency distribution of the sectional managers in the four firms is 5 with a percentage of 1.3. the supervisors are 19 with percentage of 5.0, over lookers are 20 with percentage of 5.3, the frequency distribution of head boys is 26 with percentage of 6.9, head doffers constitute 33 with a percentage of 8.8, doffers are 47 with

percentage of 12.5 and majority of the respondents are textile operators constituting 227 with a percentage of 60.2. This distribution is further represented in fig V.

The sectional managers coordinate the activities in production line. They are also responsible for ensuring that raw materials for production are qualitative, equipments needed for production are available and ensuring a general cleanliness of the production department. The supervisors are found in all the sections of the textile chain e.g. ginning, spinning, weaving, dyeing, finishing and also in maintainace department. The supervisors are mainly concerned with production target. Over lookers are usually the most experienced workers after the supervisors in the production line. They are concerned with ensuring that machines and equipment are in good conditions. They ensure that wastages are avoided or minimize in the production line. Head boys, they ensure that discipline is maintained in the factory. They report conduct of workers as it relates to punctuality to work place and also level of productivity. Head doffer, are found in spinning and weaving sections of the companies. They ensure that adequate amount of yarn is supplied to spinning and weaving section. The doffers, concerned with removing yarn from ring spring machine and textile operators are the predominant workers in textile manufacturing firms and are found in most sections of the company.

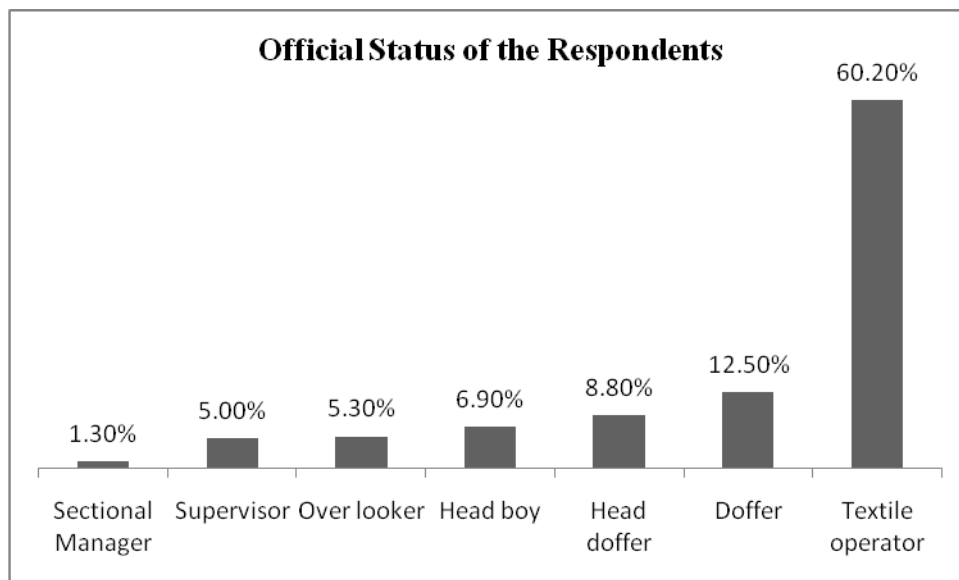


Table 4.6: Responses on Length of Service in the Organization

The frequency distribution of length of service of the respondents in respective textile manufacturing industries.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-5 years	14	3.7	3.7	3.7
6 -10 years	91	24.1	24.1	27.9
11 -20 years	113	30.0	30.0	57.8
21 yrs and above	159	42.2	42.2	100.0
Total	377	100.0	100.0	

Source: Field Survey, 2015

Table 4.6 shows a frequency distribution of years of service in textile manufacturing. The distribution shows that those with 1-5years have a frequency of 14 with a percentage of 3.7, workers that spent 6-10years have a frequency of 91 with a percentage of 24.1, workers with 11-20years are 113 and with a percentage of 30.0 while those that are from 21years an above that form the majority are 159 with a percentage of 42.2. The cumulative frequency is 100%. This is further illustrated in fig VI below.

The distribution indicates that majority of the respondents are experienced textile mill workers in both functional and non functional firms. The responses from these seasoned mill workers are significant to the result of the study.

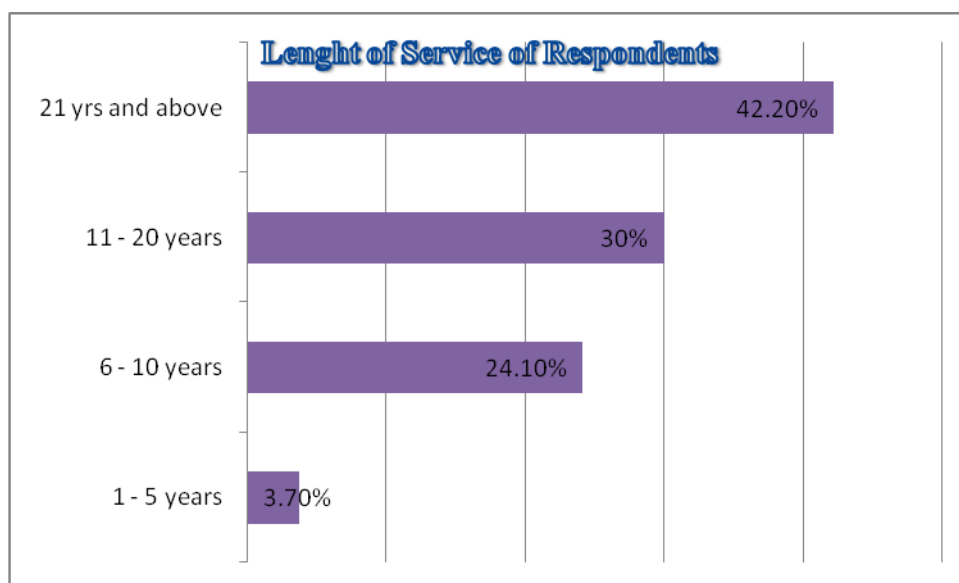


Table 4.7: Responses on Highest Educational Qualification

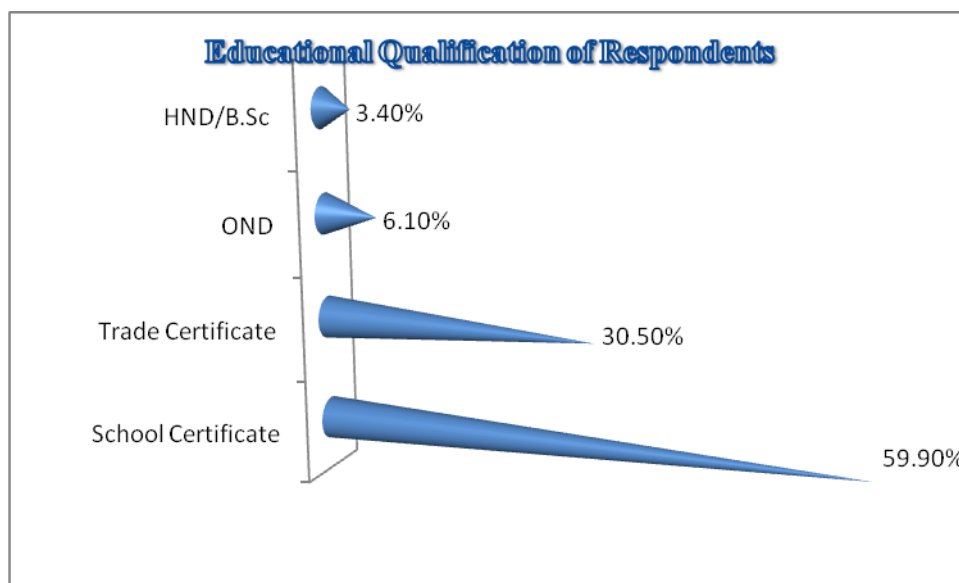
The frequency distribution of educational qualifications is categorized into school certificate, trade certificate, diploma and degrees.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid School Certificate	226	59.9	59.9	59.9
Trade Certificate	115	30.5	30.5	90.5
OND	23	6.1	6.1	96.6
HND/B. Sc	13	3.4	3.4	100.0
Total	377	100.0	100.0	

Source: Field Survey, 2015

The Table 4.7 above presents the result of the respondents' academic qualification. The distribution shows that 226 respondents obtained school certificate results with a percentage of 59.9, the frequency shows that 115 respondents with a percentage of 30.5 have trade certificate, 23 respondents with percentage of 6.1 obtained Ordinary National Diploma, the distribution further shows that 13 respondents with a percentage of 3.4 have Higher National Diploma or Bachelor of Science degree. This analysis is further represented in fig VII below.

The distribution indicates that majority of the workforce do not possess higher educational certificate. The responses further show that the firms are only interested in employing people with basic school certificate and this is also responsible for poor salary given to workers as buttressed by National Union of Textile and Garment Workers of Nigeria.



4.3 : Descriptive Statistics

The usefulness of identifying the typologies of decline of textile manufacturing firms can help managers select appropriate responses when their organizations face reduction in resource availability or output acceptance. No single strategy is appropriate for multifaceted conditions of textile industry decline rather manager's tactics vary according to the conditions of decline being faced.

Table 4.8 Decline of textile Manufacturing Firms in Northern Nigeria

Items	SA	%	A	%	UD	%	D	%	SD	%
Decline in textile industry	271	71.9	92	24.4	3	0.8	6	1.6	5	1.3
Inadequate capital	77	20.4	283	75.1	12	3.4	3	0.8	1	0.3
State of art of technology	86	22.8	274	72.7	12	3.2	2	0.5	3	0.8
Demand for Nigeria fabric	83	22.0	276	73.2	10	4.7	4	1.1	4	1.1
Imported textile materials	238	63.1	118	31.3	11	2.9	7	1.9	3	0.3
Research and development	108	28.6	184	48.8	39	10.9	41	10.9	5	1.3

Source: Field Survey (2015)

Table 4.8 shows the frequency and percentage of respondents on variables responsible for textile firms decline in northern Nigeria. The data indicate that 71.9% (271) and 24.1% (92) of the respondents strongly agree that there is a general decline

in textile industry operations in Nigeria, 0.8% of the respondents are indecisive while 1.6% (6) and 1.3% (5) of the respondents disagree that the variable cause decline in the industry.

Inadequate capital is seen as a major cause of textile industry decline, with 77 (20.4) and 28.3% (75.1) of the respondents agree that lack of adequate capital was responsible for the decline of the sector, 3.4% (13) of the respondents are indifferent while 0.8% (3) and 0.3 (1) disagree with opinion of the other respondents.

A greater percentage of respondents 22% (83) and 73.2% (276) strongly agree and agree respectively that the demand for Nigeria textile fabric does not correspond with the massive production, meaning that, most Nigerians prefer foreign textile fabric to local wax/fabric. 2.7% (10) respondents are indifferent, while 1.1% (4) of the respondents disagree with the issue.

Responses in Table 4.8 show that a greater number of respondents 65.1% (238) and 31.3% (118) are of the view that customers prefer imported fabric to locally produced textile fabric, 2.9% (11) respondents are indecisive while 1.9% (7) and 0.8% (3) respondents disagreed.

The data also indicated that most textile companies do not have requisite textile machinery for production. A higher number of respondents 22.8% (83) and 72.7% (274) agree that most textile firms do not have modern machines for production in their plants, 3.2% (12) respondents are indifferent, while 0.5% (2) and 0.8% (3) disagree.

The frequency and percentages of respondents on the issue of firms research and development unit as shown in table 4.8 indicate 28.6% (108) and 48.8% (184) agreed that the absence of research and development unit in the firm could be a major cause of textile firm decline, 10.3% (39) are indifferent. While 10.9% (4) and 1.3% (5) respondents disagree with earlier opinion.

The adverse effects of the use of obsolete machinery from questionnaire responses by technical staff of the company includes; high energy consumption, high labour cost, poor product quality and low productivity as shown in the table.

Table 4.9: The use of Obsolete Machinery for Production

Items	SA	%	A	%	UD	%	D	%	SD	%
Obsolete technology	271	71.9	92	24.4	3	0.8	6	1.6	5	1.3
State of art tech	172	45.6	183	48.5	14	3.7	7	1.9	1	0.3
Technical Innovation	172	47.5	178	47.2	12	3.2	4	1.1	4	1.1
Defects in plant	225	59.5	136	36.3	6	1.6	8	2.1	2	0.5
Higher unit of productivity due to absence of latest technology	260	69.0	105	27.9	4	1.1	6	1.6	1	0.3
Quality	271	71.9	92	24.4	3	0.8	6	1.6	5	1.3

Source: Field Survey (2015)

The frequency and percentage of respondents on outdated technology used by the firms indicates that 71.9% (271) of the respondents strongly agreed, 24.4% (92) respondents agreed, 0.8% (3) respondent are indifferent, 1.6% (6) respondent disagree and 1.3% of the respondents strongly disagreed.

The data show that most textile companies operating in the region are using outdated machinery which is responsible for poor production and uncompetitive nature of the industry.

Table 4.9 indicates that textile firms require modern textile production machines, 45.6% (172) strongly agree that the firms need state of art technology, 48.5 (183) agreed, 3.7% (14) are indifferent, 1.9% (7) disagree and 0.3% (1) strongly disagree.

From Table 4.9, a greater percentage of respondents 47.5% (172) strongly agree that most of the workforce of the textile companies examined do not have requisite knowledge in modern aspects of textile fabric production, 47.2% (178) agree, 3.2% (12) are indecisive, 1.1% (4) of the respondents disagree/strongly disagree.

The responses from Table 4.9 indicate that 59.5% (225) respondents strongly agreed that decline in textile production is attributed to defects of plants and machines of the factories, 36.3% (136) agreed with the assertion, 0.8% (3) are indifferent, 2.1% (8) disagree and 0.5% (2) strongly disagree.

Table 4.9 above presents that inability to install modern machinery in the factory lead to high cost of production in textile sector, 69% (260) respondents strongly agreed with the assertion, 27.9% (105) agreed, 1.1% (4) are indifferent, 1.6% (6) disagree and 0.3% (1) strongly disagree.

Furthermore, in Table 4.9 low quality of textile fabric is attributed to using outdated machinery for production, a greater percentage of respondents, strongly agree 71.9% (271), 92 (24.4) agreed, 0.8% (3) are indifferent, 1.6 (6) disagree and 1.3% (5) strongly disagree with the statement.

Nigeria consumers are highly rational in their effort to buy made in Nigeria textile fabric since they are ready to buy wax that will give them a good value for their money. However, quality of made in Nigeria textile products is also viewed as responsible for the preferences for foreign textile products. While many of the respondents admitted that they are usually guided by quality and trend for not patronizing made in Nigeria textile products, only a few of the respondents admitted preferring local textile fabric.

Table 4.10: Quality of Textile Product

Items	SA	%	A	%	UD	%	D	%	SD	%
Foreign fabric	200	53.1	162	43.0	7	1.9	6	1.6	2	0.5
Low production	117	31.0	217	57.6	29	7.7	10	2.7	4	1.1
Quality of technology	229	60.7	102	27.1	21	5.6	15	3.9	15	2.7
Human capital development	5	1.3	8	2.1	25	6.6	217	57.6	122	32.4
Poor sales	99	26.3	235	62.3	31	8.2	7	1.9	5	1.3
Interest rate	271	71.9	92	24.4	3	0.8	6	1.6	5	1.3

Source: Field Survey (2015)

It can be inferred from Table 4.10 above that 200 (53.1%) of respondents strongly agreed that Nigeria fabrics cannot compete with foreign fabric due to low quality, 43% (162) respondents equally agreed, 1.9 (7) are indifferent, 1.6% (6) disagreed and 0.8% (2) strongly disagreed with other respondents.

From Table 4.10, 117 respondents, representing 31.0% strongly agreed that inadequate funding is responsible for low quality production of the company's product, 57.6 (217) agreed, 7.7% (29) are indifferent, 2.7% (10) disagree and 1.1% (4) strongly disagreed.

The responses from Table 4.10 indicate that 229 (60.7%) of the respondents strongly agreed that inferior machines used by textile firms in Nigeria is responsible

for low product quality, 27.1% (102) agreed, 5.6% (21) of respondents are indifferent, 3.9% (15) respondent disagreed and 2.7% (15) respondents strongly disagreed.

The frequency and percentages of the respondents on human capital development. 1.3% (5) respondents strongly agreed that funds are voted for human capital development, 2.1% (8) respondents equally agreed, 6.6% (25) are indecisive, 57.6 (217) disagreed and 32.4% (122) strongly disagreed .

From Table 4.10 majority of the respondents 26.3% (99) and 82.3% (235) strongly agreed/agree that poor sales of company's product is due to low quality production, 8.2 (31) respondents are indifferent, 1.9 (7) respondents disagree and 1.3 (5) respondents strongly disagree.

In the Table above (4.10) greater percentage of the respondents 71.9 (271) strongly agreed that high interest rate on working capital is responsible for low quality production in the textile sector, 24.4% (92) agree, 0.8% (3) respondents are indifferent, 0.8% (6) disagree and 1.3% (5) strongly disagree.

With only four large and small scale textile manufacturing firms in Northern Nigeria, there has been a stiff competition between foreign textile fabric and the remaining local textile manufacturers struggling to remain in the market.

Table 4.11: Foreign Textile Fabric

Items	SA	%	A	%	UD	%	D	%	SD	%
Unhealthy competition	118	31.3	218	57.8	29	7.7	9	2.4	3	0.8
No unified force	108	28.6	41	10.87 %	184	48.8%	39	10.3 %	5	1.35
Free entry and exit	83	22	261	69.2	22	5.8	9	2.4	3	0.3
Substitute products	139	36.9	40	10.6	189	50.1%	9	2.4	0	0
Franchise agreement	108	28.6	182	48.3	70	18.6	8	2.1	9	1.3
Government policies	136	36.1	176	46.7	52	13.8	6	1.6	7	2.39

Source: Field Survey (2015)

The frequency and percentages of respondents in Table 4.11 indicate that unhealthy competition between Nigeria textile firms and foreign textile firms is also responsible for the decline, 31.3% (118) respondents strongly agree that heavy competition is responsible for the decline, 57.8% (218) agree, 7.7% (29) are

indifferent, 2.4% (9) respondents disagree and 0.8% (3) respondents strongly disagree.

The responses from Table 4.11 show that 28.6% (108) of the respondents strongly agree that there is no unified force to fight for protection of local textile firms in Nigeria, 10.87 (41) agree, 48.8% (184) are indifferent, 10.3% (39) disagree and 1.35 (5) strongly disagree.

From Table 4.11 respondents 22% (83) strongly agree that free entry and free exist of foreign textile products into Nigeria market is a source of textile decline, 69.2% agree, 5.8% (22) are indecisive, 2.4% (9) disagree, and 0.39% (3) strongly disagree with the assertion.

Table 4.11 above also reveal that Nigeria textile firm are losing market due better substitute from foreign competitors. 36.9% (139) respondent strongly agreed that better substitute is a major cause of lack of patronage of made in Nigeria textile fabric, 10.6% (40) respondents agree, 50.1% (189) respondents are indifferent, 2.4% (9) disagree and no respondent strongly disagreed.

A good number of respondents in Table 4.11 strongly agreed that the concepts of franchise agreements are used to favour foreign competitors against local producers, 28.6% (108) respondents strongly agreed, 18.6% (70) agreed, 48.3% (182) are indecisive, 2.1 (8) disagree and 2.39% (9) strongly disagree.

Table 4.11 above indicates that strict government policies and regulation is a major cause of textile firm decline, 36.1% (136) strongly agreed with the assertion, 46.7% (176) agreed, 13.8% (52) are indifferent, 1.6% (6) respondents disagreed and 1.9% (7) strongly disagreed.

4.4: Factor Analysis

It consists of the procedures for analyzing the relationship among a set of random variables observed or measured. It describes the covariable relationships among many variables in terms of a few underlying but unobservable random quantities. Its major objective is to reduce a number of observed variables to a fewer unobserved factors in order to enhance general interpretability and detect hidden structures in the data.

Table 4.12: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.925	
Bartlett's Test of Sphericity	Approx. Chi-Square	6.692E3
	Df	780
	Sig.	.000

Source: Author's Computation, 2015

The table 4.12 above presents the results of Kaiser-Mayer-Olkin and Bartlett's Test of Sphericity. Analysis of the table shows that the Kaiser-Mayer-Olkin measure of sample adequacy gives a value of 0.925. It indicates that the value of KMO is close to 1 which shows a perfectly adequate sample. Similarly, analysis of the table further indicates that the Bartlett's test shows a chi-square of 6.692 at a significance level of 1% i.e. .000. This is an indication of the adequacy of the sample. Therefore, the results of the two test instruments show that factor analysis can be used for this research.

Communalities: is the sum of squared loadings for all factors for a given variables. It measures the percent of variance in a given variable explained by all the factors jointly and may be interpreted as the reliability of the indicator. It is simply the proportion of the variance that is being extracted by each variable.

4.13: Communalities Table

	Initial	Extraction
There is a tremendous decline in textile industry in Nigeria	1.000	.686
Inadequate working capital is responsible for decline in the Nigerian Textile Industry	1.000	.542
Wages and salary are not paid promptly in the Industry	1.000	.392
Raw materials are not adequately supplied for massive production in the Nigerian Textile Industries	1.000	.450
Demand for Nigerian fabrics does not correspond with the massive production	1.000	.505
Customers prefer imported textile materials to the locally manufactured textile in Nigeria	1.000	.418
Nigerian government policies do not protect Nigerian Textile Industry against competition with foreign textile industries	1.000	.344
State-of-the-art machines and technologies are procured by the Nigerian Textile Industries	1.000	.626
Foreign markets are not explored by the Nigerian Textile Industries	1.000	.801
The culture of research and development is not well embraced by Nigerian Textile Industries	1.000	.586
Nigerian Textile Industries are still using obsolete technology for production	1.000	.631
There is need for the state-of-the-art technology to enhance the quality of textile production	1.000	.709
The technical know-how of the latest technology is lacking among the staff of the industry	1.000	.598
Lack of latest technology leads to the high cost of production in the Nigerian Textile Industry	1.000	.563
Decline in production is due to defects of plants and machines	1.000	.609
The use of obsolete technology affects the quality of textile produced by Nigerian Textile Industry	1.000	.553
Improper product-mix and marketing strategy are done through the use of manual system, instead of technology	1.000	.529
Turn around maintenance of the equipment and machines are not done regularly	1.000	.507
Staff are trained on how to use the state-of-the-art technology in the Textile Industry	1.000	.735
Finished goods cannot favorably compete with other foreign products because of the use of obsolete machines.	1.000	.658
Nigerian fabrics cannot favorable compete with foreign fabrics because of low quality	1.000	.632
Inadequate funding is a major factor responsible for the low quality production	1.000	.550
Low quality production is making Nigerian Textile Industry to lose market internationally	1.000	.554
The quality of technology used by Nigerian Textile Industry is responsible for low quality production in the industry	1.000	.731
Fund is voted for human capital development in order to improve the quality of production in Nigerian Textile Industry	1.000	.771
The quality of staff in the industry translates to low quality production in the Nigerian Textile Industry	1.000	.583
Low quality production is affecting the overall turnover rate in Nigerian Textile Industry	1.000	.611
Low quality production tends to make supply greater than demand in the Nigerian Textile Industry	1.000	.589
High interest rate on working capital is leading to low quality production in the Nigerian Textile Industry	1.000	.756
Government policies, custom duties and taxation is equally leading to low quality production in the Nigerian Textile Industry	1.000	.465
Textile industry in Nigeria is declining because of the unhealthy competition from foreign textile manufactures.	1.000	.679
There is no institutional framework for manufacturing among local industries in Nigeria	1.000	.447
There is no unified force to fight for protection of the local textile firms in Nigeria against foreign textile firms.	1.000	.551
Free entry and free exit of foreign textile manufacturers lead to cut- throat competition for textile products.	1.000	.581
Poor delivery schedules and lack of proper distribution system put the wrong image of the industry on the buyers.	1.000	.499
The Nigeria textile industry is losing target market to competitors due to better substitute.	1.000	.577
Lack of government patronage of the local textile products makes the industry uncompetitive.	1.000	.497
The concept of franchise system are used to favor foreign textile industries in Nigeria.	1.000	.613
The use of state of the art technology by foreign textile firms makes it keenly competitive for local industry.	1.000	.597
The Nigeria textile firms are uncompetitive due to stringent government policies and regulations.	1.000	.583

Extraction Method: Principal Component Analysis.

Source: Author's Computation, 2015

Table 4.13 above presents the result of the communalities. Communalities indicate the share of each variable to the underlying factors. Analysis of the result shows that the proportion of the variance of a variable is explained by common factor. All the variance extracted for each item were high with a range from .450 to .801 except for items 3 and 7 which have communalities below 0.4.

4.14: Total Variance Explained: It is the contribution of informative factors towards the independent variables as depicted below.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	10.989	27.472	27.472	10.989	27.472	27.472	4.237
2	4.843	12.107	39.580	4.843	12.107	39.580	4.628
3	1.805	4.512	44.091	1.805	4.512	44.091	5.370
4	1.255	3.137	47.229	1.255	3.137	47.229	4.177
5	1.203	3.007	50.236	1.203	3.007	50.236	5.080
6	1.127	2.817	53.053	1.127	2.817	53.053	5.710
7	1.074	2.684	55.737	1.074	2.684	55.737	6.102
8	1.014	2.536	58.273	1.014	2.536	58.273	2.290
9	.947	2.368	60.641				
10	.930	2.325	62.966				
11	.860	2.151	65.117				
12	.815	2.037	67.154				
13	.771	1.927	69.081				
14	.766	1.915	70.995				
15	.731	1.828	72.823				
16	.698	1.745	74.568				
17	.691	1.727	76.295				
18	.654	1.635	77.930				
19	.612	1.530	79.459				
20	.597	1.494	80.953				
21	.569	1.424	82.376				
22	.559	1.397	83.773				
23	.530	1.325	85.098				
24	.521	1.303	86.401				
25	.484	1.210	87.612				
26	.456	1.140	88.751				
27	.444	1.111	89.863				
28	.426	1.065	90.927				
29	.407	1.017	91.945				
30	.378	.944	92.889				
31	.369	.921	93.811				
32	.358	.894	94.705				
33	.335	.836	95.541				
34	.313	.781	96.323				
35	.303	.758	97.081				
36	.279	.697	97.778				
37	.268	.670	98.448				
38	.230	.575	99.023				
39	.216	.540	99.563				
40	.175	.437	100.000				

Extraction Method: Principal Component Analysis. Eigen estimates = 2.29.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Source: Author's Computation, 2015

The table above presents the results of the total variance explained. Total variance explained contained the factors extracted. As shown in the above table, the Eigen value of the factors is given in the column two. Analysis of the result indicates that a maximum of eight factors could be obtained, because the initial eight Eigen values in column 2 is greater or equal to 1, also their extraction sums of squared loadings is greater than 1. As a general rule, only factor with Eigen value of 1 and above are considered meaningful for interpretation.

The first factor has the highest Extraction Sum of Square Loading of 10.989, which represents 27.47% of the variation. The second factor has a total of 4.843 Extraction Sum of Square Loading with a corresponding 12.10% of the variance. While the last factor has the least Extraction Sum of Square Loading of 1.014 constituting 2.53% of the variance, the remaining factors have their Extraction Sum of Square Loading ranging from 4 to 1. Furthermore, the Rotation Sum of Square Loading shows similar results for all the factors. This implies that no factor is considered to be redundant. Also, the result shows that the contributing power of all the factors to the explanation of the variance in the variables is considered to be very significant. The results reveal that all the eight factors accounted for 58.27% of the variance observed.

Table 4.15: Pattern Matrix^a: This is the classification of informative variables towards the component extracted.

	Component							
	1	2	3	4	5	6	7	8
Q27	.557							
Q28	.460							
Q26	.427							
Q23	.422							
Q19		.844						
Q25		.839						
Q9		.816						
Q29		.813						
Q8		.733						
Q38			.749					
Q39			.717					
Q40			.672					
Q37			.487					
Q34			.454					
Q35			.417					
Q12				.756				
Q1				.580				
Q22				.461				
Q2				.434				
Q32								
Q14					.622			
Q16					.603			
Q7					.449			
Q6					.446			
Q36					.408			
Q20						.761		
Q18						.615		
Q17						.482		
Q10						.402		
Q30								
Q31							.755	
Q15							.755	
Q3							.514	
Q21							.464	
Q13							.450	
Q5							.414	
Q11								
Q33								
Q4								
Q24								.869

Extraction Method: Principal Component Analysis.
 Rotation Method: Oblimin with Kaiser Normalization.

Source: Author's Computation, 2015

As presented in table above, the rotation has grouped the various variables under each factor. However, it can be observed that some variables were considered redundant and thus failed to converge under any factor. These variables include item 4, 11, 30, 32 and 33 respectively.

The first factor consists of four variables. Items that loaded on this factor include: Item 23, 26, 27 and 28 respectively. This factor is named **Product Quality**.

A total of five variables load on factor two and they include item 8, 9, 19, 25 and 29 respectively. This factor is named **Management Related Problems**.

While six items converged on factor three and these include item 34, 35, 37, 38, 39 and 40. This factor is named **foreign textile fabric**.

Similarly, only four items loaded on factor four. These include item 1, 2, 12 and 22 respectively. This factor is named **Local Declining of Textile Industry**.

Five items had significant loading on factor five and they include item 6, 7, 14, 16 and 36 respectively. This factor is named **Government Related Problems**.

A total of four variables converged on factor six. These are item 10, 17, 18 and 20. This factor is named **Poor Maintenance Culture**.

In the same vein, six items loaded heavily on factor seven and they include item 3, 5, 13, 15, 21 and 31 respectively. This factor is named **Obsolete Technology**.

While only one item had significant loading on factor eight which is item 24. This factor is named **Inferior Production Machines**

4.5: Multiple Regression Analysis of the Variables and Test of Hypotheses

The regression analysis is a technique that is used to explore the relationship between one dependent variable and a number of independent variables or predictors. It is based on correlation that allows a more sophisticated exploration of interrelationship among a set of variables. It tells how well a set of variables is able to predict a particular outcome.

Table 4.16 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.87 ^a	.76	.74	0.094

Source: Author's Computation, 2015

- a. Predictors: (Constant), Obsolete Technology, Product Quality, foreign textile fabric

Table 4.16 presents the result of the model summary. Analysis of the table displays R, R Squared, adjusted R Squared and the standard error. The R, is the correlation co-efficient (the correlation between the observed and predicted values of the dependent variable). This is represented with a larger value $R = .87$ which indicated a stronger relationships.

The R squared is the proportion of variation in the dependent variable explained by the regression model. The model fit the data from the result which shows $R^2 = 0.76$, this means that independent variables (product quality, foreign textile fabric and obsolete technology) explains about 76% of the variation in the dependent variable (decline of textile manufacturing industry in Northern Nigeria). This is also justified by the adjusted R squared with the value .74 which has attempted to correct R^2 to more closely reflect the goodness of the fit of the model.

The need arises to assess the statistical significance of the results obtained in the study. Analysis of variance (ANOVA) is used to test the null hypothesis that the multiple regression in the population equals to zero. The model in the study must reach statistically significance level of 0.000 (Sig- 0.000)

Table 4.17 ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	36.026	3	12.009	13.182	.000 ^a
	Residual	337.974	371	.911		
	Total	374.000	374			

Source: Author's Computation, 2015

a. Predictors: (Constant), Obsolete Technology, Product Quality, Competition

b. Dependent Variable: Declining of Textile Industry

Similarly, Table 4.17 as shown above presents the result of ANOVA which confirms the result of Model Summary. Analysis of the result shows that the p value for the F statistic ($F_{cal} = 13.182$) which is significant ($0.000 < .05$). This indicates some independent variables are significant predictor of the dependent variable (Declining of Textile Industry).

Table 4.18: Coefficients^a of Variables

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.431E-16	.049		.000	1.000
	Product Quality	.145	.052	.145	2.806	.005
	Foreign textile fabric	.046	.054	.046	.852	.395
	Obsolete Technology	.218	.054	.218	4.057	.000

Source: Author's Computation, 2015

Table 4.18 contains the result of the coefficients. As shown in the table, the analysis indicates that only two factors account for the declining situation of the textile industry. These are Product Quality and Obsolete technology; with their results t (2.806 and 4.057 respectively) being significant at 5%. While the result of the remaining factor, foreign textile fabric is not significant; its value in the sig column (0.395) is > 0.05 .

Thus given the above result, the null hypotheses one and three are rejected and alternative accepted. This means that there is significant relationship between product quality, obsolete technology and declining state of textile manufacturing industry in Northern Nigeria. Similarly, the second null hypothesis is accepted while the alternative is rejected. This means that there is no significant relationship between foreign textile fabric and declining state of textile manufacturing industry in Northern Nigeria.

4.6: Discussion of findings

From the analysis of data collected from both functional and non functional textile firms, it was observed that the respondents opinion in Table 4.8 clearly indicate that there is a significant decline in the operation of textile firms in Northern Nigeria. Majority of the respondents agreed that firms are battling with low level capitalization , massive importation of old and new textile fabric, absence of research and development unit in the firms. This finding is consistent with study of Chowdhury (2014) where financial problems, corporate planning problems and government policies are considered to be main reasons for industrial sickness.

On Table 4.9, the use of obsolete technology by textile manufacture firms is considered to be one main reason for textile industry decline. A greater percentage of respondents agreed that, the problem of ageing or obsolete technology and inability to acquire the latest and up to date technologies in the textile firms is responsible for the decline in the industry. This finding is also in line with empirical studies of Aluko, Akinola and Fatokun (2004), Khan and Khan (2010) and Amartey, Kudwo and Ankama (2014) who argue that inability to timely modernize the equipment and machinery has led to the decline of Nigerian textile firms, Pakistani textile industry and Ghana textile industry competitiveness.

It can be inferred from table 4.10 that quality of Nigerian textile fabric is inferior compared to foreign textile products as majority of respondents strongly agreed that Nigeria consumers will readily purchase foreign textile fabric/wax because they feel that spending money on foreign fabric wax is more fruitful than local fabric/wax. This result collaborates the findings of Ladipo, Bakare and Olufayo (2012) that indicated consumers have bias in favour of products from developed nations such as USA, Europeans countries, China and Japan. This they associate with high levels of economic and technological development which translate into high quality and better performance of products.

Although, the findings of Zhou and Hui (2013) postulates that consumers may prefer high quality imported textile fabric, they do not blindly buy western goods and they may seek quality at a good price. And this also collaborates the earlier study of Cui (1997) who found that foreign textile brands may, lose their appeals as locally made goods increase in quality and attractiveness.

The frequency and percentage in table 4.11 shows that majority of the respondents agreed that Nigerian textile firms have lose competitiveness due to poor trade practices and agreements, better substitutes of foreign textile fabric/wax, stringent government policies among others. This is in line with studies of porter (1980) Zammuto and Cameron(1985) Whetten and Kim (1988) and Chowdhury (2014) that competitive environment have a significant impact on members firms. Most foreign firms in develop economics have presumably developed valuable resources and capabilities in their technology delivery schedules and efficiency.

The principal component factor analysis was able to extract and reduce 40 variables to 8 informative sole factors contributing to textile decline. The first factor is product quality consisting of four variables that are significantly related to textile decline from a number of rotations and loadings. The second factor load a total of five variables and tagged management related problems. The third factor which is foreign textile fabric with six factors accounting for textile industry decline. The fourth items which is dependent variable with four variable loading shows factors responsible for firm decline. The fifth item has five variables responsible for textile firm decline. The sixth factor which is poor maintenance culture has four variables responsible for textile firms decline.

The seventh factor as one of the independent variable obsolete technology has six variables responsible for textile firm decline. The last factor with least loading refer to inferior production machines as responsible for textile firm decline. From factor analysis perspective, when the independent variables obsolete technology, quality and foreign textile fabric were used to drive the textile dependent variable (decline of the industry) the model accounted for 58% of the variable observed. This implies that improvement in these eight principal factors can turnaround the ailing units to the path of success and profitability.

However, the results from the multiple regression analysis indicate that obsolete technology and product quality results (4.057 and 2.806) respectively at 5% are being significantly responsible for textile industry decline. This means that, there is significant relationship between product quality, obsolete technology and decline of textile manufacturing firms in northern Nigeria.

The second hypotheses (foreign textile fabric) is not significant, its sig column (0.395) is >0.05 . This means that there is no significant relationship between foreign textile fabric and decline of textile manufacturing firms in northern Nigeria. Thus, the second null hypotheses is accepted.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

Rapid changes in the world trading system have endangered the stability of the textile industry and created an atmosphere of uncertainty and turbulence in the industry. The findings of the study reveal that:

There is a significant relationship between the level of investment and decline of textile manufacturing firms in northern Nigeria.

Technological innovation and absence of proper adaptation of modern technology comparable to competitors in developed economy has led to decline of textile manufacturing in Northern Nigeria.

The study also confirms that there is a significant relationship between the 'quality of made in Nigeria' textile products and decline of textile manufacturing operation in northern Nigeria.

The analysis shows that Nigerians are favorably disposed to buying foreign textile products at the expense of local textile fabric. The result revealed that Nigerians exhibited negative attitude towards buying made in Nigeria textile products thereby confirming that foreign textile fabric/wax are better in quality than local wax. The above result further buttressed descriptive statistics result which was categorical to state that Nigeria consumers significantly demonstrate very poor and alarming attitude towards purchasing local fabric/wax.

5.2 Conclusions

The Nigeria textile industry used to be the largest in Africa after Egypt and South Africa. It plays an important role in the economic development of the country and previously the largest employer of labour force in Nigeria after the civil service.

The study investigated the determinants of textile firms decline in northern Nigeria. Based on the results of factor analysis and regression, textile firms decline are attributed to obsolete technology, low product quality, foreign textile fabric, government related problems and managerial related issues.

The awareness of the significance of textile industry is very high but little or no effort has been put in place to revamp the moribund sector. In the view of the current crisis faced by the industry, its outlook remains bleak and therefore calls for pragmatic policies that will lead to restructuring of both local and modern textile manufacturing firms in Northern Nigeria.

5.3 Recommendations

Based on the findings and conclusion of the study, the following recommendations are made to facilitate restructuring of the decline textile manufacturing firms in Northern Nigeria.

- (i) Adequate investment in the industry is a necessity. Therefore, managers in the textile industry should make adequate investment in the industry. Also, there is need for the government to improve their effort in this direction by making a policy that will enable investors to obtain soft loans.
- (ii) Managers need to embrace new technological innovations that are the most recent in the industry to produce quality textile fabric of superior reliability at affordable prices thereby satisfying the needs of Nigerian's consumers/buyers of textile products.
- (iii) Advocacy on the pride in using locally made Nigeria textile fabric should be done by the National Orientation Agency in conjunction with Federal Ministry of Information. This should be carried out at federal, state and local government levels
- (iv) Textile manufacturing firms Research and Development Department in conjunction with Standard Organization of Nigeria (SON) should ensure that textile fabric/wax are in conformity with prescribed and acceptable quality standard.

5.4 Suggestions for Further Research

- (a) The study can be replicated in southern Nigeria or Eastern Nigeria so that the results of a comparative analysis of the textile firms could then be made to determine if geographical differences or similarities exist among ailing textile firms.
- (b) Further research should be carried out using higher sample size to assess or determine the level of textile industry decline in Nigeria.

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APPENDIX A

Department of Business Administration,
Ahmadu Bello University,
Zaria.

Dear Sir/Madam,

QUESTIONNAIRE ON DETERMINANTS OF THE TEXTILE MANUFACTURING INDUSTRY DECLINE: A STUDY OF SELECTED TEXTILES COMPANIES IN NORTHERN NIGERIA

Following the poor performance of Textile Industry in Nigeria, studies on how to improve on the performance of Textile Industry becomes inevitable. Therefore, a questionnaire is designed to elicit information from respondents on the present condition of Textile Industry in Northern Nigeria.

Sir/Ma, endeavor to use fifteen (15) minutes of your time to respond to questions in this questionnaire. Your responses shall be treated with utmost confidentiality.

Thanking you in advance for your cooperation.

Yours Faithfully,

Abdullahi B. Yusuf

Section I

Demographic Data

INSTRUCTION: please kindly tick the option that is appropriate to you

1. Sex:
 - Male
 - Female

2. Marital Status:
 - a) Single
 - b) Married
 - c) Divorced
 - d) Widowed

3. Age
 - a) 18-20
 - b) 21-40
 - c) 41-50
 - d) 51 and above

4. Name of the Organization
 - a) UNTL
 - b) KTL
 - c) ATM
 - d) Angel Spinning

5. Official Status in the organization
 - a) Chief Executive
 - b) Sectional Manager
 - c) Supervisor
 - d) Over looker
 - e). Head boy
 - f). Head doffer
 - g). Doffer
 - h). Textile operator

6. Length of service in this organization.

- a) 1-5 years
- b) 6-10 years
- c) 11-20 years
- d) 21 yrs and above

7. Highest Educational Qualifications

- a) School Certificate
- b) Trade Certificate
- c) OND
- d) HND/BSc
- e) Masters Degree
- f) Ph.D
- g) Professional Qualification

Specify _____

SECTION II

Make a tick (✓) against the most appropriate to indicate the extent to which you agree or disagree with the statement below.

Note that: SA = Strongly Agree
 A = Agree
 U = Undecided
 D = Disagree
 SD = Strongly Disagree

Part A: Items on Decline of Textile Industry in Nigeria

S/N	Statement/Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
		5	4	3	2	1
1	There is a tremendous decline in textile industry in Nigeria					
2	Inadequate working capital is responsible for decline in the Nigerian Textile Industry					
3	Wages and salary are not paid promptly in the Industry					
4	Raw materials are not adequately supplied for massive production in the Nigerian Textile Industries					
5	Demand for Nigerian fabrics does not correspond with the massive production					
6	Customers prefer imported textile materials to the locally manufactured textile in Nigeria					
7	Nigerian government policies do not protect Nigerian Textile Industry against competition with foreign textile industries					
8	State-of-the-art machines and technologies are not procured by the Nigerian Textile Industries					
9	Foreign markets are not explored by the Nigerian Textile Industries					
10	The culture of research and development is not well embraced by Nigerian Textile Industries					

Part B: Use of Obsolete Technology by Nigerian Textile Industry

S/N	Statement/Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
		5	4	3	2	1
1	Nigerian Textile Industries are still using obsolete technology for production					
2	There is need for the state-of-the-art technology to enhance the quality of textile production					
3	The technical know-how of the latest technology is lacking among the staff of the industry					
4	Lack of latest technology leads to the high cost of production in the Nigerian Textile Industry					
5	Decline in production is due to defects of plant and machines					
6	The use of obsolete technology affects the quality of textile products by Nigerian Textile Industry					
7	Improper product-mix and marketing strategy are done through the use of manual system, instead of technology					
8	Turn around maintenance of the equipment and machines are not done regularly					
9	Staff are trained on how to use the state-of-the-are technology in the Textile Industry					
10	Finished goods cannot favorably compete with other foreign products because of the use of obsolete machines.					

Part C: Quality of ‘Made in Nigeria’ Textile Products

S/N	Statement/Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
		5	4	3	2	1
1	Nigerian fabrics cannot favorably compete with foreign fabrics because of low quality					
2	Inadequate funding is a major factor responsible for the low quality production					
3	Low quality production is making Nigerian Textile Industry to lose market internationally					
4	The quality of technology used by Nigerian Textile Industry is responsible for low quality production in the industry					
5	Fund is voted for human capital development in order to improve the quality of production in Nigerian Textile Industry					
6	The quality of staff in the industry translates to low quality production in the Nigerian Textile Industry					
7	Low quality production is affecting the overall turnover rate in Nigerian Textile Industry					
8	Low quality production tends to make supply greater than demand in the Nigerian Textile Industry					
9	High interest rate on working capital is leading to low quality production in the Nigerian Textile Industry					
10	Government policies, custom duties and taxation are equally leading to low quality production in the Nigerian Textile Industry					

Part D: Impact of foreign Textile Fabric

S/N	Statement/Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
		5	4	3	2	1
1	Textile industry in Nigeria is declining because of the unhealthy competition from foreign textile manufactures.					
2	There is no institutional framework for manufacturing among local industries in Nigeria					
3	There is no unified force to fight for protection of the local textile firms in Nigeria against foreign textile firms.					
4	Free entry and free exit of foreign textile manufacturers lead to cut- throat competition for textile products.					
5	Poor delivery schedules and lack of proper distribution system put the wrong image of the industry on the buyers.					
6	The Nigeria textile industry is losing target market to competitors due to better substitutes.					
7	Lack of government patronage of the local textile products makes the industry uncompetitive.					
8	The concept of franchise system are used to favor foreign textile industries in Nigeria.					
9	The use of state of the art technology by foreign textile firms makes it keenly competitive for local industry.					
10	The Nigeria textile firms are uncompetitive due to stringent government policies and regulations.					

Appendix B

The table below shows the list of Functional and Non-functional Textile Manufacturing Firms in Northern Nigeria

S/N	Name Of Textile Firms	Town Situated	Staff Strength	Status
1.	Gaskiya Textile Mill Ltd	Kano	250	Non- functional
2.	Bagauda Textile Ltd	Kano	500	Non-functional
3.	Kano Textile Printers Ltd	Kano	430	Non Functional
4.	Kano Textile Industry Ltd	Kano	280	Non Functional
5.	Northern Textile Manufacturers	Kano	500	Non Functional
6.	Dangote Textile Ltd	Kano	820	Non Functional
7.	Nigerian Braiding Company Ltd	Kano	50	Non Functional
8.	Nigerian Spinners and Dyers Ltd Kano	Kano	280	Non Functional
9.	Terytex Nigerian Ltd Kano	Kano	150	Non Functional
10.	Fahid Dayek & Company Ltd	Kano	370	Non Functional
11.	Lakhi Textile Industry Ltd	Kano	380	Non Functional
12.	Nornit Nigerian Ltd	Kano	470	Non Functional
13.	Ila Industry Ltd	Kano	290	Non Functional
14.	Adahama Textile and Garment Textile Ltd.	Kano	499	Non Functional
15.	Keyfad Spinner's Ltd	Kano	400	Non Functional
16.	Angel Spinners Ltd	Kano	950	Non Functional
17.	Agro Ventures Ltd	Kano	280	Non Functional
18.	Daje Industrial Ltd	Kano	240	Non Functional
19.	Leader Textile Ltd	Kano	320	Non Functional
20.	Satura Textile Ltd	Kano	400	Non Functional
21.	Dibo Industry Ltd	Kano	220	Non Functional
22.	Madratex Ltd	Kano	280	Non Functional
23.	Garment Manufacturing Company Ltd	Kano	420	Non Functional

24.	Tropical Tarpaulin Nigeria Ltd	Kano	320	Non Functional
25.	Integrated Fibres Ltd	Kano	290	Non Functional
26.	Vijlaturi Textile Nig. Ltd	Kano	180	Non Functional
27.	Africa Textile Manufacturing Ltd	Kano	3500	Functional
28.	Zamfara textile	Zamfara	200	Functional
29.	Funtua textile	Katsina	180	Functional
30.	Worldwide garments	Kaduna	188	Non Functional
31.	United Nigerian Textile	Kaduna	1200	Functional
32.	Chelco I and II	Kaduna	400	Non-Functional
33.	Supertex	Kaduna	320	Non Functional
34.	Finetex	Kaduna	1,000	Non Functional
35.	Nortex	Kaduna	1,206	Non Functional
36.	Arewa Textiles	Kaduna	1500	Non Functional
37.	Kaduna Textile Mill Ltd	Kaduna	1655	Non Functional

Source: Report by the National Executive Council of NUTGWN to its 19th National Delegates' Conference in Abuja, March 2008, Epkunobi G.N (2010) and Abdul M. (2012) and MAN(2014)

APPENDIX C

Krejcie and Morgan Sample Size Table

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970