
Meeting Financial And Support Challenges Of Young Entrepreneurs Textile And Clothing Establishments In Lagos State

By

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Abstract

The study identified the financial and support challenges faced by young entrepreneurs in textile and clothing establishments Lagos State. Strategies for meeting each of these challenges were also identified. A survey research design was used for the study. The population for the study was 598 while the sample was 239 entrepreneurs. Questionnaire was used for data collection. Data was analysed using percentages and mean. Major findings include that young entrepreneurs have difficulty in obtaining loans.

Introduction

An entrepreneur, according to Samson and Little (1998), is a person who organizes and manages a business undertaking, assumes the risk of failure or gains the benefit of success in the business. This implies that an entrepreneur is a person who has possession of an [enterprise](#), or [venture](#), and assumes significant accountability for the inherent risks and the outcome. Clayton (2000) defined an entrepreneur as a person who starts and runs his or her own business. This means that an entrepreneur is one who is able to begin, sustain, and when necessary, effectively and efficiently dissolve a business entity. Entrepreneurs in textile and clothing open up clothing and textile establishments. Textile and clothing establishments are businesses that can be initiated after acquiring skills that can lead to the use of fabrics to make up coverings either for the body or for other surfaces like beds. To operate such an establishment in the society has some challenges that the business and the entrepreneur must face in order for the establishment to make progress.

A challenge is a test of one's abilities or resources in a demanding but stimulating undertaking (Mifflin, 2003). A challenge is a demanding or stimulating situation, which leads to the combination of circumstances at a given time. When something is said to be challenging, then that means that that thing is demanding effort, it can be a difficult job or idea (Kernerman 2008). Challenges are those things encountered while carrying out a particular task and which tend to deter the individual from progressing in the task. Young entrepreneurs in their effort to establish their own textile and clothing establishments discover that there are many financial and support challenges that affect such establishments.

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Financial challenges in an entrepreneurship endeavour are difficulties encountered in relation to money in an establishment. Support challenges are difficulties encountered in the hands of other individuals when they are not really interested in the growth of an entrepreneurship establishment. Support challenges can also come up when other individuals are not really aware that they are directly or indirectly kicking against entrepreneurship in the society. Support challenges can be problems with finance, policies, etc. Financial and support challenges are common in every entrepreneurship endeavour. These numerous challenges can lead to loss of investments in business establishments, which is why Inegbenebor (2006) stated that entrepreneurs bear the risk of loss of their investment arising from the uncertainties with business operations.

In order to reduce those challenges facing these young entrepreneurs, it is important to identify these various challenges. Some of these challenges are risks or challenges that sometimes cannot be prevented or insured against but must be borne by the young entrepreneur. Some of them are challenges that must be encountered in order to establish the business, some must be encountered in the running of the business and some are needed in order to thrive in the business. Much challenges kill most entrepreneurship endeavours and so care should be taken in handling the challenges of young textile and clothing entrepreneurs in Nigeria so that more textile and clothing entrepreneurs can make improvements in the society.

The issue at hand is to identify these financial and support challenges faced by these young entrepreneurs, stop these risks or challenges and also identify some strategies that can help this group of individuals to face those financial and support challenges that can not entirely be eradicated or avoided in the running of the establishment. According to Mkhize (2006) it is important to deliberate on challenges faced by youth in the following areas and develop strategies to address them: access to finance, youth entrepreneurship support and promotion, institutional mechanisms for youth economic empowerment. The challenge of this study is for the strategies to be identified to be able to provide guidelines and frameworks to address the financial and support constraints faced by young entrepreneurs in textile and clothing establishments in Lagos State. These strategies will help to reduce the effects of these challenges on the young entrepreneurs and on their textile and clothing establishments so that they can continue to be encouraged to continue in their businesses. It will also help them to thrive and therefore encourage other young people to look for textile and clothing skills to acquire that can help them to establish their own textile and clothing businesses in the Nigerian society.

Statement of the Problem

Despite all the emphasis laid on entrepreneurships in Nigeria, there are few incentives given to young entrepreneurs in textile and clothing establishments in Lagos State. There are also cases of young entrepreneurs who ventured to start despite the lack of supports from parents and peers but ended up not having access to finance

for their textile and clothing establishments. Begawan (2009) stressed that financing was part of the challenges faced by young entrepreneurs especially when they have hidden potentials in their businesses. Begawan (2009) also reported that banks which offer finance need collateral and young and fresh graduates do not have those capabilities. All these and more cases of challenges faced by young textile and clothing entrepreneurs can hinder the progress of their establishments. They can also lead to the closure of their textile and clothing establishments in Lagos State. This is why it is imperative that the challenges faced by young entrepreneurs in textile and clothing establishment are identified and strategies identified to meet those challenges.

Purpose of the Study

The major purpose of the study was to identify the strategies for meeting the financial and support challenges faced by young entrepreneurs in textile and clothing establishments in Lagos State.

Specifically, the study identified

1. The financial challenges faced by young entrepreneurs in Lagos State
2. The support challenges faced by young entrepreneurs in Lagos State
3. Strategies for meeting the financial challenges faced by these young entrepreneurs in Lagos state
4. Strategies for meeting the support challenges faced by these young entrepreneurs in Lagos state

Research Questions

The study focused on the financial and support challenges of young entrepreneurs and the following research questions guided the study:

1. What are the financial challenges faced by young entrepreneurs in Lagos State?
2. What are the support challenges faced by young entrepreneurs in Lagos State?
3. What are strategies for meeting the financial challenges faced by these young entrepreneurs in Lagos state?
4. What are strategies for meeting the support challenges faced by these young entrepreneurs in Lagos state?

Methodology

Area of Study

The study was conducted in Lagos state. Lagos is divided into five Administrative Divisions, which are further divided into thirty-seven Local Government Areas. This study was conducted specifically in three Local Government Administrative Divisions of Lagos state; these are the Lagos Division, Ikeja Division and Badagry Division. These areas were chosen because they contain the major cities of Lagos state and they also contain a good number of textile and clothing establishments.

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Population for the Study

The population for this study is five hundred and ninety-eight (598). These are the total number of textile and clothing entrepreneurs that are noted by the Local Government Administrative Divisions of Lagos State. These individuals were chosen because they are in a better position to explain the situations of young entrepreneurs in textiles and clothing establishments in Lagos State.

Sample and Sampling Technique

A simple random sampling technique was used to select 239 entrepreneurs from three local government administrative divisions of Lagos state. 110 entrepreneurs were sampled from Lagos division, 79 entrepreneurs were sampled from Ikeja division and 50 entrepreneurs were also sampled from Badagry division.

Instrument for Data Collection

The instrument for data collection was a structured questionnaire. It was developed based on the purpose of the study and intensive review of literature. It contained eighteen items. The draft was validated by three experts in the departments of Home Economics, one expert in Business Education, and, one expert in Industrial Technical Education, University of Nigeria Nsukka. The corrections from these experts were effected and this lead to the final draft of the questionnaire that was utilized in this study. Test-retest reliability was used to test the reliability of the instrument using ten textiles and clothing entrepreneurs in Nsukka. The two sets of scores were correlated using the Pearson Product Moment Correlation Coefficient. From the analysis, the correlation coefficient obtained was 0.90 which indicates a high correlation between the two sets of scores.

Method of Data Collection

The instrument was administered with the help of three field assistants. The mode of administration of the questionnaire was face to face or on the spot. The questionnaires were completed and returned on the spot. Proper guidance was given to textile and clothing entrepreneurs where there was need for that.

Method of Data Analysis

Data was organised using frequency distribution and the mean was used for data analysis. The mean scores were used to determine the perceived importance level expressed on a 5-point Likert scale for each of the items. The criterion level or the cut-off point was determined using the internal scale. The appropriate boundary of the mean was 3.50 and this was used as the cut off point because it was the upper limit of the mean. With this, when the average scores of respondents to an item were equal to or greater than the criterion level of 3.50, the item was accepted and if otherwise, the item was rejected.

Data Presentation and Interpretation

Table 1: Financial Challenges Faced by Young Entrepreneurs in Textiles and Clothing Establishments in Lagos State N=239

S/N	Financial Challenges Remark	Mean
1.	Difficulty in obtaining loans Accepted	3.81
2.	Limited access to finance for youth to establish Rejected	2.56
3.	Lack of commitment and support by the banks and financial institutions for small and emerging businesses Accepted	4.51
4.	Banks attitudes towards risk Rejected	2.11

Data in table 1 shows that young entrepreneurs have difficulty in obtaining loans. They also have problems with lack of commitment and support by the banks and financial institutions for small and emerging businesses. They do not lack access to finance to establish and banks attitudes towards risks do not disturb their activities in their establishments.

Table 2: Support Challenges faced by Young Entrepreneurs in Textiles and Clothing Establishments in Lagos State

S/N	Support Challenges Remark	Mean
5	Lack of government policies that support young entrepreneurs, especially in the payment of bills, tax and property rates Accepted	4.38
6	Need for information about support agencies and organisations Rejected	2.86
7	Need for information about the several ways of protecting their businesses Accepted	4.89
8	Inappropriate use of information technology Rejected	2.30
9	Discrimination by support providers Rejected	3.30
10	Lack of proper and adequate information which could help them to be knowledgeable in every aspect of the establishment Rejected	2.88

Data in the table above shows that there is lack of government policies that support young entrepreneurs, especially in the payment of bills, tax and property rates. Again there is need for information about the several ways of protecting their

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businesses. It was also discovered the young textile and clothing entrepreneurs do not need information about support agencies and organisations, they use appropriate information technology and they do not experience discriminations by support providers. This group of individuals do not lack proper and adequate information which could help them to be knowledgeable in every aspect of the establishment.

Table 3: Strategies for Meeting the Financial Challenges Faced by Young Entrepreneurs in Textiles and Clothing Establishments in Lagos state

S/N	Strategies Remark	Mean
11.	Government should provide loans for young entrepreneurs Accepted	3.98
12.	Government should establish favourable policies that could motivate individuals to get into business Accepted	4.02
13.	Banks should change their attitudes towards 'risk' and in particular towards young entrepreneurs Accepted	3.69
14.	Government should provide financial support packages aimed at young entrepreneurs, given the inherent difficulties faced by this group, particularly at the initial take off Accepted	4.67

Data in this table shows that government providing loans for young entrepreneurs, establishing favourable policies that could motivate individuals to get into business and providing financial support packages aimed at young entrepreneurs, given the inherent difficulties faced by this group, particularly at the initial take off, are good strategies for meeting the financial challenges faced by young entrepreneurs in textiles and clothing establishments in Lagos state. Another strategy is the emphasis laid on banks changing their attitudes towards 'risk' and in particular towards young entrepreneurs.

Table 4: Strategies for Meeting the Support Challenges Faced by Young Entrepreneurs in Textiles and Clothing Establishments in Lagos State

S/N	Strategies	Mean	Remark
15.	Government should provide opportunities for individuals to Move on with entrepreneurship in their environments	4.44	Accepted
16.	Cooperate Affairs Commissions should provide information and knowledge about property rights and products protections to citizens of the country.	3.52	Accepted
17.	Non-governmental organisations should target towards developing business supports for young entrepreneurs	3.51	Accepted
18.	Families should provide landed properties to support young people who want to start businesses	3.02	Rejected

Data in table four shows that government providing opportunities for individuals to move on with entrepreneurship in their environments, Cooperate Affairs Commissions providing information and knowledge about property rights and products protections to citizens of the country and non-governmental organisations targeting towards developing business supports for young entrepreneurs are good strategies for meeting the support challenges faced by young entrepreneurs in textiles and clothing establishments in Lagos state. There was no need for families to provide landed properties to support young people who want to start businesses.

Findings

Based on the data analysed the following findings were made:

1. The financial challenges faced by young entrepreneurs in textiles and clothing establishments in Lagos state were difficulties in obtaining loans and lack of commitment and support by the banks and financial institutions for small and emerging businesses
2. The support challenges faced by young entrepreneurs in textiles and clothing establishments in Lagos state were Lack of government policies that support young entrepreneurs, especially in the payment of bills, tax and property rates. There is also Need for information about the several ways of protecting their businesses.
3. Four strategies for meeting the financial challenges faced by young entrepreneurs in textiles and clothing establishments in Lagos state were identified.
4. In Lagos State, three strategies for meeting the support challenges faced by young entrepreneurs in textiles and clothing establishments were also identified.

Discussion of Findings

There are some financial and support challenges faced by young entrepreneurs in textiles and clothing establishments in Lagos state. This was in support of the words of Lavania (2004) who pointed out the fact that entrepreneurship requires capital at hand unlike other projects, and young entrepreneurs in textile and clothing establishments in Lagos State have this as one of the problems they encounter in their businesses. Ikpe and Onwe (2007) stressed that it is still a well known fact that small businesses owned by young entrepreneurs are more vulnerable to economic changes than big businesses because of problems they face with finance. According to the findings of this research the Nigerian government does not have policies that support young entrepreneurs, especially in the payment of bills, tax and property rates. This goes a long way affecting young textile and clothing entrepreneurs as Anyakoha (2006) explained that a situation where an entrepreneur did not start a business with adequate capital can lead to the collapse of that business, mostly because of poverty that is being experienced. According to the findings of this work these young entrepreneurs also find it difficult obtaining loans. This is in accordance with the words of Mahinda (2004) who explained that obtaining a loan is not a straightforward procedure. Of course obtaining a loan is not a straight forward

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procedure and Ikpe and Onwe (2007) stressed that most banks will insist that the borrowers provide security in the form of collateral when borrowing from the bank and sometimes these young entrepreneurs could not obtain these loans because they do not have the required collaterals to do so. Middlesex University (2009) pointed out that young entrepreneurs face additional discrimination on the part of finance providers. This discrimination could be because one of the key disadvantages suffered by young entrepreneurs, particularly those below the age of thirty relates to their limited availability of collateral with which loans can be obtained from finance providers (Middlesex University 2009).

Entrepreneurs in Lagos state agreed that there is total lack of commitment and support by the banks and financial institutions in Nigeria for small and emerging businesses. This confirms the words of Mkhize, (2006) who explained that the lack of commitment and support by the banks and financial institutions for small and emerging businesses can be a big problem to young entrepreneurs, especially those in textile and clothing establishments. Of course young entrepreneurs in textile and clothing establishments need this support seriously. That is why Ikpe and Onwe (2007) explained that many small businesses owned by young entrepreneurs cannot afford the huge investments in capital equipments, technology and working capital that most modern large businesses require and so expansion becomes so difficult for these small businesses. Again Ikpe and Onwe (2007) added that young entrepreneurs are the first to begin to experience financial difficulties and their low capital base obviously cannot absorb huge operating losses arising from adverse economic changes. If these supports could be rendered to young entrepreneurs it will help to reduce these adverse effects of economic changes on this group of individuals.

Entrepreneurs in Lagos state are of the opinion that there is need for young textile and clothing entrepreneurs to be given information about several ways of protecting their businesses. This was in support of Jameel (2009) who observed that young people are often poorly informed about the kind of aid that exists to support entrepreneurship and are often overwhelmed by the necessary steps to create their businesses. This is why Middlesex University (2009) pointed out that the provision of business support services and programmes aimed specifically at young entrepreneurs, should be priorities for policy supports. If this is done, it will go a long way in providing young entrepreneurs with information about some support agencies that can help to equip them with knowledge about their businesses. The absence of this knowledge is why Andrews, *et al* (2009) reported that young entrepreneurs were largely unaware of the good works being done by support agencies and unfortunately, the few people that had worked with nonprofits in the past had largely unsatisfying experiences. All these will need to be straightened out for young textile and clothing entrepreneurs in order for them to be able to protect their businesses and all aspects of their investments can be saved for progress to be made in the establishments.

Conclusion

Two of the financial challenges faced by young entrepreneurs in textiles and clothing establishments in Lagos state were identified. Two support challenges faced by young entrepreneurs in textiles and clothing establishments in Lagos state were also identified. While four strategies for meeting the financial challenges and three strategies for meeting the support challenges faced by young entrepreneurs in textiles and clothing establishments in Lagos state were also established. When these challenges are identified, it becomes important that the strategies for meeting them are applied in the society so that young textile and clothing entrepreneurs will continue to expand and make progress in their establishments in Lagos state and in Nigeria as a whole.

Recommendations

Based on the findings, the following recommendations were made:

1. Government should establish commissions that will help to keep funds that can easily be released to young textile and clothing entrepreneurs without many protocols observed.
2. Local communities should nominate groups of individuals that will help to monitor the affairs of young textile and clothing entrepreneurs in their environments. These groups will be there to see to the problems of these entrepreneurs and relate them to government for use in the making of policies in support of young textile and clothing entrepreneurs.

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