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Dwarfed Giant: Impact of Trade and Related Policies on SMEs in the Nigerian Textile Industry

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Abstract
This study examines the impact of trade-related policies on SMEs fabric manufacturers operating in the Nigerian textile industry. The Nigerian textile industry was the third largest in Africa and the second largest employer of labour after the government. However, from the 1990s, the industry started experiencing some challenges often linked to trade liberalisation policy under the World Trade Organisation (WTO). This placed SMEs textile fabric manufacturing firms under immense pressure to attain long-term sustainability as the productivity and competitiveness of the domestic industry were being threatened by foreign/external competitors from international markets. In identifying and addressing the issues posed by trade policies as part of achieving the research objective, a qualitative mode of inquiry with a case study approach was employed. Semi-structured In-depth interviews were conducted with the managers of three formally registered SMEs fabric manufacturing firms in Lagos State, Nigeria. The findings were interpreted using thematic analysis. The findings indicate that the challenges faced by SMEs in the Nigerian textile industry are linked to the lack of supportive and measurable policy and regulatory frameworks to accompany the implementation of liberal policy in the country. These findings point to the fact that in order to revive and boost the productivity and competitiveness of SMEs in the Nigerian textile industry, and to reap the full benefits of international trade policy on liberalised markets, the government has to engage in restructuring the business environment through the implementation of effective and stable macroeconomic, trade-related infrastructural and institutional policies.
Keywords: *SMEs, Trade liberalisation, Nigeria, Trade Policies, Textile industry*

Introduction

The crucial role of Small and Medium-sized Enterprises (SMEs) in the social and economic development of both developed and developing countries through contributions to employment generation, Gross Domestic Product (GDP), poverty alleviation and the general development of entrepreneurship are widely recognised in the literature (Chibundu, 2006; Bashir, 2008; Bashir, 2009; Fatai, 2011). In terms of share numbers and scale, a study conducted by the Organisation for Economic Cooperation and Development (OECD) reports that, over 95 percent of enterprises worldwide are recorded as SMEs and the figure for employment in the sector is given at between 60 to 70 percent of the labour market (Robu, 2013). Similar to developed countries like Canada and the United States where SMEs employ 70 and 87 percent of the workforce (Motilewa, Ogbari & Aka, 2015; Innovation, Science and Economic Development Canada, 2016), the observations from developing regions are similarly impressive. SMEs represent over 90 percent of private businesses and contributes to more than 50 percent of employment and GDP in most African countries. For instance, in South Africa, it is estimated that 91 percent of formal business entities are SMEs who contribute between 52 to 57 percent of the country's GDP and employ about 61 percent of the workforce (Bashir, 2008). In Ghana, 92 percent of firms are formally registered as SMEs who generate about 85 percent of employment in the manufacturing sector and contributes 70 percent of the country's GDP (Ackah & Vuvor, 2011).

Similar to other (developed and developing) countries, SMEs make a significant contribution to the social and economic development of Nigeria. A survey conducted by the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) & National Bureau of Statistics (2013) indicate that SMEs dominate the private sector of the economy[1]. For instance, 95 percent of firms in the manufacturing sector fall into the SME category (Odeyemi, 2003; Udechukwu, 2003; Chibundu, 2006), these consistently account for more than 60 percent of the country's workforce and 50 percent of GDP (Odeyemi, 2003; Udechukwu, 2003; Ihua, 2009; Motilewa, Ogbari & Aka, 2015; Taiwo, Falohun & Agwu, 2016). Similarly, in the agricultural and services sectors, SMEs contributes 32 percent and 27 percent respectively to the GDP (Yahaya, Geidam, & Usman, 2016).
Despite the well-established contributions of SMEs, a number of scholars (see Pagano & Schivardi, 2001; Beck, Demirguc-Kunt & Levine 2005; Cravo, Gourlay & Becker, 2012) argue against this 'pro-SME' view. These studies emphasise the advantages of large firms, suggesting that large enterprises provide considerably more stability in terms of employment generation and poverty alleviation than SMEs (Pagano & Schivardi, 2001; Beck, Demirguc-Kunt, & Levine, 2005). In part, this is based on the suggestion that large enterprises possess certain economies of scale advantages which enhances their productivity, innovative capabilities, and ultimate longevity (Pagano & Schivardi, 2001;

[1] SMEs in Nigeria can be grouped into the urban (which is made up of organised and unorganised enterprise) and rural enterprises. The organised sector is made up of formally registered firms with a developed business structure and paid employees. While the unorganised and rural enterprises are made up of unregistered businesses who work in open spaces, temporary wooden structures or at home and rely mostly on family members or apprentices (Kayanula & Quartey, 2000; Ackah & Vuvor, 2011).

Herman, 2012). In terms of challenges associated with SMEs and their frequently reported high failure rates, some studies such as Obokoh (2008) and Ogechukwu (2011) suggest that a number of these – including lack of planning, poor marketing strategies, lack of technical knowledge, lack of capital – are often self-inflicted. However, a significant and extensive strand of research and related discussions focus on SME constraints, including unfavourable government policies, globalisation effects and suboptimal financial and other institutions – derived from their business environment (Onugu, 2005; Mudavanhu, Bindu, Chigusiwa & Muchabaiwa 2011; Ogechukwu, 2011; Fatoki, 2014). Among these, the specific and interrelated impact of trade policies on SMEs in their domestic business environment, especially those operating in developing countries' context like Nigeria has been less explored (Bouri, Breij, Magatte, Kempner, Klinger & Stevenson, 2011; Wang, 2016).

This paucity is somewhat troubling given that SMEs are recognised worldwide as the drivers of socioeconomic growth and development. In Nigeria, it is believed that SMEs competitive abilities are being restricted by the impact of international trade policy on liberalised markets. This is a particular issue in the Nigerian textile industry were at its peak, and before the impact of liberal policies, the Nigerian textile industry was the third largest in Africa; it was the second largest employer of labour after the government, contributed immensely to the GDP of the country, and was an important source of revenue to the government. However, from the 1990s, the Nigerian textile industry started experiencing some challenges often linked to trade liberalisation policy under the General Agreement on Tariffs and Trade/World Trade Organisation (GATT/WTO). This placed SMEs textile fabric manufacturing firms under immense pressure to attain long-term sustainability while creating social and economic value in their operative environments as these challenges led to the loss of competitiveness, collaborative abilities in inter-organisational relationships, and closure of numerous SMEs textile fabric-manufacturing firms across the country (Pessu, 2017). Given the potential impact of these challenges on SMEs competitiveness; this paper examines what constitutes SMEs in the Nigerian textile industry, the issues they face as a result of trade policies and how these issues impact on their productivity and competitiveness. Findings from this study will contribute towards understanding the challenges posed by trade policies in SMEs domestic business environment and strategies for overcoming them. In addressing this broad objective, the paper is divided into five sections. Section 2 provides an overview of the Nigerian textile industry from two distinct time periods/phases: manual production and industrial production. Section 3 presents the trade policies governing and impacting on the competitiveness of the Nigerian textile industry. Section 4 covers the research methodology employed in this study. Section 5 presents the research findings and discussion. Lastly, Section 6 ends with a summary and conclusion.

Overview of the Nigerian Textile Industry

In Nigeria, the role of textile production in industrialisation can be discerned by examining two distinct time periods/phases: manual production in the pre-colonial era and industrial production which started in the mid-50s.

In phase 1, cloth weaving was a major manufacturing activity in many Nigerian cities located in Northern and South-Western part of the country. The industry was mainly operated on a small-scale in rural areas largely by individual families using traditional methods of production also known as 'manual textile production' for weaving and spinning made out of woods, handlooms caved out of wooden trunks or raffia palms and the use of other handmade techniques such as tie and dye, stitching and waxing. The process of weaving required the combined efforts of both men and women, while spinning was done mainly by women, most of which hold the production process sacred (Onyeiwu, 1997; Pessu, 2017). The raw materials used for traditional weaving were primarily obtained from the local environment such as cotton, which was used in making traditional attires (such as aso-oke, adire, batik, kampala and countless others) which met both local and international demands (Olutayo, Olayinka & Fadina, 2011; Pessu, 2017). During the 1900s there was a large market for textiles in the country, especially in the North where the textile industry witnessed tremendous growth with cities like Kano producing more than 2 million rolls of clothes per year (Candotti, 2009). Onyeiwu (1997) observed that during the growth, the British textile industry sourced cotton from West Africa with their major supply from Nigeria. In 1902 this trading relationship was formalised through the formation of the British Cotton Growing Association (BCGA), aimed at encouraging the cultivation, improvement, and export of cotton from West Africa to Britain.

Phase 2 in the 1950s, Nigeria started engaging in the large-scale production of textiles and this marked the beginning of industrial production in the country (Pessu, 2017). Industrial textiles refer to the production of textiles using automated electronic machines made in a variety of colours, designs and quality (Makinde, Fajuyigbe & Ajiboye, 2015). The quality of the machinery and equipment installed determines the quality of the production output (Onyeiwu, 1997). It is a very labour intensive industry that requires specific skill sets and technical training of skilled and unskilled workers. European textile firms such as David Whitehead and Sons of Lancashire dominated the Nigerian market in the 50s. This led to the establishment of the first textile mill in Nigeria (The Kaduna Textile Limited) in 1956 by David Whitehead and Sons of Lancashire in partnership with the Northern Nigerian government (Nwabueze, 2009). In the 1960s, textiles became a leading substituting activity in the country which attracted more foreign players, including Indian, Japanese, Chinese, Lebanese, and Syrian firms. With this new influx, the Nigerian textile industry became foreign-dominated, as foreigners either solely or partly owned most firms. Being foreign dominated did not seem to have an immediate adverse effect on the industry. Awe (2001) notes that between the 1970s and 1980s, more textile factories were established in the North and other parts of the country, for example, Lagos, Kaduna, Kano, Funtua, Gusau, Asaba, Aba and Port Harcourt among others (NUTGTWN, 2014). Reports indicate that in the 1970s, the industry had 100 major plants employing about 100,000 workers in 1980 (Nwabueze, 2009). During this period, the Nigerian textile industry became the third largest in Africa after South Africa and Egypt; it was also the second largest employer of labour after the government and contributed immensely to the GDP of the country and was an important source of revenue for the government. Similarly, Anudu (2013) reports that in the 1980s, the Nigerian textile market had over 160 vibrant textile mills and over 500,000 direct and indirect jobs and by 1985, the number of textile mills in the country increased to about 180, employing about 1,000,000 Nigerians. However, the Nigerian textile industry started experiencing some challenges associated with international trade policy on liberalised markets from the 1990s. It is believed that trade liberalisation led to the loss of competitive advantage of domestic manufacturers, thereby resulting in the dwarfing or outright closure of countless numbers of these giant firms.

Trade Policies Governing (and impacting) the Nigerian Textile Industry

In the course of its evolution, the Nigerian textile industry has been governed by two major trade policies: import substitution industrialisation (ISI) and trade liberalisation (Phases 1 and 2). ISI was a protectionist policy adopted by many developing countries before the 1980s, aimed at protecting domestic industries from foreign competition through trade barriers (Krugman & Obstfeld, 2006). In the case of Nigeria, the industrialisation process was in two stages and coincided with the pre-1950 (phase 1) and late 1950s – 1980s (phase 2) time-periods. The first stage occurred during phase one in the pre-1950 time period and was controlled by colonial powers. The second stage of industrialisation began in the late 1950s and gathered momentum in the 1960s when the import substitution was more widely implemented. Ogujiuba, Nwogwugwu & Dike (2011, p.9) state that “the logic behind ISI is hinged on forward and backward linkages in industrialisation processes and economies of scale. ISI was designed to promote local industries to replace the foreign-produced, manufactured products that were consumed as imports”. In Nigeria, the process of import substitution followed the dynamics typical of any import substitution process, one conceived as a developmental strategy and a means to industrialisation. The policy was implemented as part of independence considerations, it was believed to be the only developmental strategy associated with the independence process in Africa (Krugman & Obstfeld, 2006; Mendes, Bertella & Teixeira, 2014), one that sought to nurture local capacity and reduces the reliance on external stakeholders and influence. However, the strategy lasted until the second half of the 1980s due to the failure of ISI in the country.

There are few accounts on how ISI failure started in Nigeria and most of this made reference to (1) the oil boom of the 1970s and the neglect of the manufacturing sector, including textile and its related and supporting industries and (2) the Indigenisation Decree termed “Nigerianisation” in 1972 and later the Nigeria Enterprises Promotion Act 1977. Nwabueze (2009) narrates that between 1970 and 1979 oil was Nigeria’s biggest foreign exchange earner, which immensely contributed to the country’s wealth. As a result, most of the revenue was intended for socioeconomic development through diversification, but it also led to inflation and bias in allocation. This act impacted negatively on various sectors of the economy, especially the textile industry that was heavily reliant on the agricultural sector for cotton production. Textile manufacturers had to import their inputs and there was no shield against the harsh conditions associated with foreign trade policies. Importation costs had an adverse overall effect on the production cost. Makinde, Fajuyigbe & Ajiboye (2015) explain that most firms were engaged largely in the same kind of business activities, spinning and weaving. There was an unhealthy competition for the small quantity of locally available cotton. This drove up production price and the price of finished products. Higher and non-competitive production price at home helped to quicken the ailment in the subsector.

In addition, the Indigenisation Decree termed "Nigerianisation" in 1972 and later the Nigeria Enterprises Promotion Act 1977, which were aimed at preserving the country's foreign exchange reserves and changing the ownership structure of the local textile industry from foreign domination, also contributed to the failure of ISI (Beveridge, 1991; Nyor & Chinge, 2014). These represented genuine attempts by the government to ensure that Nigerians play active and valuable roles in the development of the economy. According to Beveridge (1991), these decrees were aimed at limiting foreign ownership in local enterprises to a certain maximum percentage, depending on the size of the company in order to secure Nigerians' participation. Plankensteiner (2013) notes that in the context of the indigenisation decree, the government banned the importation of industrial embroidery textiles in 1976 in a bid to strengthen the local industry and preserve the country's foreign exchange reserves. This decree saw changes in the ownership structure of SMEs in the textile industry. For example, some Nigerians were made major shareholders and chairpersons of boards. This led to the downfall of the SME sector, as most had little or no knowledge about the sector, such as managerial skills and knowledge of the market. It also led to a capital flight in the country (Nwabueze, 2009). The failure of ISI led to the introduction of liberalisation and free-market policies, in particular through a structural adjustment programme (SAP) which, according to Mendes, Bertella & Teixeira (2014) was against the system of industrialisation in Africa.

The International Monetary Fund (IMF) introduced a Structural Adjustment policy, which marked the beginning of trade liberalisation in Nigeria and was meant to last between 1986 - 1988 (Ogechukwu, 2011). SAP, as introduced in Nigeria, had the following key objectives: to reduce the dominance of unproductive investments in the public sector; to achieve a viable balance of payment; to reduce dependence on oil and on imports by restructuring and diversifying the productive base of the economy (Havyrlyshyn, 1990; Mkandawire, 1995). In order to achieve said objectives, the IMF prescribed a number of liberalisation related policies, including: (1) the adoption of appropriate pricing policies in all sectors with greater reliance on market forces; (2) restructuring and rationalisation of the public sector through privatisation, commercialisation, and removal of subsidies; and (3) trade liberalisation through the removal of tariff or any other barriers to trade. The idea of reliance on market forces and liberalisation was to make the economic environment attractive for foreign investors (Havyrlyshyn, 1990; Tybout, 1992; Edward, 1993; Mkandawire, 1995). According to Ogechukwu (2011), SAP was one of the policy measures, which placed emphasis on the technological aspects of the industrial development of SMEs in the country. This corrective measure was to divert efforts towards the maximum exploitation of natural resources and to discourage capital-intensive mode of production in the light of the abundant resources available. In this regards, the industrial policy tried to focus its attention mainly on local resource utilisation through various forms of incentives worked out by the government. Some of the basic policy strategy aimed at revamping the industrial sector was similar to the objectives of ISI such as (1) Encouraging the use of more local materials in industrial development activities; (2) Encourage greater capacity utilisation in Nigerian industries.

In order to support this policy agenda, the government then tried to increase support and contributions by establishing: (1) a research products development firm to provide a bridge between research and commercial development of results and also cooperate with manufacturing sector on the importation of machinery and eventually develop the capability for fabricating such machines; (2) the Federal Institute of industrial research and other institutions as the project development agency and centres; (3) the provision of funds to implement feasible projects originated from policy paper, prepared by the Nigerian Council for Science and Technology; and (4) the Industrial Research Council of Nigeria to get organised in coordinating industrial research efforts. Despite these efforts, the introduction of SAP seems to have increased the negative effects for employers of labour and made it difficult for self-employment, especially in the Nigerian textile industry (Anyanwu, 1992; Nwabugo, 2011; Ogechukwu, 2011). Reports indicate that these reforms led to cuts in worker's salary; massive retrenchment of workers; removal of subsidies, and numerous others, including the decline of the real incomes of domestic stakeholders in the industry by almost 50 percent (Nwabugo, 2011).

SAP later gave way to WTO policy, which Nwabueze (2009) suggests was in furtherance of SAP objectives. The general objective of this liberal policy under the WTO is to increase the standard of living and income, create job opportunities, and enhance world production of goods and services and adequate utilisation of the world's resources as well as economic development (Jhingan, 1998). It is also aimed at balancing the rule of trade between member countries through trade liberalisation. As a member country, Nigeria had to further reduce their protectionist approach in order to allow the free flow of goods and services within member countries. Oyejide, Ogunkola & Bankole (2012) argue that despite Nigeria's accession into WTO, the country still had import prohibitions on textile materials which were meant to be totally eliminated in 2005 in line with WTO reform policies and regulations (Kim, 2011). Nigeria's accession to the WTO raised concerns among stakeholders regarding the economic implication for the country (Nnabuihe, Odunze & Okebugwu, 2014). In particular, Adeleye (2002) reports that stakeholders in the manufacturing sector were against the full liberalisation policy under the WTO, suggesting that it made the economy vulnerable to increased foreign competition, and further compounded the already existing challenges faced by the Nigerian textile industry (Nwabueze, 2009; Nmadu, 2008). Stakeholders in the Nigerian manufacturing sector condemn the WTO principle of trade without discrimination on rights and obligations in goods, services, and intellectual property. The suggestion is that the WTO agreement has been one-sided in favour of developed countries to the detriment of developing countries. A situation whereby developed countries determined the prices of manufactured goods and services produced mainly for them in developing countries (Nnabuihe, Odunze & Okebugwu, 2014). Similarly, Nmadu (2008) notes that textile trade in the country increased drastically during the period Nigeria became a member of the WTO in favour of imported textiles rather than locally manufactured textiles. That is, as the sale of imported textiles increased, local production decreased drastically over the period.

The current structure and rules of the WTO agreement impacted negatively on the growth and development of SMEs textile operators because it has led to an unequal technological strength between developed and developing countries (Nnabuihe, Odunze & Okebugwu, 2014). The trade agreement encouraged the influx of foreign finished fabrics and designs into countries like Nigeria, which has led to a near collapse of domestic industries. That is, technologically weak countries cannot compete favourably with other advanced countries. SMEs are the most affected on account of an inability to meet the demands of customers who complain about the lack of value in domestic production (Nmadu, 2008; Stearns, 2010). Furthermore, the removal/reduction of tariff and non-tariff barriers paved the way for foreign competition and facilitated the illegal importation of finished fabrics and designs from countries such as China and India through the borders of neighbouring countries like the Republic of Benin. As a result, the Nigerian government loses about $400 million to smuggling annually and about $1.4 billion worth of textile materials flood the nation's market annually, 85 percent of which are smuggled (Njoku, Oguzie, Obi, Bello & Ayuk, 2011). In 1997, domestic manufacturers were faced with huge competition from smugglers who cleverly avoided the payment of tax and levies, which gave them a scope to be more competitive than domestic firms who were unable to benefit from such evasion practices. Neighbouring countries and their Nigerian collaborators took advantage of the policy to smuggle illegal cheap fabrics and designs into the Nigerian market and in doing so, violated the terms of the international trade agreement. Attempts to reverse this trend saw the government introduce another ban on importation of textiles in May 2004, a measure, which yielded no result as the Nigerian market continued to be flooded with cheap smuggled textiles. Other studies argue that importation and sales of used clothing are the major killers of the Nigerian textile industry (Baden & Barber, 2005; Amubode & Braide, 2010; Brooks & Simon, 2012; Eneji, Onyinye, Kennedy & Rong, 2012).

They ascribed this to the liberalisation policy under the WTO, which made the Nation’s market a dumping ground. As imports of used clothing increased, the more textile-related jobs were lost. Locally produced fabrics were found to be more expensive than the sale of used clothing, which was cheaper; hence, the competitiveness of the industry has been in jeopardy (Brooks & Simon, 2012; Bello, Inyinbor, Dada & Oluyori, 2013). The unhealthy business environment led to the closure of over 50 textile firms within the first 6 years of the WTO agreement, with about 80,000 people employed by the industry losing their jobs. Major companies such as Aba Textiles, Asaba Textile Mills, Arewa Textiles, Five Star, Gaskiya, Haffar Industrial Company Limited, SpecoMills, Zamfara Textiles, Millet Nigeria Limited, among countless others, have all been forgotten when textiles are discussed and there has been more closure and corresponding reduction in employment on a yearly basis (Anudu, 2013; Bello, Inyinbor, Dada & Oluyori, 2013). Most of the firms that shut down, abandoned their leasehold on their premises, took their money, sold their machinery and their managers and owners fled the country to other economies where the production environment was considered to be more favourable. The implication of this is that for several firms, the closure is total and final not temporary as these foreign partners who invested massively in the Nigerian textile industry were operating in this sector mainly for profit (Nwabueze, 2009).

Research Methodology

This study adopts a qualitative mode of inquiry and case study research strategy. In-depth case studies were employed because it is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident and it relies on multiple sources of evidence (Yin, 2014, p.16). Also, it is useful in areas where little or no research has been done, as is the case in this research from a developing country's perspective. Similarly, Halinen & Tornroos (2005) define case study research strategy from a business perspective as the in-depth study of one or more business networks, where the researcher gathers multiple information from different sources in order to develop a holistic description of the study conducted on the business networks. Meaning, case study strategy enables the researcher to pursue high levels of data validity and generalisability that provides replication and/or convergence of findings in the case studies (Lewin & Johnston, 1997). The aim of the study is to have an in-depth perspective of the impact of trade and related policies on formally registered SMEs fabric manufacturers operating in the Nigerian textile industry. Semi-structured In-depth interviews were conducted with the managers of three SME fabric manufacturing firms in Lagos State, Nigeria. The findings were interpreted using thematic analysis. The purpose of the thematic analysis is to search for themes or patterns that occur across the data set (Saunders, Lewis & Thornhill, 2016). Case selection for this study was based on the firm size. There are numerous definition of what constitutes an SME in Nigeria. For example, the Central Bank of Nigeria defines small-scale enterprises in its Monetary Policy of 1988 "as those enterprises with an annual turnover of not more than 500,000 Naira". Equally, the Federal Government of Nigeria in 1992 defined small-scale enterprises for the purpose of commercial bank loans as those enterprises whose annual turnover does not exceed 500,000 Naira and for merchant banks, the government defined SMEs as those enterprises with capital investment not exceeding 2,000,000 Naira or a minimum of 5,000,000 Naira (Fatai, 2011). Onugu (2005) points out that the National Council of Industries defines SMEs as those business enterprises whose total costs excluding land is not more than 200,000,000 Naira. Given the lack of shared consensus on what constitutes an SME in Nigeria, the European Commission definition was adopted as a guide for this study because it recognises the differences between SME groups based on the number of employees. Therefore, in order to qualify as an SME for this study, the firm size had to be in accordance with the European Commission (2003) definition of SMEs "these are enterprises employing fewer than 250 persons", which is widely accepted by academia and practitioners.

Findings and Discussion

UNEP (2005) points that the aim of trade liberalisation under the WTO was solely to encourage development among member countries and this has been a success in countries such as China, India and Brazil, but unsuccessful in Nigeria due to the manner in which these policies were implemented in the country. This section presents the research findings. It is divided into three segments that address each of the research objectives, which is to examine the constitution of SMEs in the Nigerian textile industry, the issues they face as a result of trade policies and how these issues impact on their productivity and competitiveness. The names and identity of participants and their organisation were concealed and replaced with pseudonyms for ethical reasons.

Constitution of SMEs in the Nigerian Textile Industry

Storey (1994) argues that there is no single, standard definition of SMEs because they differ in their levels of capitalisation, sales, and employment. SMEs definitions, which employ measures of size such as assets and employees base criteria, when applied to one sector, could lead to all firms being classified as small, while the same size definition when applied to a different sector, might lead to a different result (Storey, 1994; Kanlisi, Amenga-Etego, Akomeah, Amoako & Narh, 2014; Lkhagvasuren & Xuexi, 2014; Igabanugo, Uzonwanne & Ezenekwe, 2016). Hence, it is important to understand what constitutes an SME in the Nigerian textile industry in order to identify trade policy issues facing the sector. Despite numerous studies on the textile industry, suggesting that it is mostly dominated by SMEs worldwide, this perception is however different about SMEs in the Nigerian textile industry. There are few barriers to entry into the Nigerian textile industry in terms of capital. For instance, it is believed that SMEs does not have the financial capacity to invest in such an industry. In addition, many commercial banks are unwilling to finance SMEs due to perceived risks and uncertainties such as the absence of appropriate managerial skills and access to modern technology (Osuagwu, Eberechi, Chibueze, Osondu & Ayegba, 2016). Some stakeholders argue that there are no SMEs in the Nigerian textile industry, stressing that SMEs can only be found 'in the marketing side which is a shop system (Pessu, 2017). However, Onyeiwu (1997) opined that potential manufacturers who are able to raise the required capital can easily enter the industry. The findings suggest that most participants in this study are unaware that their company falls into the category of SMEs going by the European Union definition. In this view, Table 1 below illustrates that SMEs do exist in the Nigerian textile industry given the research findings on the constitution of SMEs into textile fabric production in the country.

Table 1 Description of SMEs into Fabric Manufacturing in Lagos, Nigeria

Company Name	Company Size	Current No. of Employees	Current Asset (excluding land and working capital)	Previous Asset (before the issues) (excluding land and working capital)	Previous No. Of Employees (before the issues)	Main Products
Company A	Medium	119	₦1.2million	₦12million	480	School uniform, suiting materials, shirting materials and also paramilitary and military uniforms
Company B	Small	35	₦50million	₦500million	300	Lace Materials
Company C	Medium	250	₦840,000	₦2billion	1000	Suiting material, shirting materials, foam covers for mattress making, towel, window blinds, school uniforms, and bed sheets, military and paramilitary uniforms.

The contradicting views of the lack of shared understanding of what constitutes an SME among stakeholders in the Nigerian textile industry makes it difficult to understand their needs and how to implement the right policies in addressing the challenges they face in their domestic business environment. SMEs in the Nigerian textile industry are meant to have a holistic definition to enable and ease a potential collaborative partnership between stakeholders in the country that can lead to successful implementation of developmental strategies for SMEs socioeconomic development as seen in many other countries. The lack of a holistic definition and convergence of stakeholders has contributed immensely to the policy issues and lack of competitiveness facing the Nigerian textile industry. Therefore, based on this research findings, SMEs in the Nigerian textile industry can be defined using the following criteria; assets, numbers of employees' and products they produce (as represented in table1 above) as those enterprises that produce fabrics from natural or man-made fibres through industrial fabric production processes such as spin yarns used in knitting or weaving, with staff strength between 10 to 250 and an asset of not less than ₦840,000 ($4,204.63) and not above ₦50million ($250,275) excluding land and working capital.

Trade Policy Issues Faced in the Nigerian Textile Industry

Today's business environment has become highly competitive and challenging due to changes in international trading systems, resulting in the liberalisation of markets. It is believed that nations with less restrictive trade policies attain higher socioeconomic growth and development compared to those that operate under strict protectionism. Thus, most countries had to eliminate/reduce their barriers to trade in order to reap the full benefits accompanied by trade liberalisation. In recent years, a significant and extensive strand of research has focused on the impact of trade policies and how it disadvantage countries with weak infrastructural and institutional environment. Among these, the interrelated impact of trade policies on SMEs in their domestic business environment, especially those operating in a developing country context like Nigeria has been less explored. Findings from this study seem to indicate that issues related to the macroeconomic policies, high production cost, removal of import bans and the influx of textiles affecting SME fabric manufacturers in the country are due to government weak and inconsistent infrastructure and institutional policies, and poor implementation of strategies.

High Cost of Production/ Macroeconomic Policies

The textile industry is very labour intensive and thus requires efficient infrastructural support to enhance productivity and reduce production cost. Findings from this study indicate that the cost of production adversely affected textile production. This made locally manufactured textiles less competitive in terms of price as against the price of imported smuggled goods due to factors such as; high electricity rates and poor power supply, high cost of transportation of raw materials due to bad roads, lack of water supply, short tenure of loans, levies and duties in the country. Manager Company A noted:

"In Nigeria, we have this problem of power generation and transmission that has really affected the industry. Most of these machineries are powered by a diesel engine and you know the cost of running these diesel engines is expensive in this country. This contributes to the cost of production, which is very high to the extent that after production, we might not break-even due to the high cost of gas, salary, overhead, power, we have to pay Industrial Training Fund (ITF), standard organisation, local government, employment bureau and other statutory payment and at the end of the day, the margin, is very low ".

The poor state of infrastructure in many African countries, especially in attracting foreign investment and industrial development has attracted the attention of stakeholders in these regions (Olufemi, Olatunbosun, Olasode & Adeniran, 2013; Obokoh & Goldman, 2016). For example, a study conducted by Global Entrepreneurship Monitor (2012) shows that poor infrastructure is a major hindrance to SMEs development in Nigeria. Obokoh & Goldman (2016) observed that most of the current infrastructural amenities in Nigeria were established between 1970 and 1974. Further attempts by successive governments to improve the state of infrastructure in the country failed due to the implementation of unfavourable policies and mismanagement of funds because of the oil boom in the 1970's. This led the government to embark on a series of economic reforms such as the adoption of a liberal policy under SAP. Olufemi, Olatunbosun, Olasode & Adeniran (2013) noted that the after effect of these reforms led to the neglect of infrastructure and underinvestment in the country. This is because the government misinterpreted the objectives of liberal policies under SAP in view of the budgetary allocation for investment and rehabilitation of infrastructure (Obokoh & Goldman, 2016). The neglect and underinvestment in infrastructural amenities have a huge impact on the Nigerian economy. Firstly, the lack of adequate infrastructures like electricity, ports, and roads increases the cost of most raw materials, thereby reducing productivity and competitiveness of SMEs operating in the Nigerian textile industry (Olufemi, Olatunbosun, Olasode & Adeniran 2013).

In Nigeria, firms experience power failure more than seven times in a week (Adenikinju, 2005; Obokoh & Goldman, 2016). The impact of this for SMEs is the loss of production output time due to the idleness of workers, damaged equipment and materials because of interrupted power supply during the course of production. SMEs also incurs additional cost of providing self-generated electricity (Adenikinju, 2005). Secondly, it reduces the inflow of foreign direct investment into the country. Investors are attracted to countries with well-developed infrastructural amenities, but due to the lack of efficient infrastructure in Nigeria, many firms of foreign origin in the textile industry have moved their investment to other countries. The competitiveness of firms operating in the Nigerian manufacturing sector, such as the textile industry has been stalled due to the impact of economic liberalisation and poor implementation of supporting measures. The high cost of production has reduced the quality of output from the country's textile industry; this has led to changes in production processes. Manufacturers who are unable to cope with high production cost in the country opt to produce their fabrics in other countries, which are later imported into the Nigerian market in a bid to avoid the production cost (Ogoegbunam, Onuwumere & Ibe, 2012). Manager Company C adds:

" *The issue of high production cost in Nigeria has given international competitors an edge over domestic manufacturers in the Nigerian textile industry due to poor infrastructural amenities as a result, manufacturers have to source for other alternatives to continue production, this in turn reflects on labour cost and cost of production"*.

The high cost of production in the Nigerian manufacturing sector has been attributed to social issues such as the poor implementation of fiscal and monetary policies by the government on lending and higher interest rates in the country (Adebiyi & Babtope, 2004; Rasheed, 2010). Omitogun & Ayinla's (2007) study on the link between fiscal policy and economic growth in Nigeria, suggests that fiscal policy in the areas of lending and interest rates has not been effective in promoting the manufacturing sector for sustainable economic growth in the country. Infrastructure is one of the basic necessities for socioeconomic development. Nations cannot survive without appropriate infrastructural amenities as they determine the economy's production and consumption prospects (Fay & Toman, 2010). If infrastructure is to be beneficial to the Nigerian textile industry and enhance economic development, it must be based on long-term sustainability through shared understanding and collaborative partnership between the government and key stakeholders in the industry on how a standard infrastructural framework can be effectively implemented and followed to the end. The findings in this study linked the high cost of production in the industry to deficiencies in macroeconomic policies. Olarinde & Abdullahi (2014) define macroeconomic policies as instruments through which the government of an economy tries to regulate economic affairs of a country in line with set objectives and this can be in the form of monetary or fiscal policy. Manager Company B explained that:

"Monetary policy on the rate of exchange, Nigeria always tried to keep the Naira rate very high, in other words, it was cheaper to buy dollars, and it was always cheaper to import goods than to buy locally. Then suddenly the government was running out of dollars and they decided to introduce a licensing scheme to import products into Nigeria and companies who failed to take licences, were unable to import raw materials so that was the period many of the companies' shut down".

There have been debates on the influence of monetary policy on the financial and economic development of economies. For instance, using Nigeria as an example where the financial and capital market is underdeveloped, Ekpung, Udude & Uwalaka, (2015) note that the government over the years, adopted different techniques of monetary policy in a bid to regulate cost, volume, availability of loans and especially the performance of commercial banks. Nnanna (2001) discusses that the effectiveness of monetary policy in Nigeria has been undermined by policy override in the form of fiscal policies implemented by the government and legal environment in which the CBN operates. In turn, this has led to the economic challenges faced by SMEs in the textile industry. Agu, Okwo, Ugwunta & Idike (2015) note that monetary policies are used alongside fiscal policies in order to achieve macroeconomic objectives in an economy by regulating spending through price stability, full employment, poverty reduction, sustainable economic growth, a favourable balance of payment and reduction in a nation's debt. Ogar, Nkamare & Emori (2014) argue that the conditions accompanying fiscal policy have an economic effect on businesses. Government influences both economic and business activities through societal decisions such as political and legal processes in the form of regulations and other policies in the country, for example, import bans and multiple taxations. The impact of multiple taxations on the Nigerian textile industry was a specific issue raised in this study. For example, Manager Company C noted that:

" Textile manufacturers are subjected to paying numerous taxes to the federal government, state government and local government. Most of these taxes are paid twice to different organisations that are charged with the duty of carrying out the same task, such as National Environmental Standards and Regulations Enforcement Agency (NESRA) and Environmental Protection Agency (LASEPA)".

There are three levels of taxation in Nigeria; the Federal, State and Local levels. Given that Nigeria levies taxes from three tiers of government, businesses are therefore faced with the possibility of multiple taxations (Euba, 2016). Findings from this study and other empirical studies such as; Pitigala & Hoppe (2011) and Adebisi & Gbegi (2013) show that multiplicity of tax diminishes SMEs sustainability and competitiveness in Nigeria. According to SMEDAN, 80 percent of SMEs die before their fifth anniversary due to tax-related issues such as multiple taxations. This is because most government policies treat SMEs and large enterprises as equals (Adebisi & Gbegi, 2013). It is estimated that on average, taxes from all tiers of government cost firms 40 percent of their production cost. For instance, Pitigala & Hoppe (2011) confirm that on average, firms in Nigerian pay 33 percent of effective tax rate and approximately 40 percent marginal effective tax. This multiplicity of taxation has made Nigeria an unfavourable business climate in terms of competitiveness and productivity, especially in underdeveloped SME sectors like the textile industry.

Removal of Import Bans/ Influx of Textiles

One of the conditions of being a signatory to the WTO is that countries like Nigeria had to eliminate or reduce their barriers to trade such as import bans on textile in order to enhance the free trade among member countries. It was found that inconsistent implementation of import bans did more harm than good to the country's textile industry. There is a perception that inconsistent banning and removal of some textile fabrics from the import prohibition list, impacted negatively on the competitiveness and business performance of domestic fabric manufacturers. These inconsistencies encouraged the massive influx of textile into the Nation's markets. The inconsistent implementation of the import ban in Nigeria has been an issue of concern among stakeholders in the country, most especially those operating in the manufacturing sector. Though, Oyejide, Ogunkola & Bankole (2012) discuss that the import restriction boosted domestic production of cotton fabrics in Nigeria, accounting for over 90 percent of total supply fabrics between 1981 and 2011. However, some stakeholders complained that inconsistent banning and removal of some textile fabrics from the import prohibition list has a negative effect on their business performance. They noted that these inconsistencies encouraged a massive influx of textiles into the country's market, thereby leading to the final collapse of the industry (Oyejide, Ogunkola & Bankole, 2012). There are different perceptions of how smuggling came about in Nigeria and how it affected the textile industry. Some participants argued that the issue of smuggling had long been in existence on a smaller scale since the protectionist era, but the effect was never felt because the industry had a competitive advantage and the right infrastructures in place at low costs. Others attributed it to the factor of "cabal" and trade liberalisation under the WTO. Manager Company A converse that:

" The implementation of the liberal policy turned Nigeria's market into a dumping ground for all sorts of fabrics from different countries. This led to numerous closure and downsizing of the few surviving textile fabric manufacturing firms across the country".

Similarly, Manager Company C submits that:

"The WTO agreement is the major killer of the textile industry in Nigeria. That singular agreement is the cause of all the challenges facing the industry today because there was a time when our company had the opportunity of exporting fabrics to many European countries and we barely had time to manufacture for the local market but today, we are unable to sell what we produce due to activities of pirates (smugglers). There are two categories of smugglers; those that smuggle textiles directly and those that pirate and after pirating they smuggle".

The findings suggest that liberal policy turned Nigeria's market into a dumping ground for all sorts of fabrics from different countries. This led to the closure of numerous textile firms across the country. For example, Lagos State had the highest amount of SMEs in the textile industry but currently, they are not up to four. Smuggling poses a huge threat to the survival of domestic firms. The influx of textiles in developing countries has been linked to trade and related policies on banning. Bruce-Amartey, Amissah & Safo-Ankama's (2014) study found that importation ban on some textile fabrics in Nigeria led to smuggling of textile fabrics through unofficial channels into the country's market. The World Bank estimates that textiles smuggled through unofficial channels through countries such as the Republic of Benin are worth $2.2billion a year, concluding that the Nigerian textile industry is on the verge of collapse due to enormous smuggling (Anaro, 2016). Diogu, Nwigwe & Diogu (2014) are of the opinion that the competitive advantage these smugglers have over domestic manufacturers further enhances their business. Hence, domestic firms have to compete with foreign imported fabrics because they offer more value for money and are very affordable.

Furthermore, Manager Company C concludes:
" Most owners of closed textile firms that are of Asian origin relocated back to their countries and based on their knowledge of the Nigerian market, they started counterfeiting Made in Nigeria fabrics in their country for mass production to be smuggled back into Nigeria for sales at cheaper rates. As a result, 85 to 90 percent of the fabrics in the Nigerian market are smuggled into the country from the borders and the smugglers not only counterfeit our company's product but also our logo and this has made it impossible for customers to differentiate between the original and the counterfeited smuggled fabrics".

Aregbeyen (2012) mentions that counterfeiting and smuggling are intertwined because counterfeited products are often smuggled and aimed at evading import taxes. OECD (1998) classifies counterfeiting into two categories; deceptive (when both the counterfeit and the original product appear very similar to deliberately mislead customers), and non-deceptive (a situation whereby customers' recognises that the product is not authentic and offers to pay an adjusted price for it). Industries globally suffer from massive losses due to counterfeiting. These losses not only affect the competitiveness of domestic manufactured goods, but also involve social cost such as; loss of market share, tax invasion and time and resource spent in fighting counterfeiting (Meraviglia, 2016). It also subjects customers to purchase sub-standard goods (OECD, 1998). Langevin (2012) accounts that due to the policy on import ban, neighbouring countries to Nigeria like; Republic of Benin established illegal import system through which restricted textile fabrics are smuggled into the Nigerian market. Raballand & Mjekiqi (2010) estimate the unofficial number of container loads of smuggled textiles heading to Nigeria at 75 percent, this equates to $5,000,000,000 annually and represents one-sixth of Nigeria's total global imports. As a result, domestic firms are faced with unfair competition because smuggled fabrics are less expensive than locally made fabrics due to a multiplicity of taxes and customs duties paid by domestic firms (Diogu, Nwigwe & Diogu, 2014).

Impact of Trade-Related Policy Issues on SMEs Productivity and Competitiveness

This study gathered from participants that the absence of a functional macroeconomic, trade-related infrastructure and institutional policy environment significantly affected SMEs productivity and competitiveness. They attributed the impact of weak trade-related policy environment in the country to the loss of textile manufacturing firms and loss of jobs across the country. In addition, the findings suggest that lack of productivity and competitiveness in the Nigerian textile industry led to low patronage of locally manufactured fabrics and changes in buyer behaviour.

Loss of Textile Manufacturing Firms

The absence of functional and measurable macroeconomic and infrastructural trade-related policies led to the closure of numerous textile-manufacturing firms across the country. Findings from this study indicate that due to issues of trade-related policies, most firms either shut down or diversified into other areas of production such as plastic, ropes and sacks. Others saw it as an avenue to engage in smuggling. Manager Company A reports:

"Although the government promised to set favourable policies in place for the textile industry, none of these policies to date has yielded any positive result. In the past, there were about 25 textile firms around the Oshodi Five Star area up to Mile 12 but presently they either shut down or diversified into other areas, while others saw it as an opportunity to join the smugglers".

Further findings suggest that there are only five formally registered textile firms into fabric production in Lagos State, two of which are large firms and have been merged with other sister firms over the years and have retrenched a huge number of staffs. The remaining three are SMEs, all of which used to be large firms in the past, but later downsized by retrenching a number of staffs and either merged with sister firms or changed the ownership structure of the firm due to the impact of trade-related policies in the industry. In addition, it was observed that Company B is the only surviving lace manufacturing firm in Nigeria out of the 25 formerly registered in the country. These manufacturers ascribed the loss of textile manufacturing firms across the country to poor implementation of trade-related policies by the government. According to Manager Company B:

"Foreign competition led to massive job loss and the closure of a large percentage of textile companies in the country. We also had to shut down operations in 1995. *The latest stage was in the year 2000 to date when others joined in the closure. Currently, as we speak today, the only lace manufacturing company in Nigeria today is this place. It used to be 25 lace manufacturing firms in Nigeria and majority of them were located here in Lagos which is the South-West Zone but our company is the last and only one remaining in the whole of Nigeria and we are struggling too. The government policies are to blame for all these".*

Firms operating in developing countries require a conducive business environment with appropriate supportive policies in order to survive. Hence, the evaluation of government policies to improve the performance of SMEs has been an issue of debate in recent years among stakeholders in Nigeria's manufacturing sector. Hadjimanolis (1999) asserts that

SMEs in developing countries like Nigeria are faced with more challenges due to their size and poor macroeconomic variables and other related policies. In Nigeria, poor economic growth and firm performance have been ascribed to unfavourable policies (Yildirim & Gokalp, 2016). Thus, the absence of consistent, supportive policies has increased the cost of doing business and reduced value in production output in the Nigerian textile industry. The loss of textile manufacturing firms in Nigeria has been linked to internal and external issues. Internally, trade liberalisation has been unsuccessful due to poor implementation of supportive and consistent policies. The absence of this made it impossible to shield against external pressures such as foreign competition. Externally, increased competitive pressures reduced the marketing power of domestic firms who were unable to compete favourably due to the absence of internal supportive policies (Mengistae & Teal, 1998; Bigsten, Gebreeyesus & Soderbom, 2009). The outcome of which led to the closure of countless numbers of SMEs textile fabric manufacturing firms.

Job Loss

The loss of competitive advantage in the textile industry led to increased unemployment rate across the country, especially in the Northern and South-Western regions of the country. The findings indicate that the Nigerian textile industry was very vibrant in the past, providing about 250,000 direct jobs and millions of indirect jobs but due to unfavourable government policies, the total workforce is currently less than 30,000 in terms of direct jobs and less than a million indirect jobs. Manager Company A converse:

“Firms with over 500 employees were made redundant due to the harsh business environment. Those manufacturers who managed to retain their property saw it as an avenue to engage in the importation of textile fabrics into Nigeria through smuggling routes, employing the services of at least five marketers”.

Trade plays a vital role in economic development and employment generation. Makinde, Fajuyigbe & Ajiboye (2015) observe that a country that is unable to create long-term sustainability for its citizens in terms of employment generation, stands the risk of continued economic instability. Unemployment is one of the biggest threats to social stability in many countries. According to Asaju, Arome & Aniyo (2014) when compared to her counterparts in the continent, Nigeria’s unemployment crisis is more serious. For instance, South Africa’s unemployment rate is currently standing at 25 percent, and in Ghana, it was about 14 percent in 2010, while Nigeria is around 37 percent. The severity of unemployment in the Nigerian textile industry has been alarming and of great concern to stakeholders. The task of creating job security whilst enhancing productivity in the once booming industry has been a subject of debate in recent years. Although some empirical studies suggest that trade openness increases unemployment and poses a threat to job security in many countries. For instance, using the textile industry in Tanzania as a case study, Olayiwola & Rutaihwa (2010) found out that import competition leads to a decline in labour demand. In addition, Morawezynski & Wach (2004) found that import growth had a negative impact on job security in 28 sectors of Poland between 1993 and 1999. However, import penetration is only detrimental to job security as is the case of Nigeria, where there are inefficient policies in place to support trade openness and enhance firm's competitiveness in the value chain; and to generate employment or to replace imports. Ojetunde (2009) agrees that internally, the policy and regulatory environment of Nigeria is weak and needs to be strengthened in order for firms to thrive and generate employment.

Low Patronage and Changes in Buyer Behaviour

There is the problem of low patronage of locally manufactured fabrics arising from smuggling and the high cost of production, which inflated the prices of Made-in-Nigeria Fabrics. The increase in price made locally manufactured fabrics less competitive compared to those smuggled into the country, which is sold at cheaper rates in markets across the country. In addition, the buyer behaviour of the average Nigerian is viewed as one being influenced by price differentiation between locally manufactured fabrics and foreign made fabrics. There is a perception towards foreign made fabrics as one made of quality, while those made locally are of lower quality. According to Manager Company A:

"Although the quality is not there, but before the customer will realise this fact, it's when they must have used the fabric. When they go to the market to make a purchase and they see exactly the same material at different prices, for example, the branded Company A fabric cost ₦300 and the other is ₦100. Before a customer will start looking at the quality they will, first of all, prefer the cheaper one. It is during usage that they will realise it is not the original, but before then a lot of people must have patronised the fake at the expense of the original".

Consumers usually make purchase decisions based on price. Huang & Chen (2013) assert that there are two categories of reference price that influences consumer purchase decision; internal and external reference price. Internal reference price is mainly driven by the memory and consumers purchasing experience; this occurs when a consumer compares the price previously paid for an item to the present. External reference price is influenced mainly by external environmental price incentives; such as the option between the highest and lowest products on display. Mazumdar & Papatla's (2000) study demonstrates that internal and external reference prices have a huge influence on consumer buying decision. However, some consumers are more sensitive to one reference price than the other. This study suggests that the majority of Nigerian consumers' are more sensitive to external reference price than the internal reference price. Though some stakeholders noted that consumers are being deceived into buying cheap counterfeited fabrics, others argue that the Nigerian consumers are able to differentiate between fake and original fabrics based on the price differentiation, but they chose not to because of their purchasing power, hence most of them opt for cheaper fabrics. Manager Company C mentions that:

"Low patronage and changes in buyer behaviour impacted immensely on our sales revenue from ₦170,000,000 per month in the past to ₦70,000 per month. Also, our company, which was formerly a large firm employing about 1,000 workers, had to downsize to an average of 250 employees".

Table 1 above clearly illustrates the similar impact on Company A and Company B. All these factors led to poor productivity and competitiveness of SMEs fabric manufacturers in the Nigerian textile industry. Trade openness has made it possible for buyers to choose from a variety of offerings and thus aside quality, price has become one of the major determinants to which purchase decisions are made (Ogunnaike, 2010; Owusu, 2013). Owusu (2013) discusses that most buyers view price as an indicator of product or service quality, which is then evaluated, based on the perceived value or benefit derived from the consumption of the offering. For example, Fiorini, Hattingh, Maclaren, Russo & Sun-Basorun (2013) study of buyer behaviour in Nigeria found that consumers based in Lagos are more price conscious, with 55 percent in favour of low priced items compared to 20 percent in Abuja and 17 percent in Kano. They noted that consumers who fall under the category of “low price hunters” are money conscious, as 49 percent are willing to go the extra mile to purchase products offering varieties at the lowest price; paying less attention to the product quality. Furthermore, Lautiainen (2015) indicates that consumers from lower income groups are more interested in the purchase of products that meet their immediate needs, thus are not mainly after quality but rather inexpensive products (Uzosike, 2011). On the other hand, consumers from higher income groups are more likely to purchase expensive products (Uzosike, 2011; Gajjar, 2013; Sandu, 2014). To illustrate this point further, Fiorini, Hattingh, Maclaren, Russo & Sun-Basorun (2013) study revealed that in Nigeria, higher income consumers prioritise modern shopping experience and are willing to pay any amount to shop in a luxurious environment with lots of product varieties. Meanwhile, low-income consumers select stores to shop based on price offers.

Summary and Conclusion

In this study, we have highlighted the impact of trade-related policies on SMEs operating in the Nigerian textile industry. To achieve the set objectives, the constitution of SMEs and issues they face as a result of trade policies; and the impact of these issues on SMEs productivity and competitiveness were examined using a qualitative mode of inquiry. The findings suggest that the absence of effective and efficient macroeconomic and trade-related infrastructural and institutional policies led to an influx of textiles and high production cost which impacted negatively on SMEs productivity and competitiveness in the Nigerian textile industry; resulting in the low patronage of locally manufactured fabrics and changes in buyer behaviour. Based on these findings, it can be concluded that the competitiveness of SMEs in the Nigerian textile industry is in an appalling state and therefore, calls on the government to create an enabling business environment for SMEs to thrive in order to efficiently play their role as drivers of socioeconomic growth and development. In addition, the implementation of international trade policies should be accompanied by supportive and measurable trade-related policies and regulatory frameworks aimed at boosting the productivity and competitiveness of the country’s industrial sector.

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