ABSTRACT

The massive and frequent rates of corporate failures in the Nigeria business terrain in general and in the Nigeria textile sector in particular in the globalization era is a disturbing phenomenon. In the textile sector, failure rates are exemplifier inter alia, by rising cases of outright closures of business organizations and declining contributions of the sector to the gross domestic product. As the title indicates, the main objective of the study is to analyze the determinants of business failures in the Nigeria textile industry (sector) from 1980 to 2010 inclusive. Methodologically, the researcher adopted an empirical survey design in which relevant primary and secondary data were elicited. The said data were rigorously subjected to critical analysis via the instrumentality of relevant test statistics spanning simple percentages to the application of t-distribution and F-ratio. The exercise herein was largely facilitated by the use of SPSS (Statistical Package for Social Sciences), and the version 7 "Economic Views" facility. Apart from the usual causes in business failures of poor management, inadequate financial control, high cost structure and so on, other significant causes of business failures in the Nigeria textile sector are weak competitiveness against imports, frequent summersault of government's policy, smuggling and wholesome adoption of the World Trade Organization policies even when they are against national interests. Even the newly introduced Textile Development Fund (DFT) and related policies may not lead to a turn-around of the sector except a synchronized approach is taken which lays a foundation for appropriate remedial actions as recommended. In the light of findings above, the study recommends, inter alia, that some 40% of the loanable funds yearly be made available to this sector in order to resuscitate it; that the CBN should via commercial banks provide the necessary working capital funds for the sector, that the Federal Government adopt protective measures that will facilitate textile manufacture in the globalization era as well as put the infrastructural facilities in the right shape in order to reduce cost of production in a bid to advance growth and development in the sector.