Effect of Access to Fund on Productivity of Fashion Design Businesses in Kwara State, Nigeria

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Abstract

Fashion designing is an important part of small and medium enterprises which contribute to the gross domestic product of Nigeria. Nonetheless, the sector is been challenged by some factors which have hampered their productivity and profitability. The study examined the influence of Access to fund on productivity of fashion design enterprises in kwara State, Nigeria. The study adopted survey research method. The population of the study was 623 fashion designers operating within the area of the, from which 244 Fashion designers were drawn as the sample size for the study. The study selected a sample size which was determined using the Taro Yamane formula. The data was analyzed using frequency distribution table and multiple regression analysis test the hypothesis. This is indicated in the r square svalue of = 0.340 for productivity. The study found that Access to fund can be used as a reliable and valid instrument for enhancing fashion design in Nigeria. The study concludes that the fashion business owners in the sampled area were aware that access to fund has significant effect on their productivity. However, despite the high level of awareness the advantages could not be utilized by the business owners owing to the problems of bureaucratic bottle neck and cost associated with accessing the fund. The study recommended that Government should endevour to enhance the financial inclusion across all the sector of the country economy to enable access to funding to enhance their productivity and by extension the GDP of the country. The study also recommended the creation of conscious cluster of fashion designing businesses and provide them with basic financing tools to enable them attain high productivity.

Keyword: Access to fund, Fashion design, SMES, Productivity

Introduction

The increasing rate of unemployment and global recession has make millions of people around the world to go into entrepreneurship as they recognize an opportunity to create business but the established businesses are face with the challenges of lack of adequate financing and also inability to access fund. Fund accessibility is said to be the ability of individuals or enterprises to obtain financial services, including credit, deposit, payment, insurance, and other management services (Waithanji, 2014).

Financial accessibility is also referred to as a programme which directly lend all or part of money to firms (for example public loans or subsidized loans); guaranteed or partly guaranteed loans; provide financial education or information to firms (for instance, about financial services available); facilitate alternative forms of lending (for example, business angels, micro-finance, venture capital and group lending), by creating networks, incentivizing or matchmaking lenders and firms (*Rajnoha, R.; Korauš, A.; Dobrovič, J.*, 2019).

Over the year evidence has shown that fund accessibility promotes growth for businesses through the provision of credit for both new and existing businesses. It benefits the economy in general by accelerating economic growth, intensifying competition, as well as boosting demand for labour. The incomes of those in the lower end of the income ladder will typically rise, hence reducing income inequality (Kelley and Nakosteen, 2015). Financial accessibility is a major factor affecting the performance of Small and Medium Enterprises in most countries. Access to financing is critical to enable SMEs contribute to the economic development of the country (Hasnah, Saniza, Jayaraman, &Ishaka, 2015).

Productivity is the efficiency with which firms, organisations, industry, and the economy as a whole, convert inputs (labour, capital, and raw materials) into output. Productivity grows when output grows faster than inputs, which makes the existing inputs more productively efficient. Productivity does not reflect how much we value the outputs.

It only measures how efficiently we use our resources to produce them. Firms that are more productive and so these firms' market share expands, while that of less productive firms' contracts. In the process, the average level of productivity is increased (Gordon, Zhao, & Gretton, 2015).

Measured productivity is the ratio of a measure of total outputs to a measure of inputs used in production of goods and services. Productivity growth is estimated by subtracting the growth in inputs from the growth in output, which is called the residual. There are a number of ways to measure productivity. Productivity measures include;

- Multifactor productivity (MFP), which measures the growth in value added output per unit of labour and capital input used.
- Labour productivity (LP), which measures the growth in value added output per unit of labour used.

Measures of productivity, and particularly Multifactor productivity (MFP), have been described as estimates of what we do not know about the economy (Solow 1957; Abramovitz 1956). For effective analysis, productivity estimates need to be unpacked to provide a fuller understanding of an industry's productivity performance.

Literature Review

Access to finance is defined as availability of financial services in the forms of demand deposits, credit, payments or insurance (Massa, 2013). Access to fund is a requirement for financial performance of SMEs and has become an increasingly important development metric, as one of the factors which will have significant impact on economic development and make businesses to be productive.

Fund access for SMEs has become more difficult and Inadequate fund is a main restriction to firm growth and it has been found that small firms deal with bigger challenges in obtaining fund as compared to larger firms because of lack of proper documentation and no collateral (Schiffer and Weder, 2001; Beck et al., 2002).

However, most of SMEs around the world are hindered by various factors such as limited access to stable energy service, skilled labour, management skill and access to finance for investment. Among these factors, financial access becomes crucial for developing SMEs not only in other countries but also in Nigeria Therefore, government and other organizations in Nigeria should take bold steps to increase SMEs fund accessibility which in turn improve their performance.

The Resource Based View was propagated by Barney (1991) in his article, "Firm Resources and Sustained Competitive Advantage" and it explores actors that enable a firm to gain competitive advantage over others. This theory is an economic tool used to determine the strategic use by the firm. Right resource mix and actions to give them an edge over their competitors. The goal of this theory supports organizations to have access and control over available resources by developing and securing all relevant resources either internally or externally, as argued by Masinga & Kiarie (2014).

Muala (2005) and Barney (1991) argue that physical, social and knowledge resources of particular investor categories influence the nature and worth of the value-added that venture capitalists are able to provide to investee firms. Defining the term 'resource' in the concept of the "resource based-view," Barney (1991) refers to resource as 'all assets, capabilities, organizational processes, firm attributes, information, knowledge controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness.'

The knowledge-based literature considers knowledge as the strategically most significant asset of the firm. Proponents of the knowledge-based view have argued that heterogeneous knowledge bases, such as; knowledge of markets, knowledge on competition, knowledge of technology determinants the sustained competitive advantage and superior corporate performance.

Assumptions of Resource Based Theory

According to the resource-based view, a firm that possesses and succeed in exploiting its resources with the characteristics discussed earlier can maintain a sustainable competitive advantage and perform at a higher level than the industry average (Barney & Clark, 2007).

A firm can create a competitive advantage when it is implementing a value-creating strategy which is not simultaneously being implemented by a large number of firms. Various factors, such as a firm's history, casual ambiguity, and interconnectedness, may increase the inimitability of resources. Firm's resources that do not have strategically equivalent resources are non-substitutable resources. A firm may gain sustained competitive advantages when other firms may not obtain the same competitive advantage using different resources (McGunagle, 2007).

Empirical Review

Fred, Gana, S., Valenzuela, D., & Araya, R. (2018) examined government financial support and financial performance of SMEs. This study explored the impact of financial assistance on the performance of SMEs across three states in Nigeria. Mixed methods approach was adopted using the survey and semi-structured interview methods. The study used stratified and simple random technique to select the respondent of the questionnaire.

A total of four hundred (400) copies of questionnaire were administered to owners/managers of SMEs, out of which only three hundred and sixty (360) were returned and adjudged usable for the analysis, while 20 semi-structured interviews were conducted on the owners/managers of SMEs. Descriptive statistics and Multiple Regression were used to facilitate the estimation process. Thematic analysis was used to analyze the qualitative interviews. The study found that while financial assistance has significant impact on the performance of SMEs, these supports are inadequate and characterized by stringent, unrealistic bureaucratic details.

Muhammed, Anton, Farid and Isa (2016) carried out a study on Local Government grants and Sme performance, Evidence from Surakarta City, Indonesia. The study analyzed effects of government direct spending to Small and Medium Enterprises (SME). This study conducted a survey which involved 500 SME in manufacturing. The results show that capital grants and loan policy by local government in Surakarta has positive effect to SME assets, capital and turnover and that capital grant is more effective compare to other government assistance such as equipment grants and loan to increase SME's business performance. To ensure price and economic stability, the central bank of Nigeria has adopted several unconventional monetary policy measures such as MSMEs credit intervention with the aim of boosting credit availability in specific sector of the economy. The intuition is that rise in productive activities/investment will indirectly promotes price stability the core mandate of the bank. Joseph, Obikaonu, Ariolu, Nwolisa, and Aderohunmu, (2021) investigated the challenges facing implementation of real sector (MSMEs) intervention programmes of the CBN since year 2000 to 2020. The study employed mixed method using descriptive survey approach to sample 62 intervention programme implementers and 400 Micro, Small and Medium Sized Enterprises (MSMEs). The findings reveal among others that high loan default risks, politicization of programmes, and inadequate infrastructural development are the leading challenges facing programme implementers in Nigeria. Applicants' non-eligibility in programmes applied for, poor business plan or inadequate knowledge in proposed business topped the reasons for failures among applicant MSMEs. Consequently, a need for more public-private partnerships in programme design, monitoring, and evaluation to forestall political interference is advised.

Achibane and Jamal (2018) on explaining entrepreneurial finance and the issue of funding Start-up Company in Nigeria, presented the basics mechanisms of the entrepreneurial finance and its relationship with the entrepreneurial venture in its early stage. The study was an empirical and theoretical research, with the findings that revealed that little work was spent on funding the very beginning of entrepreneurial ventures. The study then concluded that the role of specialized companies in helping the creation of businesses is essential for the firms facing a strong problem of information asymmetry; providers of traditional capitals, such as banks, do not have the means to assess the quality of the innovative projects and the entrepreneurial finance, through venture capital firms, can offer funding to firms which expertise has enabled to be identified as having a probability of sufficient success.

Omoregie (2017) examined the entrepreneurial opportunities and financing sources in a developing economy: a focus on Nigeria. This study argued that the challenges (macroeconomic dislocations, infrastructure deficiencies, and limited access to sources of financing) in themselves should create the emergence of entrepreneurial opportunities directed towards solving these problems. The study used the buyer experience cycle and utility matrix, and the entrepreneurial process: Renewal, Regeneration and Intrapreneuring, to illustrate how entrepreneurs can develop and grow business opportunities. At the end, the study proposed some entrepreneurial financing sources and strategies.

Methodology

This study used survey method also use descriptive research design to examine effect of Access to funding on productivity of fashion design businesses in Kwara State, Nigeria. The population of interest for this study was the fashion design businesses in Ilorin, Kwara State while the targeted population was the 623 fashion designers in Ilorin metropolis.

The town comprises of three local government's i.e Ilorin West, Ilorin South and Ilorin East Local government. The required information is sourced from the Fashion designer Association of Nigeria, kwara State branch.

The study selected a sample size which was determined using the Taro Yamane formula. Sample size affects the generalizability of the results; Yamani formula was used with the assumption of a confidence level of 95%.

The study adopted questionnaire as the instrument for data collection from the SMEs owners. The questionnaire is structured in a non-disguised manner where the subject of enquiry is revealed to the respondents with assumption that the respondents has respond in a manner with minimum or no deviation from the set questions, the questionnaire was developed by the researcher but edited by the supervisor. The questionnaire consists of a number of questions printed in a definite order on a form or set of forms distributed to the respondents using 5 points likert scale; strongly agree (SA), agree (A), neutral (N), disagree (D) and strongly disagree (SD). It was divided into two sections. Section A comprised of the bio-data of the respondents that is demographic representation which entails sex, marital status, age, educational status, Experiences, year of existence while section B will contain questions relating to topic.

What relates to the accuracy and consistency of the result produced overtime, pragmatically, the instrument used for measurement (questionnaire) is technically free of variable error and the Cronbach's Alpha was used to test for the reliability of the questions. Cronbachs's Alpha shows the internal consistency among each of the questions explaining the variables that was used in the study.

Individual item reliability was assessed by examining the alpha value of each variable's measure. Following the established norm in retaining items with loading between .50 and .70 (Hair et al., 2010). Thus, in the whole model, only 38 items were retained as they had loadings between 0.899 and 0.858 as shown below.

Table 3.1: Reliability Report

Variables	**Cronbach's Alpha**	**N of Items**
Productivity	0.899	7
Finance Intervention	0.858	7

Source: Author's Computation 2022

Model Specification

Model Specification shows the distinction between independent and dependent constructs and variables in a research study. The independent construct of this study is Access to funding denoted by X while the dependent construct is productivity of fashion design business denoted by Y. Therefore, the constructs and variables are stated as follows:

Y = *f*(X)

i.e = *f* (Access to funding)

Where Y = fashion design businesses

X = Access to funding

Data Analysis, Results and Discussion of findings

The study distributed 244 questionnaires to the fashion design business owners and all the questionnaire was collected, which represents 100%, a breakdown of percentage usable questionnaire is shown in Table 2

Table 2: Survey Response Rate

Details	**Rate**	**Percentage (%)**
Distributed Copies of Questionnaire	244	100
Returned Copies of Questionnaire	244	100
Rejected copies of Questionnaire	0	0
Used for further analysis	244	100.

Source: Field Survey (2022)

Test of Hypothesis: shows the result of regression as contained in Table 3: Model Summary shows that the R Square gave a value of 34.0 per cent. This means that the model (which includes Access to funding) explained about 34.0 per cent of the variance in perceived fashion design business productivity. The Durbin-Watson Statistic gives 2.762 coefficients which indicate that there is absence of serial correlation in the error terms of the model as such ruling out problems associated with spurious regressions.

Table 3: Model Summary[b]

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.449[a]	.340	.290	.816	2.762
a. Predictors: (Constant), Access to fund					
b. Dependent Variable: Productivity					

Source: *Author's Fieldwork Computation, 2022*

Also Access to funding have significant impact on the productivity of fashion design businesses. The result of regression as contained in Table 4: ANOVA, shows that the F-test was 19.573, significant at 1 percent [*p<.000*]. This showed that the model was well specified.

Table 4: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	111.884	1	111.884	19.573	.000[b]
	Residual	1131.716	198	5.716		
	Total	1243.600	199			
a. Dependent Variable: Productivity						
b. Predictors: (Constant),Access to funding						
Source: *Author's Fieldwork Computation, 2022*						

Specifically, the result of regression as contained in Table 5: Regression Coefficients, tests the hypothesis of this study. From the output below, there was a positive relationship between perceived Access to funding and perceived productivity such that a unit increase in perceived Access to funding scores caused about .104-unit increase in perceived productivity scores which was statistically significant at 1 per cent with the aid of the p value (0.004). Based on the result, the null hypothesis is rejected; thus, there is a significant effect between Access to funding and productivity.

Table 5: Regression Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.646	1.200		11.372	.000
	Access to funding	.104	.062	.119	1.683	.004

a. Dependent Variable: Productivity

Source: *Author's Fieldwork Computation, 2022*

Summary of Findings and Conclusion

This study examines Access to fund and its effect on the productivity of fashion design businesses in kwara state, Nigeria. However, for measurability the two constructs have two variables each: independent construct variables include access to fund while the dependent variables are productivity. The study aims to understand how Access to fund affects the productivity of fashion design businesses in kwara state. For hypothesis: access to funding have significant impact on the productivity of fashion design businesses, respondents agreed that they are aware that access to fund for startup and expansion of fashion design business, they utilize short term borrowing from family and friends, they also borrow some equipment that are moveable from other fashion designers.

Conclusion

The purpose of this study was to investigate access to fund and its effect on the productivity of Fashion design businesses in kwara state, Nigeria. That access to fund has significant effect on productivity of Fashion design business.

This study concluded that Access to fund has significant effects on the productivity of Fashion design businesses in kwara state and that Significant size of the sampled Fashion business owners of the selected Town attested to the fact that lack of proper documentation and high interest rest discourage them from taking bank loans and government should make financing policy that will allow fashion design business owners access government funding.

Suggestions for Future Research

Future studies could replicate this study to Further studies could extend this study to other state like Lagos Kano and Port-Harcourt which are industrial and economy hub of Nigeria as whole.

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