

Information Behaviour on Loan Procurement by Textile Traders in Nigeria

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Abstract

This study is an exploratory research which examined textile traders' information behaviour on loan procurement. The study adopted the qualitative approach. Purposive and snowballing techniques were used in selecting 35 traders who were major players in the market and data were collected through face-to-face interviews. Data collected were analysed thematically. Findings showed that information on loans with low interest rates was the most frequent information need and face-to-face communication with information sources was most preferred when seeking information on loan procurement. The most patronised loan source were the cooperative societies, while microfinance banks were the least. Challenges to loan procurement included disinformation from loan sources and risk of falling victims to fraudulent transactions. Limited patronage of microfinance institutions indicates the need for the Federal Government of Nigeria to review the activities of these institutions and ensure that they are meeting their objectives especially since they were specifically set up to cater for the financial needs of Micro, Small and Medium Enterprises (MSMEs).

Keywords: *Information Behaviour, Loan Procurement, Textile Traders in Nigeria, Microfinance Banks, Cooperative Societies,*

Introduction and Literature Review

Micro, Small and Medium Enterprises (MSMEs) play a major role in Nigeria's economy as well as most economies globally, particularly in developing countries. According to the World Bank as stated in PWC (2020) report, MSMEs all over the world constitute about 90% of businesses and over 50% of employment. In Nigeria, MSMEs account for about 50% of the nation's Gross Domestic Product and more than 80% of employment. The sector certainly has a big potential to improve national development through employment generation, development of indigenous entrepreneurship, income generation as well as urban and rural development (Gbandi and Amissah, 2014). However, one of the major challenges faced by MSMEs especially in developing countries, is the dearth of financial support from credit sources in form of loan facilities, which therefore results to setbacks in the productivity of the MSMEs (Atogenzoya et al., 2014; Belgavi et al., 2019).

As identified by Nwakoby and Okoye (2014), MSMEs in Nigeria primarily depend on bank loans for financing. However, most times these MSMEs which include traders, lack access to these loan facilities. Some studies have noted that a likely factor responsible for this is lack of easy access to reliable credit information. (Belgavi et al., 2019; Ukachi, 2015; World Bank, 2019). Moreover, Breivik (2005) and Adekanye et al. (2015) emphasised that nowhere is the need for information greater than in the MSMEs which are the backbone of the nation's economy, and these include traders who in the context of this study are textile traders in Bola Ige International Market, Ibadan, Nigeria. Information has the potential to increase the capacity of these traders to make sound

and rational market decisions (Yue *et al.*, 2000). Yusuf (2012) showed that meaningful information from relevant information sources is needed to be able to make the right decision as well as to reduce uncertainty.

However, as shown in Wilson (1981) model of information behaviour (Figure 1), seeking information on loan procurement begins with the recognition of a need, which arises when a trader senses a problem or an information gap. In a study conducted by Adekanye *et al.* (2015) on the information seeking pattern of Nigerian textile market women, the study noted that these women are intellectually sensitive to recognise their information needs, which cover many areas that have direct and indirect impact on their businesses. These include market related information, information on cooperative societies, loans and credit facilities, manufacturer information and governmental policies among others. Subsequently, the need for information to fulfil a task, or to satisfy the curiosity of the mind drives the traders to seek for information. In seeking information, traders interact with different sources which could be formal or informal (Nwosu *et al.*, 2014). In a study conducted by Agyemang *et al.* (2018) on the information seeking behaviour of krobo bead producers in the eastern region of Ghana, the study reported that the bead makers sought information from friends, family, neighbours, television, radio, NGOs, as well as village meetings, seminars/workshops and bead making associations.

Information use is a factor that drives all other factors of information behaviour because it represents the ultimate purpose for which information is needed (Cole, 2011). It involves an individual's interaction and incorporation of the acquired information (Wilson, 1999). Therefore, for textile traders, information on loan procurement received aids a trader in achieving the desired goal and such information can also be share with other traders, hence information sharing is an important aspect of information behaviour. It is an essential component in all collaborative activities and helps bind groups and communities together, because when information is not effectively shared, collaborative group work fails (Davenport and Hall, 2002).

The need to understand the information behaviour on loan procurement by textile traders cannot be overemphasised considering the fact that

according to National Bureau of Statistics (2019), in the manufacturing sector, textile, apparel and footwear sub-sector made the second largest contribution to Nigeria's manufacturing (after food, beverage and tobacco) with a total output of ₦355bn in the third quarter of 2019. This is a huge achievement bearing in mind that finance is the second most cited constraint to MSME growth (World Bank, 2019). The International Finance Corporation (IFC) reported that about 40% of formal MSMEs in developing countries have an annual unmet financial need of \$5.2 trillion.

According to World Bank (2019), financing MSMEs in Nigeria is very critical if they are to effectively play their role in the development of the nation's economy. The need for loan facilities is therefore inevitable for textile traders and obviously, they would exhibit specific behaviours in their quest for information on loan procurement. Atogenzoya *et al.* (2014) explained that, for traders who are starters in their trade, the problem is often funding required to get their business started while for the already established ones, the problem is inadequate finance required to fund their day-to-day operations and to expand their business. Loans can be procured from either formal or informal sources (Aruwa, 2004; Mamman and Aminu, 2013). The informal sources consist of informal finance institutions like friends, relations, money lenders, as well as savings from associations otherwise known as co-operative societies (Agbaeze and Onwuka, 2014). The formal sources on the other hand include, microfinance banks, commercial banks and international development agencies.

In a previous study, Adekanye *et al.* (2015) conducted a study on the information seeking-pattern of Nigerian textile market women. The study which adopted a descriptive survey research design covered various textile markets located in South-western and South-eastern geopolitical zones of Nigeria. However, a limitation of this study is that it investigated the general information seeking pattern of textile traders with no specific focus on financing. It is noteworthy that despite the enormous contribution of the textile sub-sector to the country's economy, and their need for financial support, little is understood about the information behaviour on loan procurement by textile traders. Hence, this study examines textile traders' information behaviour on

loan procurement. The study adopts Wilson (1981) model of information behaviour. It examines the traders' information needs on loan procurement, their information sources, information use and exchange of information on loan procurement. The specific objectives of this study are to:

1. Find out the information needs on loan procurement by textile traders.
2. Investigate information sources on loan

procurement available.

3. Examine the preferred information sources.
4. Understand the textile traders' use of information on loan procurement.
5. Examine exchange of information on loan procurement.
6. Investigate challenges to information seeking on loan procurement.

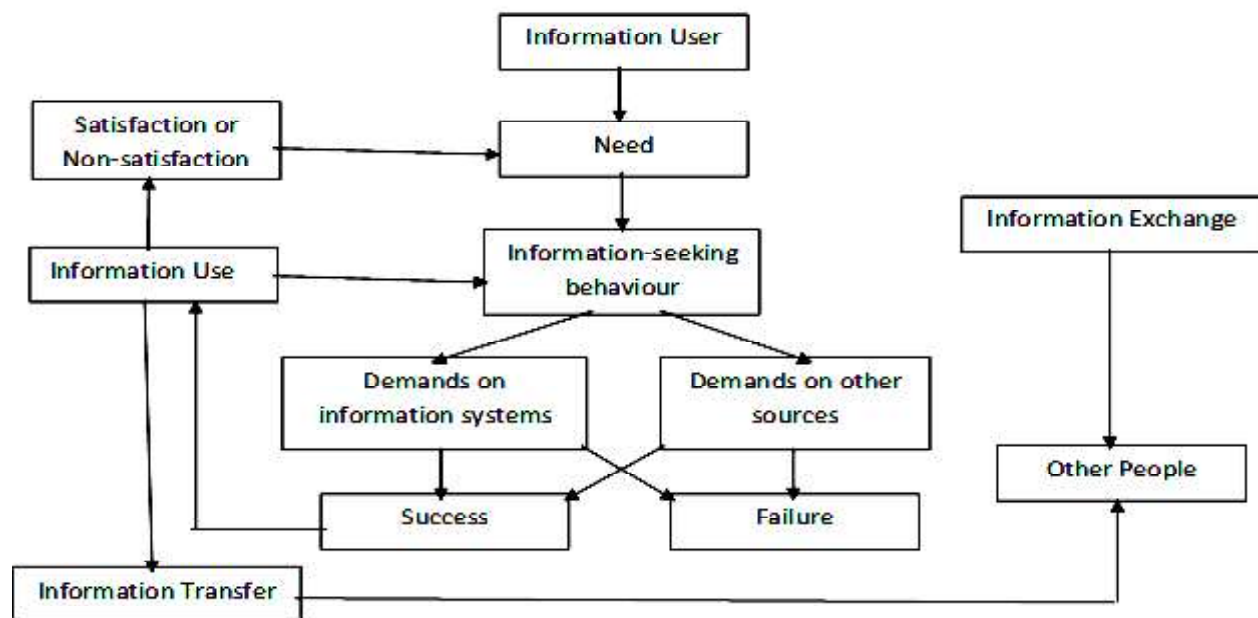


Figure 1: Wilson (1981) Model of Information Behaviour

Research Methodology

Location and Population of Study

This study adopted the descriptive research design and qualitative approach to data collection. The location of the study is Bola Ige International Market, Ibadan, Oyo State Nigeria. It is one of the biggest textile markets in Africa, and the first largest textile shopping centre in the Southwest of Nigeria (Fawole, 2012; Kareem-Ojo, 2010). The population of study comprised all textile traders at Bola Ige International Market, Ibadan. This population is however indeterminate. According to the Chairman of the market it is difficult to give a precise estimate of the

total number of textile traders in the market. This is largely due to the very large size and population of the market as well as its informal arrangement. Notwithstanding, it was reported that textile traders comprised 80% of the traders as the market was originally designed for textile traders.

Sampling Procedure

Since the population of textile traders in this market is indeterminate, non-probability sampling technique was used in arriving at the required sampling size of 35. Purposive sampling was applied in selecting textile traders who were regarded as the major players at the market, as recommended by the Chairman of

the market. Based on the principle of saturation, the sample size of 35 respondents was considered adequate for the study (Given, 2016). However, snowballing technique was used in selecting respondents who were willing to participate in the study. This was achieved through each cloth seller introducing the researchers to another cloth seller in the league of major players. Interestingly, these textile traders cheerfully acknowledged referrals from their colleagues and participated in the study.

Data Collection Method

Qualitative data was collected using face to face interview which allowed the participants to respond in their own words (Johnson and Christensen, 2019). The interview guide was designed in English and translated into Yoruba Language which is the language mostly spoken by the textile traders. The interview guide was structured into 6 sections as follows:

Section A: Demographic characteristics of respondents

Section B: Information needs on loan procurement by the respondents

Section C: Information sources on loan procurement available and preferred by the respondents

Section D: Loan procurement sources used by the respondents

Section E: Information exchange on loan procurement

Section F: Challenges to information seeking on loan procurement

Administration of Instrument and Data Analysis

The interviews were conducted in the textile traders' shops and each interview lasted approximately 30 minutes, excluding periods where the interviews were paused to allow the traders attend to their customers. The interviews were conducted in Yoruba language as majority of the textile traders in the market are Yoruba. Data collection lasted 2 weeks, every day, from Mondays to Saturdays. All interviews were conducted between 3 to 7 p.m. as participants accepted to be interviewed only during these hours of the day. Interviews were recorded with a smartphone device. Data collected in Yoruba language was transcribed and translated into English. Subsequently, thematic analysis of the data was done. Thematic analysis made it possible to identify, analyse and report patterns within the data (Braun and Clarke, 2006).

Results and Discussion

Demographic Characteristics of Respondents

The table on demographic characteristics shows that most of the participants were females (57%), while 68% were between the ages of 31 to 50 years. Majority of the participants were married (94%), 60% practised Islam, and 60% were educated at the secondary level. In addition, almost a third (31%) of the respondents had 21 to 30 years of experience in textile trading, followed by 20% with 11 to 20 years of experience. Generally, the respondents were intensively involved in their work as textile traders as most of them (91%) had no other occupation they practiced.

Demographic characteristics of respondents

Variable	Frequency	%
Gender		
Male	15	43.0
Female	20	57.0
Age Category		
21-30	2	6.0
31-40	12	34.0
41-50	12	34.0
51-60	3	9.0
61-70	4	11.0
71-80	2	6.0
Religion		
Christianity	14	40.0
Islam	21	60.0
Marital status		
Married	33	94.0
Single	1	3.0
Divorced	0	0.0
Widowed	1	3.0
Level of education		
Primary	2	6.0
Secondary	21	60.0
OND/NCE/Diploma	5	14.0
HND/Bachelor's Degree	6	17.0
Master's Degree	1	3.0
Other occupation		
Yes	3	9.0
No	32	91.0
Years of experience in textile trading		
Less than 1	1	3.0
1-10	11	31.0
11-20	7	20.0
21-30	11	31.0
31-40	3	9.0
41-50	1	3.0
51-60	1	3.0

Information Needs on Loan Procurement

Majority of the respondents needed information on *loans with low interest rates*. Many of the textile traders complained that loan facilities with excessive interest rates negatively affect their businesses and their emotional state of mind. This was expressed by some responses below:

We want to know the interest on the loan that we take. The interest is what we are after because if the interest on the loan is too much, it affects our business negatively. We want to know the amount of interest on the money that we want to borrow. (Female, 41-50 years old, 21-30 years trading experience).

We are interested in loans with low interest that we can afford to return. If the interest is low, the money we borrow will be useful to us because not all of us have money. We want loans that can give us rest of mind because we cater for ourselves and our children...We do not want loans that will put us into trouble. (Female, 61-70 years old, 31-40 years trading experience).

However, responses from about a third of the respondents also showed that they needed information on the *duration of a loan and mode of repayment*. These respondents reported requiring information on whether their proposed loans would be repaid at once or in scheduled instalments.

Our information need is that whenever they want to give us a loan, let them tell us when to pay back, whether on a monthly or daily basis. (Female, 31-40 years old, 1-10 years trading experience).

We want to know...how will we return the loan that we obtained? (Male, 41-50 years old, 1-10 years trading experience).

Information Sources on Loan Procurement Available

Face-to-face communication with loan sources was cited as the major information source on loan procurement available to the textile traders. According to the respondents, employees of the various loan sources visit their shops and interact with them, and are able to give them information required on loan procurement. Some traders also reported visiting the loan sources at their offices:

Firstly, through face-to-face sources. Just like what you are doing now, they come to the market to meet us. They assign employees to come here to speak to us about loans. The employees they assign this duty are usually youths. They are always in uniform with their institution's name tagged on the uniforms. (Female, 31-40 years old, 1-10 years trading experience).

They do come to the market to inform us. They will move around the market to talk to us. We receive this information from "face to face communication with loan sources, through word-of-mouth. They will tell us their location, phone numbers, and so on. (Male, 41-50 years old, 21-30 years trading experience).

We visit the microfinance banks for information whenever we want to borrow money from them. (Male, 41-50 years old, 1-10 years trading experience).

Personally, I only receive my information from where I want to borrow money. (Female, 41-50 years old, 21-30 years trading experience).

Other sources of information on loan procurement reported by respondents include colleagues, internet, television, telephone, radio and handbills:

I can receive the information from my colleague. If my colleague finds a

convenient loan source, my colleague can recommend it to me. (Female, 61-70 years old, 1-10 years trading experience).

There are also some that are accessed...through the internet. (Male, 41-50 years old, 1-10 years trading experience).

Also, through the telephone. There are now a variety of loan sources that give us information through the telephone. (Female, 31-40 years old, 1-10 years trading experience).

They also advertise on television. (Male, 41-50 years old, 1-10 years trading experience).

They do come to inform us in this market. They will give us pamphlets or fliers. When we read it and understand what is relevant to us, then we will go to their offices. (Female, 31-40 years old, 1-10 years trading experience).

Information Sources Preferred and Factors Influencing Preference

Findings from interview data showed that respondents had access to information on loan procurement through various means including face-to-face communication with loan sources, information from market colleagues, internet, television, radio and telephone. However, majority of them preferred to receive information on loans through *face-to-face communication with loan sources*. Some of the responses given by respondents when asked for their preferred information sources on loan procurement are as follows:

The source that satisfies us most is what you are doing now—you are talking to me physically. In other words, we prefer face to face communication with loan sources (Female, 31-40 years old, 1-10 years trading experience).

We prefer face to face communication with loan sources. Let us see each other physically. One-on-one conversation. (Male, 41-50 years old, 1-10 years trading experience).

In the case of face-to-face communication, the loan sources visit the textile traders at their shops to provide information on loan facilities. Majority of the respondents reported preference for this traditional technique of communication over others such as radio, television and internet. Some traders cited the fact that face-to-face communication with loan sources make it easier for them to understand the information received and they are able to ask questions.

I am able to know in-depth, so many things about the loan and I can ask questions (Female, 41-50 years old, 21-30 years trading experience).

You will be able to ask questions. They will have your time, you will ask questions and you will understand (Male, 41-50 years old, 11-20 years trading experience).

Whoever wants to organise and inform us about loan facilities should do so through face-to-face sources. This way, we will understand it better than when we receive information through television or through other means. Because we can give our feedback on what they tell us. (Female, 31-40 years old, 1-10 years trading experience).

Most respondents reported that information received through other means exposes them to misinformation, fraud and scam.

When you go on the internet, by the time you are into the deal, you will find out that there are so many things that you are not aware of. (Female, 41-50 years old, 21-30 years trading experience).

We do listen to them on the radio and television but they do not fulfil what

they say. (Male, 31-40 years old, 21-30 years trading experience).

Considering the current state of Nigeria, many people do not trust sources from the telephone and internet... We do not want to fall victim to fraudsters and "419". (Male, 41-50 years old, 1-10 years trading experience).

Many of the information we hear on the radio are false. When you get to their location, we realise that it is just a single shop whereby they can abscond at any time. They are not the real owner of the company. They just rented the place for business purposes. When we get there, we may not meet them there. But when the banks come here, we will see their ID cards. We will confirm that they are well established. (Male, 41-50 years old, 21-30 years trading experience).

Use on Information on Loan Procurement

Majority of the respondents reported taking loans based on the information received from the loan sources that meet their needs.

Ha! We make use of this information and loans are given to us upon our request. If they give us the information we need, we will act as required from the information we receive, we are given the money we need, and then we give thanks to God. (Female, 31-40 years old, 1-10 years trading experience).

We make loan request and once we succeed in receiving the loan, we will carefully abide by the agreement that we have signed and we use the money for the right purpose so that when we return it at the right time, we can always receive another loan when we request for it. (Male, 51-60 years old, 31-40 years trading experience).

However, some respondents disclosed that although they receive information on loan procurement from loan sources, they do not act on them. This was especially observed with the elderly traders. They believed that they are too old to engage in the rigor and risk involved with taking and managing loan facilities.

I am getting old. I do not want to have hypertension too. That is why I do not take loans anymore. I manage the little money that I have for my business...I do not want to take a loan that will make me have hypertension. If I owe you kobo, I will be very worried. (Female, 71-80 years old, 51-60 years trading experience).

Remember I told you that I am getting old and I am a widow. I cannot go through that stress anymore. (Female, 61-70 years old, 1-10 years trading experience).

I ignore the information because I do not like to borrow money often...I do not like to take loans because if I am unable to return the loan, I will be in trouble. (Male, 61-70 years old, 41-50 years trading experience).

However, other respondents reported that they ignored any information on loan procurement due to the humiliating treatment experienced by loan defaulters. They expressed that sometimes defaulters resort to begging for money around the marketplace to recoup the money they owed and forfeit their properties including their shops.

I ignore the information because I don't take loans. I don't have interest. Due to what we see, we don't go close at all. They make defaulters go through humiliating means to source for money that they owe. (Female, 41-50 years old, 21-30 years trading experience).

If we are unable to pay back, they will seize all our belongings, they will lock

us up in the toilet. (Female, 31-40 years old, 1-10 years trading experience).

Information Exchange with Fellow Traders

Majority of the traders reported sharing information on loan procurement with fellow traders in the market. Most of them disclosed that they usually share such information with colleagues with whom they have some level of relationship and who they believe also need the information.

Yes. Because my colleagues need it also. I will explain how I took the loan I use for my business. When they draw close to me, I will share the information of how to go about it, how much I was loaned, and so on. If satisfied with the information, they can proceed to do the same. (Male, 31-40 years old, 1-10 years trading experience).

We do share this information with ourselves. If my colleague tells me of her need for a loan, I will share the information of where I borrowed my money from with her. We all know that there is no money in Nigeria. Everybody is hustling. (Female, 31-40 years old, 11-20 years trading experience).

Respondents who reported engaging in information exchange were further asked if they received anything from their colleagues in exchange for information shared. Almost all of them reported receiving nothing in exchange for information on loan procurement. According to them, it is unnecessary to seek for anything in return as they share such information in order to assist their colleagues. They also believed that their colleagues will also reciprocate when necessary.

What should we seek for? We do so to assist one another. (Male, 31-40 years old, 1-10 years trading experience).

Ha, I must not seek anything in return. If they receive any information that is useful to me, they will also share with me. (Female, 41-50 years old, 21-30 years trading experience).

A few respondents reported seeking favour in exchange for information on loan procurement. Such favour involved seeking financial support from their colleagues in order to repay a loan facility and request to stand as guarantors for loan taken by the respondents.

If my colleague makes better profit today, I can seek his/her financial support to enable me to return the loan that I obtained. If I make a profit the next day, I will return the money to my colleague and he/she may also seek financial support from me if the need arises. (Female, 31-40 years old, Category of 1-10 years trading experience).

Sometimes, if I am unable to gather enough money to return a loan that I obtained, I can reach out to my colleague for monetary assistance and I will do the same for him/her too when the need arises. (Female, 31-40 years old, 11-20 years trading experience)

However, some respondents expressed that they do not share information on loan procurement with their colleagues. The major reason cited for this is the fear of loan default especially since most times they have to stand as guarantors for these colleagues. They also believe that loan matters are personal and confidential to them, hence, they do not share the information on loan procurement with their colleagues.

Personally, I do not share information with anyone because I do not want a situation where after sharing this information, I stand as their guarantors, then they will not return the money they borrow. So, I keep it to myself. (Female, 61-70 years old, 11-20 years trading experience).

No. To me, a loan is a personal thing. It is not something you compel people to do or advise people to do. You know, a loan is something you have to pay

back. It is a personal decision and the decision will come from your mind. So, I don't share it. (Female, 41-50 years old, 21-30 years trading experience).

Loan Sources Mostly Used

The textile traders reportedly used mostly three loan sources and these were cooperative societies, commercial banks and microfinance banks. More respondents patronised cooperative societies for loan facilities than commercial and microfinance banks. Reasons cited include low interest rates on loans, higher amount of loan that can be obtained, monthly repayment as against daily repayment as experienced with other loan sources, and the fact that they believe that information on loan procurement received through cooperative societies are easily understood by them.

I do cooperative. Cooperative is simple. You get times two of your contribution and they will make sure they take it on a monthly basis. (Male, 51-60 years old, Less than 1 year trading experience).

I usually make use of daily money contributions because they borrow us money when we need it based on our capacity to pay back. We make our money contributions from the beginning of the month. I like it because the interest is low. (Female, 41-50 years old, 21-30 years trading experience).

A few of the respondents mostly used commercial banks and the most important reason cited is the fact that commercial banks are recognised by government.

Commercial bank! Because they are well established and recognised by the government. (Male, 31-40 years old, 11-20 years trading experience).

As an elite, I make use of commercial bank loans mostly. (Female, 31-40 years old, 1-10 years trading experience).

The least loan sources used are the microfinance banks. Most respondents reported excessive interest rate on loans and treatment given to loan defaulters by microfinance banks as reasons for low patronage of these banks.

The interest rates of microfinance banks is too much. Imagine taking a loan of ₦ 500,000 and returning the money with an interest of ₦ 200,000. That is just too much. Too much that we cannot make profit from it. (Female, 31-40 years old, 11-20 years trading experience).

If you are unable to repay your loan, they seize all your belongings and lock you up. (Female, 41-50 years old, 11-20 years trading experience).

Challenges to Loan Procurement

The first aspect investigated challenges to information seeking on loan procurement and challenges cited include disinformation from information sources, and risk of falling victim to fraudulent transactions. These challenges were mostly in reference to commercial and microfinance banks. They reported that information on loan procurement received from some information sources were not always straightforward and sometimes misleading. Some respondents also reportedly fell victim to fraudulent transactions from fake loan sources that visited them in their shops. Below are excerpts from some of their responses:

The information they give us when they come here usually contradicts what we experience when we get to their office. They give us wrong information. For instance, when we get to their office, we realise that the amount they request as interest is different from what they tell us when they come here. This is part of the challenges that we face. (Female, 41-50 years old, 21-30 years trading experience).

The information given to us by some loan sources when they approach us is different from what plays out when

we borrow money from them. Such information is inaccurate. They are not straight forward. (Male, 31-40 years old, 1-10 years trading experience).

The challenge we face is that if a person is not careful, such a person can fall victim to fraud and 419 as many of them now engage in this. (Male, 41-50 years old, 21-30 years trading experience).

Next, the challenges to loan procurement itself were investigated. Excessive collaterals; high interest rate; long and stressful process of obtaining loans; difficulty in repaying loans due to low patronage and slow sales, loan mismanagement and difficulty in securing a guarantor were major challenges cited.

The collateral that banks demand from us is too difficult to find. If you want to take a loan of N10,000,000, they will demand for a collateral of N20,000,000 and if you do not have assets that are worth that amount, they will not give you the loan. (Male, 51-60 years old, 31-40 years trading experience).

The process also takes too long. They make us go through a lot of stress for up to one or two months before we are given the loan. (Male, 21-30 years old, 1-10 years trading experience).

Some traders are greedy and irresponsible with money. If you give them N10,000,000 today, they will be left with 10 Kobo tomorrow. People should learn to be accountable and responsible with money. (Male, 41-50 years old, 21-30 years trading experience).

For instance, they will demand for two guarantors and it is difficult to find these guarantors because people will refuse to act as your guarantor. They are afraid that if you do not pay the

loan at the right time, it will lead them into trouble. (Female, 41-50 years old, 21-30 years trading experience).

Discussion of Findings

This study investigated the information behaviour on loan procurement by 35 textile traders at Bola Ige International market, Ibadan, Nigeria. Majority of the traders that participated in the study were females. Although this study employed non-probabilistic sampling techniques which makes it difficult to generalise the dominance of female traders, previous studies have noted that female population is more at the Bola Ige International market (Badiora and Odufuwa, 2019; Kareem-Ojo, 2010).

Previous studies reported that information on sources of business funding is the major information need of small-scale-businesses (Adekanye *et al.*, 2015; Ugbala *et al.*, 2020). However, findings from this current study show that textile traders are not just interested in sources of business funding, but they need information on loan sources that offer low interest rates. They also need information on loan duration and mode of repayment offered by the loan sources. As noted by Oladimeji *et al.* (2017), loans with low interest rates enhance the performance of SMEs. Textile traders in this market are very passionate about obtaining loan facilities which interest will not cripple their businesses. In meeting these information needs, face-to-face communication with loan sources is the major information source available and referred by the traders. In this case, the loan sources visit the textile traders at their shops to provide information on loan facilities. Majority of the respondents reported preference for this traditional technique of communication over others such as radio, television and Internet. These findings are in agreement with other studies (Pitra and Zauskova, 2014; Yap and Lock, 2017) that have identified face-to-face communication as the most effective form of communication.

According to Freitas and Mira da Silva (2018), face-to-face communication allows the information recipient to collect sufficient information from the tone of communication, including verbal and non-verbal communication. The textile traders believe that information received directly from loan agents through face-to-face interactions are better

understood and issues can be clarified immediately. Moreover, information received directly from these loan sources are perceived to be more accurate and reliable than they would receive on the Internet, radio or other sources. Issues of misinformation and fraud are among reasons for minimal interest in receiving information through Internet, radio or telephone. Previous studies have also shown less use of news media and greater use of other information sources due to lack of trust (Kalogeropoulos *et al.*, 2019; Strömbäck *et al.*, 2020; Wasserman and Madrid-Morales, 2019) According to the textile traders, information on loan procurement received from these other sources other than face-to-face communication with loan sources, is often different from what they are given when they eventually visit loan sources at their offices. The implication of this experience by the traders is that misinformation compromises their ability to make informed decisions on loan procurement.

A key finding in this study is that the textile traders differed in their use of information received on loan procurement. According to Molleman, Kurvers and van den Bos (2019), information use differs across individuals, groups and populations. Among the textile traders, there are two (2) categories on information use. The first category are respondents who proceed to take the loan from a source that most satisfies their information needs and majority of the textile traders are in this category. The second category are respondents who ignore the information received from the information sources and many older traders are in this category. Majority of the older traders reported lack of interest in loan facilities due to their age. Similar finding was reported by Onu, Nmadu and Tanko (2014) in a study of farmers' awareness of loan procurement procedures in Niger State. The study reported that farmers' interest in loan procurement decreases with age. It would have been expected that textile traders who are older and more experienced in textile trading would be interested in increasing their business capital through loan financing. However, most of the traders in this category are not ready to go through the rigor of loan applications, as well as the reported humiliating experience meted out to loan defaulters.

Information exchange with colleagues was well reported by most of the textile traders. Many of them however only share such information with fellow

traders with whom they have close relationship. Previous study by Akosile and Olatokun (2020) corroborated that interpersonal communication engenders knowledge sharing. Earlier, Anand *et al.* (2019) also noted that knowledge sharing effectiveness, is a function of the degree of interpersonal communication between parties involved. Similarly in Donnelly (2019) study, software developers expressed preference for knowledge sharing through interpersonal communication. Such interpersonal communication is observed among textile traders who deal in similar goods. For most of these traders, information exchange is free as they do not seek anything in return for information shared. The general belief is that they share information on loan procurement in order to assist their colleagues. For few traders however, information sharing is not free as they seek financial assistance from those with whom they share information on loan procurement, and sometimes request for such ones to stand as guarantors for their own loan facilities. It is not surprising and unexpected that some textile traders would seek favour in exchange for information on loan procurement. Wu and Zhu (2012) previously cited reciprocal benefits as one of the factors influencing knowledge sharing in an organization. Moreover, Babalola and Omotayo (2017) also identified perceived benefits as one of the significant determinants of knowledge sharing among information technology artisans. Conversely, some traders held the position that information on loan procurement is personal and confidential to them, hence they do not share. Others reported not sharing in order to avoid standing as guarantors for colleagues who might end up defaulting on loan repayment.

Surprisingly, this study finds that cooperative societies are the loan sources mostly patronised by the textile traders. According to Abdullahi, (2018), informal sources of finance including cooperative societies, remain the main source of funding for the MSMEs in Nigeria. Peter *et al.* (2018) also that the lending model of cooperative societies are designed to effectively reduce the burden of collateral and interest charges on MSMEs. This finding in the current study is however surprising considering the fact that there are about six commercial banks in the market and surroundings, as well as some microfinance banks that are expected to provide more funding for textile traders than the cooperative

societies. Added to this is the assumption that the perceived high volumes of business transactions observed among the textile traders can hardly be supported by finances from cooperative societies considering their low capital base. It is important to note that cooperative societies are prominent loan sources for textile traders in this international market due to the reported excessive interest rates and stringent collateral requirements demanded by the commercial banks. The implication of this finding can thus be seen from two ways. The first is that textile traders at Bola Ige International market would not sacrifice their consciousness of interest rates for large funding, hence, they would prefer to patronise cooperative societies for loans. Secondly, their patronage of cooperative societies due to their less stringent collateral requirements might be detrimental to the activities of these societies in the long run especially in cases of default which are reportedly not uncommon among this population of traders.

Microfinance banks were the least used by the respondents, even though they are easily accessible around the marketplace. Major issues with the patronage of microfinance banks as reported by the traders is the high interest rate, as well as their strict handling of loan defaulters. This low patronage of microfinance banks is quite surprising considering the fact that microfinance banks were established in order to achieve financial inclusion due to the inability of commercial banks to serve the needs of MSMEs and low-income households (Nwanyanwu, 2011). Perhaps this stringent requirements by microfinance banks is not unconnected with the fact that many microfinance banks continue to face problems ranging from loan default by borrowers, as well as fraudulent practices by some bank staff, and these have led to the revocation of licences of many microfinance banks. For example, in 2018 alone, the licences of 154 microfinance banks were revoked by the Central Bank of Nigeria (Jannah, 2018).

A key challenge to information seeking on loan procurement by the traders is the reported lack of uniformity in the information received from loan agents when they visit the traders at their shops and when the traders eventually visit the offices of the loan agents in order to process the loan facility. Most likely, this inconsistency in information given, as well

as other challenges to obtaining loan facilities, such as high interest rates and excessive collaterals make the cooperative societies the choice for most of the textile traders.

Conclusion and Recommendations

This study has explored the information behaviour on loan procurement by textile traders in Nigeria. Specifically, the study has made key contribution to knowledge by showing that information needs of textile traders on loan procurement are about access to loans with low interest rates and bearable mode of repayment. It has also revealed that face-to-face communication with loan agents is the most preferred source of information on loan procurement by the traders. Moreover, cooperative societies are the most patronised for loan facilities by the traders. Also, textile traders face the challenge of lack of uniformity in information presented by loan sources through different means. Based on findings from this study, the following recommendations are made.

1. Loan sources need to ensure that loan agents sent to traders are knowledgeable enough to be trusted to provide the right information on loan procurement and efficiently represent their organizations.
2. The fact that most traders prefer face-to-face communication with loan sources has exposed the need for these sources to improve other channels of communication and ensure information provided on these channels are harmonised. Face-to-face communication although reliable should not be the main source of information on loan procurement especially in view of the development in information and communication technologies. Textile traders should be able to receive and use reliable information on loan procurement wherever they might be without having to stay at their shops or visit loan offices.
3. Findings from this study show that textile traders prefer cooperative societies to other loan sources. This is a wake-up call to the Federal Government of Nigeria to review the activities of the Microfinance institutions which were specifically set up to cater for the financial needs of MSMEs. The fact that they were the

least preferred might be an indication of a failure in the policy establishing them, or raises the need to review their operational strategies.

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