

LEATHER WARES FACTORIES IN ABA, NIGERIA: CHALLENGES AND WAY-FORWARD

Ezinwa, Vincent Chi* and Ikechukwu, Arinze Ernest¹

General Studies Division

Enugu State University of Science and Technology, Agbani

Enugu State, Nigeria

* Corresponding Author, Mobile: +234-806-840-8448,

Email: ezivinchi@yahoo.com

¹ Mobile: +234-803-099-9822, Email: ernestikechukwu@esut.edu.ng

Abstract

Ariaria International Market in Aba, Abia State of Nigeria houses a cluster of leatherworks factories that manufacture exported wares. Except their challenges are addressed, they are going down. The study was aimed at identifying their challenges and charting the way-forward. Key informant technique was used to elicit data from 17 respondents. The data were analyzed with the help of simple statistical tools. Results showed high exchange rate and other costs of importation of machinery and raw materials was a key challenge. Other challenges include lack of entrepreneurial spirit in graduate youths, poor doing business facilities and infrastructure, irregular electricity power supply, competition from imported goods, and lopsided development. Others are policy reversals, high and double taxation, difficulties in procuring business approval from government, high inflation rate, and unstable foreign exchange rate, in addition to corruption and fraud. The study recommends government encouragement of the leatherworks sub-sector with the right equipment and support.

Keywords: *Economic diversification, Leather wares factories, Aba, Nigeria*

Introduction

Enterprises constitute the driving force for economic development and generate 60-70% of domestic employment. They can achieve equitable and sustainable industrial diversification in developing economies, like Nigeria, which is among the poorest countries in the world and experienced economic recession in 2017. They are responsible for economic growth of the developing countries of the world, also known as the BRICS countries (Brazil, Russia, India, China, South Africa) and the rapid economic transformation of the Asian Tigers (Aliogo and Eneh, 2013; Eneh, 2017).

An important part of the real sector in Nigeria is the leather wares manufacturing sub-sector. It has a heavy presence among industrial concerns in Aba, Abia State, South-east geo-political zone of Nigeria, where the sub-sector engages micro, small, medium and large scale manufacturing and marketing of unisex footwears, waistbelts and handbags. Since the era of Eastern region, Aba has remained one of the top three industrial hubs in the Igbo-dominated zone. Igbos are reputed for entrepreneurial dexterity. The other two industrial hubs are Nnewi and Onitsha. Together, the three hubs, with Port Harcourt industrial hub, Eastern region was the fastest growing economy in the world up to the mid-1960s and was described as the home of business minds (Eneh, 2005).

Identifying and addressing the challenges of this sub-sector will enhance the performance of the dwindling Nigerian economy. This study is also well-timed, as the federal government of Nigeria has come up with policy on diversification of the monolithic (oil) economy by way of encouraging entrepreneurship in Nigeria beyond the crude oil sector to the real sector of the economy. The initiative will also curb the high rate of unemployment among graduate youths in the country. It will also enhance economic self-reliance of the people. The study, therefore,

was aimed at identifying the challenges of leather wares manufacturing sub-sector with a view to forging a way-forward for the sub-sector in Aba.

Review of relevant literature

Daily Sun (2016) opined that entrepreneurial spirit was a necessary factor in success of enterprises. Youths should also subject themselves to apprenticeship, in addition to their academic training and qualifications. Apprenticeship was a much-needed human capacity development or skills empowerment. On the other hand, government improvement in provision of doing business facilities and infrastructure would help Aba entrepreneurs actualize the potential and capacity of Aba to become the small and medium enterprises (SME) capital of Nigeria and position the country as truly the giant of Africa.

More hands needed to be recruited into the sub-sector. This requires mounting periodic sensitization and awareness raising programmes for the youths, who abandon enterprise as a noble means of livelihood and wealth creation for ignoble ones, like political thuggery, kidnapping for ransome, armed robbery and other social vices. Youths need to be encouraged to believe in themselves to stand against challenges. They ought to use their talents and creativity in working hard to success, since life does not end in the four walls of the educational institution.

Despite the challenges of using the traditional method of shoe making in Ariaria International Market in Aba, Abia State of Nigeria, the products (shoes and other leather wares) made in Aba are in high demand, as traders from neighbouring African countries of Cameroon, Mali, Ghana, and Ivory Coast, among others, throng to Aba city to place order for the Aba made leather wares. The current Nigerian economic down-turn notwithstanding, the shoe makers in Ariaria International Market, Aba are dogged (Ifeanyi, 2017).

Increasing cost of importation of machinery and leather raw materials, due to the rising cost of foreign currency at the parallel market, is inimical to the business. Without machines, an Aba shoe

maker can only produce about 300 pairs of shoes in a week, which is an insignificant fraction of the huge and regular demand from patrons from Mali, Cameroon, Sierra Leone and other parts of the world.

Aba shoe makers also produce good quality military boots of specified world standard to the delight military and para-military organisations. According to Adeola (2016), big-time suppliers of the boots place order for upwards of 50,000 military pairs of boots, on which they insert or engrave foreign labels for imported products, to beat Nigerians' craze for foreign products. Some shoe makers in Aba take their products off-shore, put the labels of foreign products, and bring the products back to sell in different parts of the country as foreign made products.

Irregular electricity power supply compel the factories to depend on electricity power generating sets at higher cost for the set acquisition, fueling and maintenance. Kerosene stove may be used to dry materials, but still at higher cost than using electricity.

Absence or poor state of roads militates against the movement of people and goods. These increase production cost and consumer price.

To encourage local production and creation, there is the need for the federal government to ban the importation of leather products. According to Okoro (2016), made in Aba products are already making waves in different countries in Africa, such as, Togo, Niger Republic, Cameroon, Gabon, Ghana, Libya, Senegal, in addition to their patrons from all parts of Nigeria, mostly the North. Some semi-finished Aba products are taken to Dubai in the United Arab Emirate and Italy for finishing touches, from where they are brought back to Nigeria for sales as foreign shoes in boutiques in Abuja, Lagos, Port Harcourt, Enugu, Uyo, Kano, etc.

Due to high cost of importation of leather raw materials from Italy, Spain and South Korea and unaffordability of foreign exchange, Aba leather products have become extremely costly, up to triple their prices of three years ago. The dealers are stranded for lack of wares. Many Aba leather workers, who used to produce with pure leather, have resorted to producing with synthetic leather raw materials imported from

China at cheaper rate. Some others collect down-payment from dealers to enable them import raw materials, at the risk of not being sure of what to get at the end.

Lopsided development reflects in the federal government assisting farmers in the North with tractors and other necessary farm tools and inputs at affordable costs of purchase and/or rent as well as provision of soft loans. The same government is yet to action its economic diversification policy by addressing the challenges of entrepreneurs in Southeast Nigeria.

Policy reversals, high and double taxation, difficulties in procuring business approval from government, high inflation rate, and unstable foreign exchange rate are some other challenges faced by Aba leather workers. These add to corruption and fraud.

To stem the tide, the government should help Aba leather workers with modern machines to help them overcome the challenges of obsolete equipment in shoe manufacturing. Government should partner with the private sector to provide regular electricity supply to Aba leather workers.

The government and Bank of Industry should collaborate to assist the Aba leather workers with modern machinery even if it is on daily rental basis. Leather works involve the process of decent and neat cutting, folding, sewing, and gumming at the different stages of production. The government can also open leather works industrial training centres in Ariaria International Market in Aba to improve the skills of current workers and build more hands for sustainability and succession. It can also stop high and double taxation.

Research methodology

Aba in Abia state is made up of two local governments areas (Aba South and Aba North). Aba was established by the Ngwa clan of Igbo people as a market town near the Aba River. It is at the intersection of roads leading to Port Harcourt (capital of Rivers state), Owerri (capital of Imo state), Umuahia (capital of Abia state), Ikot Ekpene and Ikot Abasi (both in Akwa Ibom state) (capital of Rivers state) (Hoiberg, 2010). The city

became a collecting point for agricultural products following the British made railway running through it to Port Harcourt. Aba is well known for its craftsmen. As of 2006 census, Aba had a population of 534,265 (Falola and Heaton, 2008).

Aba is surrounded by oil wells which separate it from the city of Port Harcourt. Its major economic contributions are textiles and palm oil along with pharmaceuticals, plastics, cement, and cosmetics which made the Ariaria International Market to become the largest market in West Africa seconded by the Onitsha Main Market. There is also a Heineken brewery, a glass company and distillery within the city.

Aba is powered by the Enugu Electricity Distribution Company (EEDC) - a product of the unbundling of the Nigerian Electricity Power Authority (NEPA). Another electrical company, Geometric Power Company, is yet to start power generation. Inhabitants are mostly Christians by religion.

The purposive sample included all 14 local shoe factories clustered in Aba North Industrial Market (Shoe Plaza Division), Ariaria International Market, Aba and 3 key officers (Chairman, Secretary and Public Relations Officers) of the cluster. Key informant technique (KIT) was used to elicit information from each factory owner or his representative and 3 key officers (Chairman, Secretary and Public Relations Officers) of the Aba North Industrial Market (Shoe Plaza Division), Ariaria International Market, Aba. Of the 17 respondents, 5 were women. A questionnaire data collection instrument was administered to the respondents. Simple statistical tools were used to analyze the data.

Results and discussion

The youths need entrepreneurial spirit and to subject themselves to apprenticeship, in addition to their academic training and qualifications. In support of this finding, Eneh and Eneh (2014) submit that decorative certificates are being acquired from Nigerian educational institutions, without the necessary skills content. Nigerian education system cannot

Ezinwa, V.C. – Leather wares factories in Aba, Nigeria

produce enterprise-ready school-leavers and graduates with skills for economic self-reliance and poverty reduction.

More hands need to be recruited into the leather works sub-sector. This would serve to improve available hands and recruit and train new hands for succession. Periodic sensitization and awareness raising programmes for the youths have become necessary.

With traditional technology, the Aba leather workers produce export quality goods Cameroon, Mali, Ghana, and Ivory Coast, among others. How much better would they perform, if given the right machinery, which they cannot afford due to rising cost of foreign currency.

Aba shoe makers produce good quality military boots of specified world standard to the delight military and para-military organisations. But, they have difficulties in procuring business approval from government due to corruption. Besides, they need to insert or engrave foreign labels for imported products because of the Nigerians' craze for foreign products. To do this, Aba shoe makers take their products off-shore, put the labels of foreign products, and bring the products back to sell in different parts of the country as foreign made products. "Aba-made" is a national stigma for made-in-Nigeria goods, especially among people with unreasonable appetite for foreign products.

The factories depend on electricity power generating sets at higher cost for the set acquisition, fueling and maintenance because of irregular electricity power supply. Other alternatives, e.g. kerosene stove for drying materials, are less effective and costlier.

Besides, the absence or poor state of roads militates against the movement of people and goods. These increase production cost and consumer price. This supports earlier report by Eneh (2011) that development projects abandonment is common in Nigeria.

To encourage local production and creation, there is the need for the federal government to ban the importation of leather products. Local industries in developing countries need government protection against competition with foreign competitors.

Due to high cost of importation of leather raw materials from Italy, Spain and South Korea and unaffordability of foreign exchange, Aba leather products have become extremely costly, up to triple their prices of three years ago. Aba leather products dealers are stranded for lack of wares. Some many Aba leather workers, who used to produce with pure leather, have producing with synthetic leather raw materials imported from China at cheaper rate. Some others collect down-payment from dealers to enable them import raw materials at the risk of not being sure of what to get at the end.

Lopsided development reflects in the federal government assisting farmers in the North with tractors and other necessary farm tools and inputs at affordable costs of purchase and/or rent as well as provision of soft loans. Southeast Nigeria should receive a similar industrial boost by the same government that tauts economic diversification.

Policy reversals, high and double taxation, difficulties in procuring business approval from government, high inflation rate, and unstable foreign exchange rate are some other challenges faced by Aba leather workers. These add to corruption and fraud. This supports the report of Eneh (2011) that policy summersault is a development issue in Nigeria.

The findings also support the report of Eneh (2010) that Nigeria ranked poorly in doing business environment occasioned by absence of or decaying infrastructure, weak government commitment and inadequate incentives, underdeveloped human resources, politico-social factors, among others.

Recommendations

The government should assist Aba leather workers with modern machines to help them overcome the challenges of obsolete equipment in shoe manufacturing. Government should partner with the private sector to provide regular electricity supply to Aba leather workers.

In consortiu, the government can work with the Bank of Industry to provide Aba leather workers with modern machinery even if it is on

daily rental basis. The decent and neat cutting, folding, sewing, and gumming at the different stages of production of leather works constitutes a process that needs mechanisation. The government can also open leather works industrial training centres in Ariaria International Market in Aba to improve the skills of current workers and build more hands for sustainability and succession.

The ministry of information and culture and National Orientation Agency should use the media to re-orient the Nigerian consumers on the evil patronizing foreign goods cum lack of interest in locally made alternatives. Business owners should build clusters and networks to collaboratively tackle their common challenges.

Conclusion

The study has identified the challenges faced by Aba leather wares factories which are burning out. The way-forward was also charted for stakeholders.

References

- Adeola, Y. (2016), *Military, Economy and 2016 Budget*, Abuja: *New Telegraphy*, August 23, p. 25.
- Aliogo, J.E. and Eneh, O.C. (2013), “Staff turnover in small and medium enterprises in Enugu, Nigeria,” *Journal of Applied Sciences and Development*, 4(1-4): 87-117.
- Daily Sun* (2016), Editorial - Single Digit for Agro Manufacturing Sector, *Daily Sun*, a Nigerian national daily newspaper, August 26, p. 15.
- Eneh, O.C. (2017), The challenges of entrepreneurs in accelerating sustainable development in natural resource-rich Nigeria, *Sustainable Human Development Review*, 9(3): 21-38.
- Eneh, A.N. and Eneh, O.C. (2014), The menace of examination malpractice in Nigeria: Causes and solutions, *Sustainable Human Development Review*, 6(1-4): 53-73.

- Eneh, O.C. (2011), "Failed development vision, political leadership and Nigeria's underdevelopment: A critique," *Asian Journal of Rural Development*, 1(1): 63-69. Knowledge Review, Malaysia.
- Eneh, O.C. (2010), "Survival strategies for entrepreneurs in dwindling Nigerian economy," *Asian Journal of Industrial Engineering*, 2(2): 52-62.
- Eneh, O.C. (2005), *Small and Medium Enterprises in South-East Nigeria: Problems and Solutions*, Enugu: WIPRO International.
- Falola, T. and Heaton, M.M. (2008). *A History of Nigeria*. Cambridge, UK: Cambridge University Press.
- Hoiberg, D.H. (ed.) (2010). Aba. *Encyclopædia Britannica I: Bayes, A.Ak.* (15ed.). Chicago, Illinois: Encyclopædia Britannica, Inc.
- Ifeanyi, E. (2017), Recession ruining our business – Ariaria Shoemakers, *Sunday Telegraph*, a Nigerian national weekly newspaper, June 25, p.8.
- Okoro, C. (2016), "if given the needed support the entire Africa and the rest of the worlds will be coming to Aba for their shoes and other basic needs. Nigeria is a small market for our products," *Sunday Telegraph*, a Nigerian national weekly newspaper, September 4, p.8.