

**THE CONSTRAINTS OF NON-AGRO BASED
INDUSTRIES IN THE DEVELOPMENT OF RURAL AREAS
OF ESAN LAND, EDO STATE, NIGERIA**

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ABSTRACT

This paper examined the constraints of non-agro based industries in the development of rural areas in Esan land, Edo state, Nigeria. Emphasis was on raw materials utilization, power supply, technology, marketing system, capital, accessibility and the government policies as they affect industrial development of rural areas in Esan land. The data for this paper were collected from both primary and secondary sources. The tools for collecting primary data were questionnaires and personal field observation. For the questionnaire administration, 644 were made and distributed mainly to non-agro based industrial establishments in the area. Data collected were then analyzed using tables, percentages and degrees. The result of the findings show that physical and human constraints which include climate, relief, capital, technology, power, market and access roads are the major obstacles to non-agro based industrial development in the study area. Arising from this, the paper recommends integrative approach to non-agro based industrial development in the area. This approach includes, government, non governmental organizations (NGOs), community and individual participation. It is believed that this participation approach will not only increase non-agro based industrial development but will also enhance the socio-economic development of the study area.

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Introduction

The non agro based industries in the rural areas of Esan land are those industries that do not use agricultural raw materials in their production. These industries include vulcanizing, motor works, transportation services, energy generating, health facilities provider, block moulding, communication, education service, banking and construction industries. Others are plumbing, electrical works, barbing saloon, hairdressing, recreation services and those that are concerned with the provision of portable water for both domestic and industrial uses.

These non agro based industries are capable of transforming the rural environment within their location. This transformation may be in the form of employment and income generation, poverty reduction, skill acquisition for the rural inhabitants, rural accessibility, market expansion, provision of raw materials and the diversification of economic activities.

As good as these benefits are, it is sad to note that the reality does not sound the same in Nigeria. This is because of the numerous constraints that impair Nigeria's industrial development. According to Akhimien and Ehisuroia (2009), some of these constraints include raw material shortage, transportation, power constraint, market, labour and capital shortages. Also Aluko (2009) identified accessibility, capital and labour shortages, while Agbana (2010) identified wet season as unfavourable to certain types of industries.

In the same way, Igbadi (2012) has identified lack of capital and entrepreneurship as the cause of the low performance of oil and gas sector in Nigeria, while Ademola (2003) attributed the poor industrial development in the tropical world to poor power supply, transportation and communication. To a large extent, these constraints as identified by these authors, have had a negative impact in the quest for industrial development in Nigeria. According to Segynola (2002), constraints of industrial development have narrowed its contribution to the Gross Domestic Product (GDP) of developing countries including Nigeria. A study of Onuba (2010) has also shown that unemployment in Nigeria and particularly in the rural areas is partly attributed to the effects of these constraints.

In the study of rural industrialization programme in Nigeria Ehisuroia (2012) revealed that the problem of power was alarming to the extent that most rural industries have either close down or operating at low capacity material. He identified the impact to include

increasing unemployment, labour transfer and income reduction. These constraints do not only limit the rate of industrial development, also reduce the general development of the tropic's GDP.

In the study area, which is largely a rural area, there are numerous non-agro based industries. These industries which are widely distributed in the area include block moulding, hairdressing saloon, welding, motor works, bicycle repair, blacksmithing, banking industries and satchet water production industry. Their location notwithstanding, very little have been desired of their impacts especially in the socio-economic transformation of the study areas. Many of the industries are either closing down, or operating at low capacity or underutilization of raw materials and labour, the impact has been that of increasing poverty in the area.

On the basis of this, this study has intended to determine the factors responsible for the poor performance of non-agro based industries to develop effectively and to transform the study area. This study is necessary at this time because of the need to revamp rural industrialization and transforming the socio-economic well being of the people of the study area.

Specific Aim and Objectives

The specific aim of this work is to examine the constraints of non-agro based industrial development in rural areas of Esan land in Edo State of Nigeria. The objectives of the study are to examine;

- i. The types of non-agro based industries in the rural areas of Esan land
- ii. The constraints of non-agro based industries in the study area and
- iii. The impact of the constraints on the non-agro based industrial development in the study area.

Study Area

Esan land is located within latitude $6^{\circ} 10'$ and 6° north of the equator and within longitude $6^{\circ} 10'$ and $6^{\circ} 40'$ East of Greenwich Meridian Line. It is made up of five local government areas namely Esan West, Esan Central, Esan North East, Esan South East and Igueben local government areas. The area is bounded in the north by Etsako East and Etsako West Local Government Areas. To the North West is Owan East local government area and to the west is Ughona local government area. To the south and south east, the

study area has boundary with Delta state while the eastern end is marked by the river Niger (Omofonmwan, 2006). Esan land is a plateau underlain by the lignite group of rocks consisting of clay drained sand and carbonaceous clay (Aziegbe, 2005). The topography of the study area is relatively uniform compare to those found in the neighbouring areas such as Akoko-Edo and Estako Local Government Areas both in Edo State. Esan land is within the tropical region. The area has mean annual rainfall of between 1524 mm and 2032mm. The temperature ranges between 25⁰ and 30⁰c. The area has both deciduous and savanna vegetations (Akhimien 2005).

The Esan people migrated from Benin kingdom in the 14th Century during the reign of Oba Eware “The Great”. The population of Esan was estimated at 507, 571 in 2005 projected population at a growth rate of 2.8% using the 1991 population census as a base (Akhimien, 2005). The 2006 population figure estimated the five local government areas total population at 587,855 people as show in table 1.

Table 1: Population Distribution Among the Five Local Government Areas of Esan Land

S/NO	LOCAL GOVT. AREAS	TOTAL POPULATION			
		2006	2007	2008	2009
1	Esan West	127,718	131,294	134,970	138,749
2	Esan Central	105,242	108,188	111,217	114,331
3	Esan North East	121,989	125,405	128,919	132,526
4	Esan South East	166,309	170,965	175,752	180,673
5	Igubeben	70,276	72,243	74,265	76,344
	Total	591,534	608,098	625,123	642,623

Source: Projected population of 2.8% Growth rate using the National Population Census of 2006 as a base

The economic activities of the people of Esan land is made up of both agricultural and non agricultural activities. The industrial sector constitutes the non agricultural activities in the area which constitutes both agro based and non-agro based industries. The non-agro based industries which is the focus of this study include vulcanizing, barbing saloon, hair dressing saloon, block moulding, welding, plumbing, transportation, banking, education and blacksmithing industries.

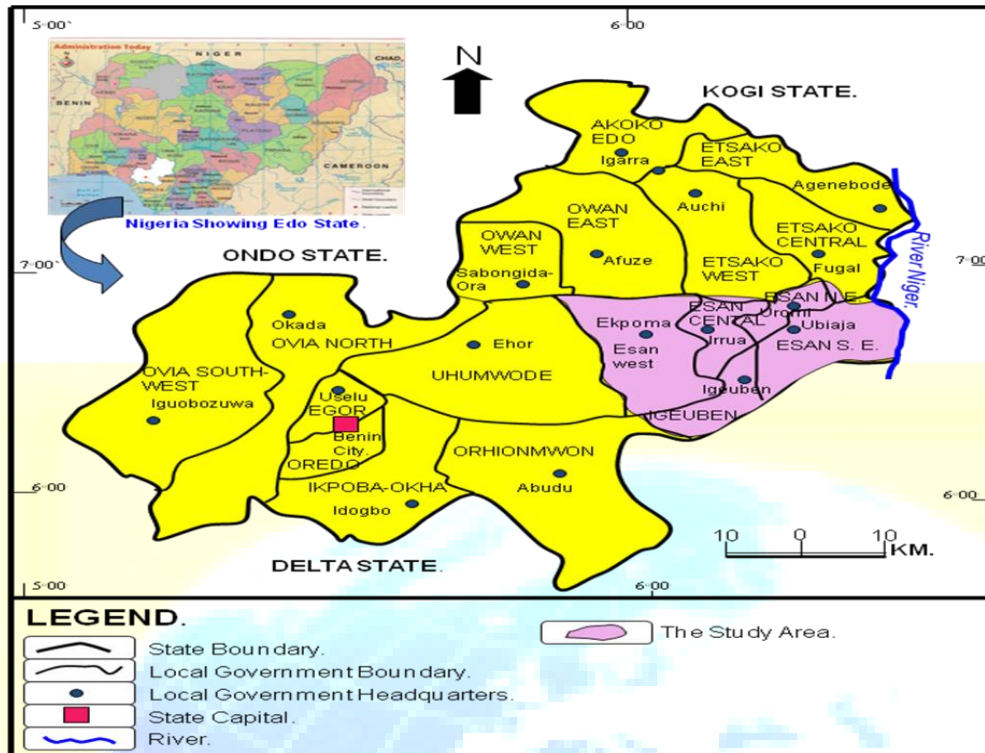


Fig.1:1 EDO STATE:LOCATION OF ESANLAND.

Research Methods

The data for this study were collected from both primary and secondary sources. The data were obtained mainly from primary sources due to dearth of documentary data on non-agro based industries in Esan land. The five local government areas of Esan land which is the study area were the sources of primary data for this study. This data were collected in the field with questionnaire administration, personal interview and observation. 642,623 questionnaire were administered in the five local government areas. In Esan west, 140 respondents were interviewed, 114 in Esan Central, Esan North East 133, Esan South East 181 while 76 respondents were interviewed in Igueben local government area. The stratified sampling technique was used to select the settlements into hierarchy for the purpose of questionnaire administration. In this regard, the first two most largest settlements, the two middle settlements and the least two least settlements in each local government area were selected for the distribution of the questionnaire. In all therefore, six settlements were selected in each local government while 30 settlements were selected in the entire Esan land. The random sampling technique was used to select the respondents. The non industrialists

were visited in their respective homes, market places and their village council meetings. At the end, 587 questionnaires were retrieved for analysis. The secondary data on the other hand were collected to complement the data collected from primary sources. These sources include books, journals, maps, theses and the internet. The data collected were analyzed using frequency distribution table, percentages and degrees.

Table 2: Sampled Rural Settlements in Esan Land

S/N	Local government areas	Sampled rural settlements
1	Esan west	Ujoelen, Urohi, Iruokpen, Emuhi, Ujiojgba, Ogua
2	Esan central	Ehanlen, Iduwele, Opoji, Ugbegun, Usugbenu Ibore,
3	Igueben	Ebele, Okalo, Amahor, Ekpon, Ukhun, Ewosa
4	Esan South East	Ilushi, Ewatto, Uhe, Okhuesan, Oyomon, Emu
5	Esan North East	Oyomon, Efandion, Uwalor, Ivue, Afuda Ewoyi

Source: field survey, 2012.

TABLE 3. Types and Number of Non-Agro Based Industries in Esan Land According to Local Government Area

S/N	1	2	3	4	5	6	7	8
L.G.A	Esan Central	Esan West	Igueben	Esan North East	Esan South East	Total	%	0 ⁰
Vulcanizing	8	6	8	5	7	34	5.79	20.85
Hair Dressing	12	8	7	8	8	43	7.33	26.37
Barbing saloon	6	7	8	4	7	32	5.45	19.63
Tailoring	10	6	7	4	6	33	5.62	20.24
Health services	5	8	7	6	6	32	5.45	19.63
Computer services	4	2	2	3	4	15	2.56	9.20
Motor works	5	3	3	5	3	19	3.24	11.65
Electrical works	3	3	3	4	4	17	2.90	10.43
Motorcycle repair	4	6	7	6	6	29	4.94	17.79
Bicycle repair	7	5	6	5	6	29	4.94	17.79
Wrist watch repair	1	2	2	5	0	10	1.70	6.13
Communication	9	9	10	6	10	44	7.50	27.00

services								
Education services	7	8	6	6	7	34	5.79	20.85
Banking services	0	2	0	1	0	3	0.51	1.84
Aluminium works	3	3	3	5	3	17	2.90	10.43
Transportation	8	7	8	6	8	37	6.30	22.69
Welding	4	5	3	5	4	23	3.92	14.11
Block moulding	3	3	2	6	4	18	3.07	11.04
Water industries	3	2	4	5	4	18	3.07	11.04
Shoe making	2	2	5	4	3	16	2.73	9.81
Photography	2	3	3	4	2	14	2.39	8.59
Blacksmithing	3	3	6	2	3	17	2.90	10.43
Rental services	3	4	4	4	3	18	3.07	11.04
Filling station	2	5	2	5	2	16	2.73	9.81
Bead making	0	2	0	2	3	7	1.19	4.29
Hotel services	1	3	3	3	2	12	2.04	7.36
Total	116	118	118	119	116	587	100	360

Source: field survey, 2012

Results and Discussion

The field survey carried out in the study area on the constraints of non agro-based industrial activities in the study area reveals the following constraints, raw material shortage, financial constraint, power constraint, marketing problem, transportation limitation and the negative government policy. These constraints are what the entrepreneurs in the area view as the major obstacles to the rapid non-agro based industrial development in the study area are show in table 4

TABLE 4. CONSTRAINTS OF NON-AGRO BASED INDUSTRIES IN ESAN LAND

S/N	Constraints	No of respondents	Percentage of respondents	Degree of respondents
1	Raw materials shortages	114	12.26	44.13
2	Finance problems	296	31.83	114.58
3	Poor power supply	114	12.26	44.13
4	Marketing problems	173	18.60	66.97
5	Transportation limitation	136	14.62	52.65
6	Government policy	97	10.43	37.55
7	Total	946	100	360

Source: Field Survey, 2010

Table 4 reveals that raw material shortage for non-agro based industries accounts for 12.26% and 44.13⁰ of the total problems affecting non-agro based industrial development in the rural areas of Esan land. The field survey reveal that raw material for the non-agro based industries are in most case not located within the study area. The non-based industrial operators therefore travel outside their rural areas to the nearest urban centers which are usually the local government headquarters. Most of the industrialists also travel outside the local government to distant urban markets such as Benin city, Lagos and Onitsha to purchase raw materials. For example, the blacksmiths operating in the study area say that, they buy their scrap which is their raw material in Lagos, Onitsha and Nnewi. The hair dressers travel as far as to Lagos and Onitsha to buy their raw materials. The same goes for motor mechanics, motor cycle mechanics and the welders operating in the area. The implication of this non availability of these raw materials locally increase the entrepreneurs overall cost of production which is incurred from additional transport cost to these distant markets. It also leads to the closure and migration of some of the non-agro based industries located in the study area. The few ones that remain in the rural areas sell at higher prices than their urban counterparts. The consumer's behavior to price is to demand at a lower price. This is while majority of the rural dwellers travel to the nearest urban centers to purchase the goods and services produced in the rural environment at cheaper rates. To solve this problem, the basic resource model advocated by Segynola (2005) should be adopted. This model is founded on the determination of the establishment of the propulsive industry in an area. According to this model, industries that utilize these local resources should be given priority attention in any scheme of industrialization designed to enhance the development of rural areas via non-agro based industries. Using this model as a guiding principle for the location of non-agro based industries in the area, spring and block moulding industries in the area are highly recommended.

The constraints posed by finance shortages attract the highest number of response. 31.83% and 114.58⁰ of the respondents agree that inadequate finance is a major obstacle limiting the development of the non-agro based industrial activities in the rural areas of Esan land. This is justified by the high response of the industrialists who agree that they have less than N100,000 capital investment as shown in table 5.

TABLE 5. RANGE OF CAPITAL INVESTED IN NON AGRO BASED INDUSTRIES IN ESAN LAND IN (₦1000)

S/N	Amount of capital invested in (₦000)	NO Of Respondents	% Of Respondents	0 ⁰ Of Respondents
1	Below ₦100	230	39.79	143.25
2	Btw ₦100 & ₦200	121	20.93	75.36
3	Btw ₦300 & ₦400	98	16.96	61.04
4	₦500 and above	129	22.32	80.35
5	Total	578	100.00	360

Source: Field Survey, 2012.

The other problem affecting the development of non-agro based industries in the area is power shortage in most of the rural areas. The problem created by ineffective power supply in the study area accounts for 12.26% and 44.13⁰ of the total response. The field survey reveal that some rural areas have not been connected to the national grid while some experience constant power outage. For example, Emuhi and Urohi both in Esan west local government area have recently been connected to the national grid. The implication of this is that, the potential non agro based industrialists in the rural areas migrate to the few urban centres which are mostly the local government head quarters in the study area. The field survey also reveal that the non agro based industrialists that were originally operating in the area have been relocated to the few urban centers for the reasons of either non electrification or complete abandonment when there is damage since the rural population have no voice in deciding matters affecting them in the decision making of the government. Also the non availability of power supply in the rural areas leads to rural urban migration in the region. The field survey also reveals that this movement results due to the desire for a better condition of life. For example, every youth needs cold water and drink. He or she also desires to watch television, play music and also needs air condition or fan. These are not available in the rural areas where there is no power supply. The rural inhabitants find it difficult to purchase generating plants due to the low income of the most rural people where over 65% of the population engaged in primary activities with low income return. This

power constraint in the rural areas of Esan land is one of the major causes of industrial migration and closure in the rural areas of the study areas as revealed during the field survey. This finding is similar to the finding of Akhimien (2005) when he exerted that lack of adequate power supply is the major obstacle to agro based industrial development in Esan land in his work on the role of agro based industries in the development of rural areas of Esan land.

The other problem limiting the development of non agro based industries in the study area is market. Market is one of the determinant factors for locating an industry at a particular region. The importance of market was highly viewed among other factors of industrial location such as labour, raw material, transportation accessibility and the physical, political, cultural and technological information Weber (1909). 8.60% and 66.97⁰ of the non agro based industrialists interviewed in the field agree that market constraints is a major problem confronting rural non-agro based industries in the study area since it is next to finance shortage with 31.83% and 114.50⁰. The size of market is determined by certain variables such as the population size, accessibility of the market to the out side world, the income at the disposal of the consumer, the existence of the goods and services else where, the degree of awareness of the existence of the products that is, the level of advertisement and the quality of the goods and services produced in the area. Unfortunately, majority of the rural settlements in the study area are characterized by high inaccessibility, poor communication system, low per capital income of the inhabitants and the existence of similar goods and services produced at better condition and at lower prices elsewhere. The field survey reveals that it is cheaper for a woman to mend her hair in Irrua town than the rural hinterlands such as Ujiabhole, Atuagbo, Edemu and Usugbenu all in Esan Central local government area in Esan land. The field survey also reveals that apart from the local government headquarters that have relatively high population, all the other areas are low populated. This is as a result of the push factors such as poor transportation, culture, and the general decay of infrastructural facilities located in the rural environments. The outcome of this poor demand for the products and services of these non-agro based industries in the area is that most of the industrialists have to migrate to the nearest urban centers such as Ekpoma, Uromi and Irrua. This is while Famisa 1988, support the view that the larger the settlement or

a city, the higher the population and the more manufacturing industries that are attracted by these settlements.

Transportation is one of the observed problems limiting the development of non-agro based industries in the study area. As shown in table 4, 14, 62% and 52, 65⁰ of the total respondents agree that transportation is a problem for the smooth industrial activities in the study area. The problem of poor transportation manifests in the poor movement of raw materials, labour, capital, consumers and government functionaries for the evaluation of the performances of these industries and how they can be encouraged to attain a standard to enhance rural development. The field survey revealed that the rural roads in the study area are in most cases not tarred, winding and uncared for. It is due to this observation that (Segynola 2005) observed that rural areas in Nigeria are neglected by both the public and the private bodies who are charged with the responsibilities of providing social services including road development in Nigeria. The poor accessibility to the rural areas of Esan land reduces the level of non-agro based industrial location and their performances in the development of the rural areas in the region.

The next problem limiting the development of rural non agro based industries in the study area is the unfavourable government policy toward rural development and planning. Out of the total 587 non-agro based industrialists interviewed to know the problems confronting their industries, 10.43% and 37.55⁰ agreed that unfavourable government policy is one of the major problems facing the industries in the area. Government policy toward industrialization takes form of infrastructural provision, roads and communication services for the rural dwellers. It can also be inform of capital provision for both small and medium scale enterprises at lower interest rate. It can also be inform of public orientation for the entrepreneurs operating in the area, tax holidays for the rural industrialists to enable them grow since they cannot withstand the competitions of their urban competitors and technological assistance to the rural non-agro based industrialists. Technology is important for industrial development. It is on account of this that Odia (2010) stated that technological deficiency is a critical factor in the economic backwardness of developing economics. The constraints have negative impacts on non-agro based industrial development in Esan land as show in table 6

Table 6. The Impact of Non-Agro Based Industrial Constraints on the Development of the Study Area

S/N	Impact	No of respondents	% of respondents
1	Industrial closure	105	24.59
2	Industrial migration	100	14.90
3	Low employment generation	108	16.10
4	High cost of production	164	24.44
5	Poor infrastructural provision	72	10.73
6	Others	62	9.24
	Total	671	100

Source: field survey, 2012.

Table 6 shows the negative impacts of industrial constraints in the development of the study area. 24.59% of the respondents agreed that the industrial constraints lead to industrial closure, 14.90% agree that the constraints lead to industrial migration, 16.10% said the low industrial employment generation is associated with the constraints, 24.44% of the respondents attributed the high cost of production to the constraints of the industries, 10.73% agreed that the constraints limit the capacity of the industries to provide infrastructure, such as road, pipe born water and power supply, while 9.24% agreed that, the constraints are responsible for the inability of the industries in the development of the area other than those specified in the table.

Conclusion

This paper has examined the constraints of non-agro based industries in the development of rural areas of Esan land. The study identified the following constraints which include raw material shortages, poor transportation facilities, low demand for the non agro based products and services, high cost of production and the poor accessibility to the rural hinterlands. Others are the unfavourable government policies toward rural industrialization, low technological development and the rural emigration among the youths. These problems hinder the expected role of these industries to perform optimally to induce development in

the area such as income generation, employment generation, infrastructural provision and the improvement in the general wellbeing of the people. Provide solution that will create enabling environment for the successful operation of these non agro based industries in the rural areas of Esan land.

Recommendations

Arising from the above findings, the following recommendations are made:

1. The rural entrepreneurs should form themselves into rural financial cooperative to limit the constraints posed by finance shortage
2. Community self help efforts should be encouraged in the rural areas to create enabling environment in the area.
3. The government should provide infrastructures in the rural communities such as road, health facilities and schools to retain and attract rural population. This will also expand the size of the market in the rural areas
4. The government should provide loan capital at affordable collateral security and low interest rate to the rural industrialists operating in the study area.
5. The rural entrepreneurs should be protected from the adverse competitions of urban industrialists with high technology, capital and managerial cost of production arising from internal economies of scale

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