Interrogating the Causes of Industrial Apathy in Gombe, North East Nigeria

Misbahu Sa’idu¹, Aminu Bakari Buba², Ahmed Usman³
¹²Department of History & Diplomatic Studies, Federal University of Kashere, Gombe State, Nigeria
³Department of Political Science, Federal University of Kashere, Gombe State, Nigeria
misbahn88@gmail.com, bakariamin@gmail.com

I. Introduction

The relevance of manufacturing in developing human society is no longer contestable. The march of world economic history as epitomized by the Industrial revolution, and the subsequent emergence of several countries, especially the Asian Tigers into the club of industrialized nations have all confirmed the historicity of manufacturing in stimulating economic growth and development(). However, in the developing countries, there is coalition of forces which hindered the enthronement of manufacturing on the pedestal of development agenda. This accounts for the low rating of Africa, and Nigeria on global manufacturing indexes. Africa’s contribution to global manufacturing was 10% in 1980(Mumo, 2010). While in Nigeria, the contribution of the manufacturing sector to Gross Domestic Product (GDP) was 4.21% in 2009, 4.19% in 2010 and 4.5% in 2011, all below 10%. It is against this backdrop that this paper dissects the ‘anatomy’ and ‘physiology’ of industrial apathy by parading empirical evidence from Gombe State in the North East geopolitical zone of Nigeria. This paper demonstrate empirical evidence on why Government, indigenous entrepreneurs, and foreign investors are unwilling to literary cast their votes in favour of manufacturing industries.
Gombe State is located on latitude 90 and 120, 30 N and longitude 80 451 and 110 45 E in the center of the north-east region of Nigeria. It has a land area of 20,265 sq km. It shares boundary with all the other states in the northeast zone namely: Adamawa, Bauchi, Borno, Taraba and Yobe. Gombe state has eleven local Governments areas which include Akko, Balanga, Billiri, Dukku, Funakaye, Gombe, Kaltungo, Kwami, Nafada, Shongom and Yamaltu-Deba (Diary, 2012).

II. Review of Literatures

2.1 The Concept of Manufacturing

The word “manufacture” has its origin from Latin words “manus” which means “hand” and “facture” which indicates the verb “do”. The combination of these two implies the meaning of “doing something by hand” (Mohammed, et al, 2016). According to Katsundo, “manufacturing means series of activity and operation which involve designing, choosing materials, planning, purchasing, releasing process, quality controlling, managing, marketing and delivering” (Katsundo, 1996). On the other hand, Groover describes manufacturing as a process to produce a product and give it an added value (Groover, 2009). On the other hand, manufacturing apathy is a term coined to describe disinterest, lack of motivation and enthusiasm in the drive towards the establishment and sustenance of manufacturing industries by all the stakeholders in the industrial sector. As such these stakeholders include government at all levels, organized private sector and the indigenous entrepreneurs. The word apathy is borrowed from political discourse where it is used as in voter apathy or political apathy.

2.2 Causes of Industrial Apathy

Adenikinju and Alaba (2000) conducted an empirical study which evaluated the Nigerian manufacturing sector’s performance with regards to the relationship between productivity, performance and energy consumption within the manufacturing organizations. On their parts Adenikinju and Chete (2002) attribute the sharp decline in the growth and profitability of the Nigerian manufacturing sector to the collapse of oil price collapse in the international oil market. While Dipak and Ata (2003) stated that the effects of the trade restrictions resulting from the oil price crisis were clearly observed in the form of a 25% decline in the real output of the manufacturing sector from 1982 to 1986. Bigsten and Soderbom (2006) conducted a study which investigated the main challenges confronting the manufacturing firms. It reveals that the first perceived variable retarding manufacturing firms is physical infrastructure problems (98%) followed by stiff competition from Asian products (90%) and then inappropriate technology (71%). Alli (2008) argued that the final shape of the Nigerian manufacturing sector is mainly made up of a few players which are the multinational, national, regional and local manufacturers, investors, and companies.

II. Research Methods

The stated purpose of this study is to uncover the actors and factors that led to manufacturing apathy in Gombe state. Based on this ground, a historical method of inquiry anchored around oral interviews and the use of secondary sources was adopted. The total number of sixty (60) local manufacturers and government officials were interviewed across the eleven local government areas of Gombe State. Each of the ten (10) local government areas had four (4) interviewees, while Gombe, which doubles as a local government headquarters and capital of Gombe state, was allocated ten (10) interviewees. To obtain first
hand information on the nature of this apathy, owners of collapsed manufacturing firms such as Gombe Oil Mills, Landa Sack Factory and Gombe Fertilizer Blending Plant were interviewed. To further corroborate the information obtained from the oral interviews, secondary sources in forms of Annual reports, government publications and reports, journals and published books were used. Since, government played a dominant role in shaping the economy, a political economy perspective is adopted, because it is a general theory that is able to articulate both economic and political aspects of development, given that it emphasizes that the structure of the economy has a dialectical link with the state, institutions and political relations that is, economic and social policies or reforms, their success or failure involve fundamental issues of politics and change. Since this is influenced by the classes in control of political power who determine the distribution of property between classes in society.

IV. Discussion

The outcome of the oral interviews conducted reveals that manufacturing apathy is a nation-wide problem, and it is more endemic in Northern Nigeria where Gombe State is located. This has been attributed to a number of factors, one of which is the longevity of the period upon which the benefits of manufacturing could be obtained. This standpoint argues that manufacturers had to wait for 3-5 years before reaping the benefits of their investments. The inception of democracy in 1999 further worsened this problem by making politics a portent avenue for a get rich quick syndrome. This made earlier indigenous entrepreneurs to abandon manufacturing and embrace politics and contract-seeking tendencies. To this class of people, lack of capital is not a major reason for not coming out to vote in favour of manufacturing industries. More so, the wealth amassed as a result of their engagement in politics or their association with politicians is further invested in establishing real estate and filling stations not in the manufacturing sector because the latter is seen as a long way to becoming rich. Furthermore, this lack of patience in cultivating the profits of manufacturing partly influenced the attitudes of successive administrations in Gombe State. This is evident in their tendencies towards quick win projects such as the erection of not badly needed architectural structures so as to earn “quick” support of the electorate.

Lack of capital and access constitutes another factor that engenders manufacturing apathy in Gombe State as related by our interviewees. Most of the entrepreneurs willing to invest in manufacturing lack the capital needed to do so. Although, there is a Bank of Industry (BOI) and other banks, the challenge of accessibility to the loan is a major hindrance because of the stringent measures bordering on collateral. However, some of our informants challenged this position by arguing that where investors were given soft loans after presenting guarantors, but ended up diverting the loans to other uses including adding more wives or investing in trading businesses. More so, most of the loans given by banks have high interest rate, therefore, loan seekers have a huge amount in servicing the loan not even repayment. In addition to this, Gombe State has a predominant Muslim population, so there is apathy in collecting loans that have interest whether “soft” or otherwise. This is not because of fanaticism but rather because of strict adherence to the Islamic teaching which forbids any interest-related transaction. In spite of these few exceptions, access to right type of finance constitute a major delinquency on the path of investment in manufacturing industries.

Another factor is attitudinal in nature, and it is peculiar to yan Arewa (people of Northern Nigeria). These attitudes include but not limited to rashin gaskiya, (insincerity) mugunya (wickedness) and Yaudara (betrayal). Here, most of the interviewees, especially
owners of collapsed manufacturing industries gave chronicles of instances which demonstrate how these negative behaviours not only brought their industries to their knees but also paralyzed any future attempt at reviving them or establishing new ones. All gave an instance of how their close relatives whom they brought from villages to assist them ended up looting their companies’ purse. This made them to develop apathy for manufacturing industries. However, this dubious tendencies of close and distant relatives is not only limited to manufacturing as it led to collapse of several aspects of life in Nigeria, and northern Nigeria in particular where erosion of trust has reached a breaking point.

Our field work in Gombe Metropolis and its environs revealed that most of the medium scale industries were owned by one person (Sole proprietor). This often culminates into a situation whereby the firm collapses after the death of the owner. The multiplier effect of this development is family rancor and acrimony which more often than not resulted into closure of the companies and the sharing of the companies’ assets as inheritance.

Another consensus critical factor mentioned by our interviewees is the epileptic supply of electricity. They explained that prior to the creation of Gombe state, and even few years after, electricity supply was relatively stable as the population was low. However, with breath-taking urbanization without commensurate efforts at improving energy supply, and the adoption of renewable energy alternative, many manufacturing industries were shut down. Because energy crisis forced most of the manufacturers to rely on generators, and exorbitant price of diesel increased the cost of production. This ultimately led to grounding of many manufacturing firms including Landa Sack factory, and Gombe Oil Mills. It also led to low capacity utilization in Niko Plastic Industries. In addition to all these, three of our key informants confirmed that problem of electricity supply has forced them to abandon some of the manufacturing firms they wanted to establish in Gombe State. This demonstrates that the challenge of energy supply has engendered a miscarriage of manufacturing industries, and by implication apathy.

Lack of Technical Knowhow is another factor which midwife manufacturing apathy in Gombe State as revealed in our field work across Gombe State. Our informants who attempted to set up manufacturing firms have confirmed the veracity of this claim. For instance an entrepreneur in Gombe Metropolis narrated an experience with his technical partners who were very shrewd, and fortunately, he was relatively versed in the subject matter of manufacturing, and they had to finally admit that he knew what he was doing when he insisted that very few people have knowledge and skills of entrepreneurship, and even among the few ones, not all are interested in establishing manufacturing firms because of the difficulties and technicalities involved in the whole process. In fact, an informant revealed that, he wanted to set up a manufacturing firm, but was convinced into abandoning the idea by his children who based their reason on the numerous challenges facing the sector, and the fact that he was old therefore should avoid incurring unnecessary frustrations and disappointment. The interviews conducted in Billiri also showed that most of the people are civil servants who have phobia for business and manufacturing

While local manufacturers were wrestling with all “the lack of”, another source of frustration and apathy emerged in the area of the importation of cheaper alternative manufactured goods. Marry Tiffen corroborate this standpoint by demonstrating that the genesis of this problem in the case of Gombe metropolis could be traced back to the late local colonial period when chain of multinational companies such as the Lever Brothers, G and Gold Cork Limited, Paterson Zochonis (PZ), Compaignie Francois d’ Afrique Occidentale (CFAO), Manufacturers Delivery Service (MDS) and SCAO opened warehouses filled with assorted consumer goods for sale in1950s. It should be noted that what sustained this apathy
has been craze for foreign goods by individuals, government and the private sector. This translates into Lack of government patronage and encouragement of locally manufactured goods.

Moreover China's rapid growth and deepening global presence in Africa creates a major challenge for the conventional wisdom of industrialization as a core component of development strategy, the inflow of cheap manufactured goods mostly from China have compounded the development process, a regrettable part of it is that the goods imported are mostly substandard, according to our informants, Nigeria business tycoons importing goods from China contract goods and product based on their financial capabilities while compromising the specifications of the Standard organization of Nigeria (S.O.N). There are three categories of products produced in China which are; China for China, China for Africa and China for Nigeria. The latter is what is mostly imported into Nigeria which floats local markets, Gombe inclusive.

Closely related to the challenge of imported goods is that of the some major Gombe marketers themselves. Results of our interviews showed that local dealers of imported manufactured commodities consider the establishment of industries as threat to their businesses. Therefore, they often collaborate with their cronies in government to frustrate any attempt at incorporating new industries. An interviewee gave an instance with Gombe Fertilizer Blending Plant set up in 2000, but was shut down in 2004. Part of the reason for its collapse was that, local dealers of imported fertilizers popularized the view that the locally made fertilizer was of low quality whereas the opposite was the case because the same fertilizer was rated best for the production of tea. Therefore, over the decades, some Gombe businessmen have been cogs on the wheels of establishing manufacturing plants, and this couple with lack of political will, engendered and sustained disinterest in the establishment and sustenance of manufacturing industries in Gombe State. This brings us to the final and perhaps the most crucial factor that caused manufacturing apathy as revealed in our field work.

All our informants maintained that lack of political will has been the bane of manufacturing in Gombe State as evident in the serial failure of successive administrations to create an enabling environment for manufacturing industries to thrive. The manifestation of this failure could be seen in amoebic industrial policy, inadequate basic infrastructure (including water and electricity) serial neglect of Agriculture, corruption, and insecurity among others. Our interviews on this subject showed that, since the submission of the report of the industrial policy formulation committee in November, 1999, no white paper was issued by the successive administrations in the state to declare and define the industrial policy for Gombe State. Some of our key informants who have served in Government at state level further dissect the anatomy of this lack of political will.

The finding further revealed that successive administrations in the state were fed with poisonous ideology that government should have no role in business therefore, what government should do is only to provide an enabling environment for private sector to thrive. However, empirical studies by showed that this is a carryover of western economic prescriptions preached by the World Bank and the International Monetary Fund (IMF). However, evidence from economic history has shown that even Britain did the opposite of the gospel of trade liberalization preached by World Bank and IMF by practicing protectionism from the middle of the 19th century to the end of the first half of the 20th century. Secondly, in Nigeria and Gombe State in particular, politics always overtakes economics in the negative sense. This is manifested in the fact that political patronage not merit was a yardstick in virtually every aspect of the economy, including the manufacturing.
sub sector; from project conception to conduct of feasibility studies, to the composition of management of companies, and their operation. Another source revealed that successor-predecessor rivalry syndrome also led to the closure of some factories and the neglect of viable feasibility studies. Others mentioned lackadaisical attitude of government whereby it failed to provide reward for success and punishment for failure. They contend that this made government work to be seen as no body’s work.

One of the domino effect of lack of political will is weak institutions that could coordinate the activities of the manufacturing subsector. For instance, Ministry of Commerce and Industry did not execute any capital project in 2007 except in 2008 to 2011 with a total of N 4.2 billion. (NEITI, 2011). Our interviews further revealed that, there was also crisis between the state bureaucracy and the private sector in the state with the latter blaming the former for crippling government initiative aimed at empowering the private sector mental.

Available empirical findings also showed that Boko Haram insurgency in the North East and other security threats constitute another cause of manufacturing apathy in Gombe State. The peculiar case for Gombe State was that, even though the state was not seriously hit by the insurgency compare to the neighboring states of Borno, Yobe and Adamawa. This made investment in the state equally dangerous. More so, as a result of the insurgency in question, many international agencies and countries began to issue travel warnings to their citizens about the dangers involved in traveling and doing business in some parts of the country. For instance, United States of America warned her citizens of the risks of coming to Nigeria, with particular emphasis to Akwa Ibom, Bayelsa, Delta, Rivers, Abia, Edo, Imo, Jos, Bauchi, Gombe, Yobe and Borno states; and the Gulf of Guinea.

It becomes clear from the above that, investors were unwilling to invest in North East Nigeria due to security challenges. There is evidence to show that many local and international investments were forfeited due to insecurity and this had a negative multiplier effect to the local economy. According to World Investment Report (WIR) of the United Nations Conference on Trade and Development (UNCTAD) the domestic economy lost a whopping N1.33 trillion Foreign Direct Investment (FDI), owing to the activities of ‘Boko Haram. (Eme and Jide, 2012). For instance Niko Plastic Industry sold about 40% of its product to customers from Maiduguri prior to the outbreak of Boko Haram Insurgency in 2009. Our interviewee asserts that, Baga route leading to Chad Republic was the most lucrative in the Borno area.
4.1 Prospects for Development of Manufacturing Industries in Gombe State

In spite of the growing disinterest in manufacturing, most of our informants were optimistic that there is a ray of hope. They hinged their optimism on three important factors. One of which was the emergence of a participant political culture. Most of the interviewees argued that citizens of the state were becoming increasingly aware of their right to decent living and could hold any government responsible for not creating enabling atmosphere for development. This would certainly engender a strong political will, and by implication a greater commitment towards the creation of a conducive atmosphere for manufacturing to thrive. Paradigm shift from voting for a party to a candidate has been cited as one of the manifestations of this participant political culture as opposed to parochial political tendencies.

Another ray of hope in the revival of enthusiasm in manufacturing as revealed in our interviews was the Federal Government of Nigeria’s economic diversification policy anchored around developing agriculture and solid minerals sector. This is critical to agrarian states like Gombe. For instance as at 2009, the state has a livestock population of about 0.96 million cattle, 4.2 million sheep and goats, about 2.5 million poultry and 1.95 million sheep is one of the leading livestock producers in the country. As at 2006 there were 378 private poultry farmers in the state, out of which 90.6% of these were small-scale operators. According to Gombe State statistical year book, 2007-2009, the poultry populations of the state were as follows: 3,551,283 in 2007, 8,619,713 in 2008 and 1,467,388 in 2009. In terms of mineral endowments, Gombe is among the leading states in Nigeria (Gombe State
Statistical Year Book, 2007-2009, 2010). For example, the final report of the Gombe State Vision 2020 committee gave a breakdown of the distribution of mineral resources across the eleven local government areas of the state as reproduced below:

Clay, as a mineral resource in the state, is found in Dukku. Gypsum is found in Funakaye, Akko, Kwami, Shongom, Gombe, Kaltungo, Yamaltu-Deba, Halite is found in Akko. Coal is found in Akko and Kwami. Agatey is found in Akko. Amethyst is found in Kaltungo, Balanga, Billiri, Akko and Gombe. Tourmaline is found in Billiri, Balanga, Tula, Kaltungo, and Yamaltu-Deba. Galena is traced in Billiri, Kaltungo, and Akko. Sphalerite (Zinc and Lead) is found in Kaltungo and Akko. Salt is found in Akko, Billiri, and Balanga. Limestone is traced in Gombe, Nafada, Funakaye, Yamaltu-Deba, Uranium is found in Akko, Kaltungo, Yamaltu-Deba, and Gombe (Vision 2020 Committee Report, 2009)

In addition to the above minerals, Gombe State has crude oil deposit proven to be in commercial quantity. As such, this is confirmed by Alhaji Aminu Sale-led Elf and Shell Petroleum delegation to Gombe in early 1993. In addition to all these, Gombe state has an effective wind area of 17,428 KM capable of generating 2290 MWh. Therefore, with strong political will, these potentials could be harnessed in developing a vibrant economy and implication, sound manufacturing industries.

V. Conclusion

The creation of Gombe State out of Bauchi State on Tuesday, 1st October, 1996 was accompanied by wild jubilation and optimism. However, amidst these celebrations were challenges of developing the new state on a virile industrial foundation. Although, token efforts were made in terms of creating a viable manufacturing sector, most of the pre-1996 and post-1996 manufacturing plants have shut down before the State could celebrate her twentieth anniversary of creation in 2016. The domino effect of this development was the sending of discouragement signal and shock waves to potential investors thereby engendering apathy after the creation of the State in 1996. Our empirical findings have shown that monocausal explanation is simplistic in analyzing the factors that brought about the apathy in manufacturing as there were numerous causes. These include lack of capital, poor infrastructure, lack of technical knowhow and maintenance culture, corruption and lack of political will. The latter have been identified as a pivot around which all the other factors revolve but could be addressed with the emergence of a participant political culture, and its attendant implication of strong political will.

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References


Excerpt from Gombe State Government Diary, 2012 P.4


Excerpt from Gombe State Vision 2020 Committee Report


