

Challenges and Solutions of Industrial Development in Anambra State, Nigeria

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Abstract- *The paper investigates the constraints to industrial development in Anambra - Nigeria. It starts by conceptualizing industry and industrialization as well as a brief on the various challenges hindering the nation from attaining industrial development. With the aid of primary data sources, basically survey findings from focus groups within the industrial settlements in Anambra State, the paper assesses the performance of the industrial sector in the state. It was observed that not much has been achieved as the major industrial indicators are not faring well. The poverty level, unemployment and rate of closure and distress of companies in Anambra buttressed those findings. To that effect, a number of constraints to industrial development in the State have been identified ranging from low return on investments due to infrastructural deficiencies (especially power), supply chain and product development issues, lack of capital and bankruptcy. In order to address these problems, the paper recommends among others that government policies/incentives should be fine-tuned to converge with economic progress, data analytic-driven approach should be deployed to solve supply chain problems. With the solutions provided in this study in solving the industrial problems identified in Anambra State, the State and the country (Nigeria) can adjust and work towards attaining industrial sufficiency.*

Indexed Terms- *Industrial development, constraints, incentives, industrial sector, product development, industrial sufficiency.*

I. INTRODUCTION

Record has shown that industrial development in any nation help in sustaining growth, economic development, generation of employment, improved savings and investments (Ezeoha, 2007). Drive towards industrial development became visible with

the growth of industries in Europe in 1750 and the development of factories and communication network (Wikipedia, 2010).

Industrialization is one of the indicators and distinctive features of modern economic growth and development of a country (Tamuno & Edoumiekumo, 2012). According to Barigbon & Idoniboye-Obu (2022), it is the driver of economic growth. It can be defined as a change in a country's form of production and work force towards producing or minor industries and also relates to different income levels attainment in which nations can be classified such as high-income, higher upper income, lower upper income, higher middle income, lowers middle income and the low income countries. Today, industries are located all over the world including in the developing nations like Nigeria. Nigeria's approach of industrialization has not been impressive causing multi-national companies not to see compelling reasons to locate production in Nigeria, the few surviving industries are located in a few states and cities, mainly state capitals causing industrial regional imbalance. The imbalance deprives the rural areas the basic amenities needed for industrial growth, especially poor transportation system which hinders market integration and urbanization (Chukwurah et al, 2020). Manufacturing represent barely 0.4% of total exports, while the import of manufactured goods is about 15% of GDP or more than 60% of imports (Ikpeze et al., 2004).

Since the 1980s, Nigeria manufacturing sector has been faced with numerous challenges and problems including poor infrastructure; low capacity utilization; lack of capital for startups; lack of long term loan; multiple taxation by government agencies; lack of good and enabling economic environment, as a result

of harsh and unfavorable economic policies. To Umar et al, (2019), the development of infrastructure world over is a fundamental precursor to economic growth and development. Adequate power is needed to run and operate industries; many industries have closed down in Nigeria due to inadequate power supply. This forced the survived ones to run on private power generating sets at a very high cost, even where the use of generator is considered non-availability of diesel at an affordable price is another challenge. Moreover, the poor state of other basic amenities such as transport, water supply also forced many industries to stop shutdown, while the collapse of the country’s banking system paused the flow of capital to industries.

These problems have combined to frustrate entrepreneurs in the country especially the Small and Medium Scale Enterprises (SMEs) known to be the majors drivers of growth in the economy of most developing countries. This has made the country to become a dumping ground for poor quality foreign goods, these goods are usually cheaper and more attractive to consumers due to high poverty rate. These challenges have also hiked the cost of doing business to the point that the little that is produced in the country is always exorbitant and cannot compete in the international market. To combat this, Arinze (2023), recommends that government should formulate and adopt policies that would encourage trade performance, local manufacturing, self-reliance and entrepreneurship among citizens as well as industrial advancement to promote economic growth. It would serve as a means to achieve the country’s macroeconomics purposes, diversify the economic base and promote economic development and growth (Adegoke et al., 2020). The aim of this paper is to examine the challenges of industrial development and discuss possible solutions to the problems in Anambra State, Nigeria.

II. METHODOLOGY

The method for the study involved visits to the industrial sites in State and its environs, including the Engineering foundry workshop located at the Nnamdi Azikiwe University, Awka. The inventory of the industries were collated to draw an industrial map of the State. Focus groups were formed to identify and discuss the issues hindering industrial development in

the state, and in extension the country. Challenges of industrial development were also discussed by the focus groups with the researchers acting as the facilitators. Sample population made up of thirty (30) focus groups are used for the study.

Table 1: Showing the focus groups in different areas around the state.

S/N	Name of industrial settlements (Towns)	Number of focus groups
1	Awka	05
2	Nnewi	06
3	Onitsha	04
4	Ogbaru	02
5	Aguata	02
6	Idemili	03
7	Ekwusigo	02
8	Oyi	02
9	Dunukofia	02
10	Obosi	02
Total		30 groups

The discussions with the focus groups included interviews. Those interviewed are the Staff of Anambra State Ministry of Commerce, Industry and Tourism, the State Department of Small and Medium Scale Enterprises (SMEs) and the Staff of Anambra State Chamber of Commerce, Industry, Mines and Agriculture. Others interviewed are industrial workers, stakeholders in industry and industrialists.

Data were equally sourced from conference and public lecture papers, journals, projects and policy documents. From the data collated, major industrial problems and challenges were identified and analyzed and solutions profound.

III. RESULTS AND DISCUSSIONS

Challenges of Industrial Development in Anambra State as identified by the focus groups:

3.1 DECREASE ROI (return in investment)

Any industry will want to be able to increase their ROI. They would usually increase their sales or the price of their sales or the price of their products. But with unfavorable economic conditions, which reduces customer purchasing power these aren’t effective

ways. Like other States in the country, basic infrastructures needed for smooth running of industries like power, rail transportation, road transportation, telecommunication facilities are much short of actual demand in Anambra State. Electricity supply is a necessity for the basic production of goods and services by small and medium-scale operators (Adanlawo & Vezi-Magigaba, 2021). This has increased the cost of maintaining these businesses as the industries have to provide these infrastructures by themselves. All of these affect ROI directly or indirectly.

3.2 SUPPLY CHAIN ISSUES

Information gathered from the field by the focus groups clearly shows that manufacturers in Anambra State depends heavily on imported raw materials to build components needed to complete the manufacture of their products. In supply chain, when additional parties are involved like contractors, vendors or other parties, the risks of miscommunication and errors are inevitable. Process shift and other unseen events occur that obstructs production which leads to downtime. Therefore, without an effective means of getting the situation report from different plants and units, there is no way all the teams working on the project will notice changes that might occur in the schedule and react in a timely manner.

3.3 PRODUCT DEVELOPMENT ISSUES

Customers always want more and expect industries to update their product line from time to time. However, developing a new product comes with its own challenges. To know what customers really want, and more importantly, how to get all the units within the company to work on the same page is tasking. If your customer needs product A, but your company produces B, they stand the chance of losing their customers because any new product will fail. Moreover, most industrial activities in the country are still linked to foreign industries both for the intermediate products and final consumption goods, due to lack of expertise and technology.

3.4 LACK OF CAPITAL AND BANKRUPTCY

According to OECD Report (2015), & Medhin (2022), it is necessary to expand the range of financing instruments available to SMEs and entrepreneurs, in order to enable them to continue to play their role in

investment, growth, innovation and employment. Depending on what stage you are in your business – you could just be thinking about making your own product or you might have started producing and you are planning on expanding your operations. Whatever the case is, money is needed to kick start the business. Regrettably, funds are not readily available for entrepreneurs and manufacturers in this region. When it is available through bank loans, the interest rates are so high. At such rates, even if you made a profit, you will use a good amount of that profit if not all to pay your debt to the banks. Even the government owned industries in the state are not left out as they suffer the same faith with the entrepreneurs.

3.5 Solutions to Industrial Development Challenges in Anambra State.

3.5.1 The following are several ways to increase ROI:

- a. Increase sales the right way: First, manufacturers in Anambra State should be able to clearly define their returns, since they can include customer satisfaction, bumper sales, higher generation of revenue, reduced overhead or production costs, good profits and low turnover of workers. Therefore, multiple benchmarks should be set for their return goals. For example, instead of setting increased sales as a goal, they can increase sales during certain months (Festive periods) in particular territories.
- b. Update marketing strategies: Manufacturers can also change their marketing strategies by utilizing digital marketing, because it is more cost effective when compared to the generally known methods like TV, newspapers, or billboards advertisements. Digital marketing can be achieved by website content optimization, personalizing email marketing campaigns, social media posts and search engines.
- c. Reduce costs: Manufacturers can reduce production costs by changing the design or packaging materials without compromising the quality of their products, and to get costs reduced they can also negotiate with suppliers on the prices of materials and items. Manufacturers can control procurement cost, minimize cost of production and allocate costs appropriately with the help of ERP software.

3.5.2 The possible solutions to supply chain issues are discussed below:

a. The industries in Anambra State should make use of a collaborative project management tool that allows everyone involved in the project to see what's going on. By doing this, all those involved can access the schedule at any time to see how the project is progressing and stay updated on any important information.

b. Few years from now, about one-third of all manufacturing supply chains will be using analytics-driven cognitive capabilities. This will allow supply chains to use data generated by the Internet of Things (IoT) to give real-time insights into how they are working. Improved performance and operational efficiency will be achieved with the real-time data.

3.5.3 The following steps are necessary in dealing with product development issues:

Industrialization is crucial for Anambra State's development. The state needs to raise its game on product standards, customs procedures, and other trade facilitation measures, as vital complements to make use of market access opportunities (Dirk, 2021). Manufacturing processes of a new product should involve the important stakeholders from day one. Buy-in from a bigger company may be the most significant factor in a product's ultimate success. This will help the units better deal with issues like change orders or shortened schedules because better communication and buy-in from bigger management means they are more aware of any problems this may create. To make sure companies in the state are always aware of their customer's needs, the following steps should be followed.

a. The most important needs of customers should be identified: Research, testing and experiment are important throughout the product development process, which will be based on feedback in conversation with customers.

b. Effective project management: The industries in the state should be organized and define the manufacturing process. Pay attention to customer satisfaction, profit and how long it will take to launch the product. The nature of the product should be well understood by all the teams involved, goals should also be clearly defined and known by every member of the team.

c. Disunite the product from outcomes: Think about how the product is going to sell, not only about the product. There are keys to marketing new product such as market assessments, conduction of product validation, launch surveys etc, product merit shouldn't get the whole attention. Make use of the above processes to get lots of feedback from your customers. This will give you clues on how you can best sell your product.

3.5.4 Finance problems can be sorted through the following interventions:

The level of industrialization of a country facilitates its productive ability to make the essential goods and services available, reduce poverty, enable self-reliance, improve living standard, balance of payment stability, saves time and labor, stimulate other sectors of the economy, development of skilled manpower, minimize social tension by creating more employment opportunities, increase the earning power of the populace, and sustain economic growth and development (Ogbuabor, et al., 2018; Ikonne & Nwogwugwu, 2020). To this end, government at all levels in Nigeria should offer a number of incentives to fulfill two main objectives of economic development. Firstly, facilitate the decentralization of economic power by encouraging prospective entrepreneurs to take up industrial ventures and assist dispersal of industries over the entire country. Secondly, facilitate the transformation of traditional technology into a modern technology having improved skills, high productivity, rising wages and a higher standard of living.

Incentives act as motivational factors for the new industries. Incentive includes concessions, subsidies and bounties. Concessions may be in the form of reduced rates of electricity, water, and other tax and excise concessions. Subsidy is a single lump-sum amount given by a government to industries/entrepreneurs to cover the cost. Bounty denotes a bonus or financial aid. In the cases of government owned industries that are also in ruins due to negligence, commercialization and privatization might be a better option to reviving the industries in Anambra State.

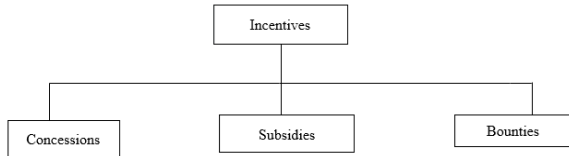


Fig. 1: Forms of Incentives

Need for Incentives: Incentives are given to industries for the following purposes.

1. To correct regional imbalances in industrial development.
2. To promote entrepreneurship by removing economic constraints.
3. To provide competitive strength, survival and growth.
4. To motivate people for new ventures.

The concessions, subsidies and bounties are summarized below:

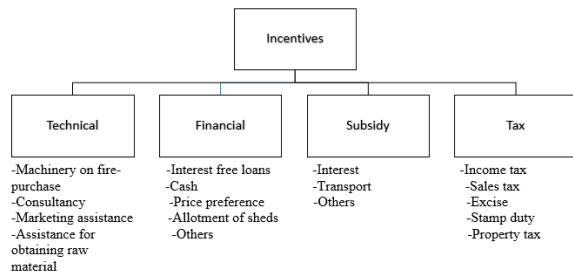


Fig. 2: Summary of Incentives

CONCLUSION

The important of Industrial development cannot be over emphasized, it aids in generation of employment, provision of goods needed by the people and general economic development. Since Anambra state has a large population, there is need to strive for industrial development as a way of reducing the dependence on the state government stimulating economic activities associated with industry. This paper discussed the challenges that hindered the eventual efforts at industrialization in Anambra State, including lack of finance, infrastructural deficiencies (especially power), supply chain issues etc. It also provided some possible solutions/way forward to address the identified industrialization challenges in the state.

The renewed effort of Anambra state government in collaboration with the Anambra state chamber of commerce, industries, mines and agriculture aimed at reviving of ailing industries across the state is highly welcomed as it will create enabling economic environment for SMEs to flourish. However, it is recommended that the government should formulate and adopt policies that would encourage trade performance, local manufacturing, self-reliance and entrepreneurship among citizens as well as industrial advancement to promote economic growth. Since industrialization facilitate economic growth through the innovative activities of entrepreneurs, government should encourage innovation through entrepreneurship by expanding the range of financing instruments available to SMEs and entrepreneurs to enable them continue their role in investment, growth, innovation, and employment.

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