

LEATHER INDUSTRY AND ECONOMIC GROWTH OF ABA, ABIA STATE, 1970-2019

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Abstract

Leather is a unique commodity that links grassroots villages with high societies and traditional practices with emerging technologies. For many developing countries, leather and leather manufacturers constitute an indispensable and dependable source for export trade and foreign exchange earnings. It is therefore, evident that for a society to attain economic growth, she must be a producing society and one that engages in export of her finished products. For this to be achieved, the society must be one that is industrialized. Aba has, within few decades since Nigeria's independence, made some significant gains in the leather industry especially being manufacturer and exporter of leather products (footwear, bag, belt and furniture). This was seen in 1970, when the people of Aba whom, after the Nigeria/Biafra war made a significant shift from production of rubber foot wears to leather works, with the aim of reeling out from the devastating effects of the war. By 2019, the leather industry in Aba had received some meaningful attention from government both; the state and federal government, especially, the administration of Dr. Okezie Victor Ikpeazu. Despite the progress made, Aba leather works manufacturers are still struggling to compete with her foreign counterparts, for instance Italy and China. What could be the cause? Is there any link between the leather industry and Aba in terms of economic growth? In achieving this, a qualitative historical research method was used. Qualitative research is a critical description of past events presented in a chronologically and thematically way. Data was derived from primary (findings derived from observation of the area and oral interviews conducted) and secondary sources of information (books, journal articles) to fill this gap that will be of immense value. It is on this premise that this paper argues that, though, the leather industry in Aba has affected the economic growth of the people positively but it is faced with numerous challenges. It concluded by proffering recommendations where necessary.

Key words: Aba, Economic growth, Leather, Leather industry, Nexus

Introduction

The issue of economic growth has remained topical in Nigeria since independence. Nigeria is generally endowed with great resources (natural and human) which any society needs for the transformation of its people, despite this, Nigeria with reference to Aba is still struggling to grow economically. It is on this note that this paper tends to do a review on the leather industry (footwear, belt, bag and furniture) in Aba and ascertain its nexus towards attaining economic growth of Aba. Comprising of four sections; firstly; introduction section, secondly; a brief overview of leather industry in Aba, thirdly; challenges facing the growth of leather industry in Aba, fourthly; the nexus between leather industry and economic growth of Aba.

In analyzing economies of societies, economic growth and development are often used. Lucas (1998:4) is of the view that, growth is increase in population, accumulation of capital and increased productivity. In other words, growth simply means increase in per capita income or

increase in Gross National Product. It is the increase in the amount of the goods and services produced by economy overtime.

Ranis (2000:198) opined that, economic growth and human development is a two-way relationship. Moreover, the first chain consists of economic growth benefiting human development with GNP. Specifically, the GNP increases human development by expenditure from families, government and organizations such as NGOs. With the rise in economic growth, families and individuals will likely increase expenditures with heightened incomes, which in turn leads to growth in human development. Further, with the increased consumption, health and education grow, also contributing to economic growth. In addition to increasing private incomes, economic growth also generates additional resources that can be used to improve social services such as healthcare, safe drinking water etc. By generating additional resources for social services, unequal income distribution will be mitigated; as such social services are distributed equally across each community thereby benefiting each individual, increases living standards for the public (Anad and Sen, 2000:2029).

Economic growth can be defined as the expansion of a nation’s capability to produce goods and services its people want. Since the productive capacity of an economy depends basically on the quantity and quality of its resources as well as on its level of technological attainment, economic growth involves the process of expanding and improving these determinants productive capacity (Peterson and Estenson, 1992:546).

Although, a fundamental definition of economic growth is the economy’s potential for the production of goods and services, this is not a sufficient definition. Productive capacity is crucially important to the concept of economic growth but actual growth depends not only change in the economy’s potential for production but also on the extent to which that capacity is utilized. In other words, economic growth is increase overtime in the actual output of goods and services as well as an increase in the economy’s capability to produce goods and services.

Brief overview of the leather industry in Aba

Leather goods producers (footwear, bag, belt and furniture) mainly operate in the Ariaria International Market. There are five leather clusters and sub-clusters; three of these areas are Power Line, Bakassi (Umuehilegbu), Aba-North Shoe Plaza specialize in footwear and belt productions while the fourth, Nwaogu, specializes in the production of bags. The furniture which is the fifth are scattered all over the metropolis with some situated at Obohia Road, Okigwe Road and Market Road / Georges Road axis.

Leather Cluster in Aba, Abia State

	Estimated number of businesses in the sub-cluster	Number of businesses surveyed	Sample size
Bakassi	1500	20	1.3%
Power line	650	15	2.3%
Shoe plaza	1300	10	1%
Nwaogu	200	20	10%
Obohia, Okigwe Georges/Market road	300	10	3.3%
Leather total	3950	75	2%

Generally, information gathered in course of oral interview conducted points to the fact that most of the patronages come outside Aba, with little coming within the area by individuals, government and some organizations like Nigeria Bar Association (NBA), Abia State branch and Parasitology and Public Health Society of Nigeria (PPHSN). In other words, both residents and non-residents come to the market to patronize these leather works but majority come from outside Aba (domestic and foreign). This has been the case even during colonial era. In looking at the market for these produce, buyers within Nigeria in places like Onitsha, Lagos, Kano, Kaduna and Abuja are major buyers of leather bags (C. Gogoh, personal communication, October 13, 2020). Their demand for these produce depends on the period. Production is done based on order after the buyer must have selected from samples seen. Some manufacturers were of the view that in the months of January, February and March, they produce up to 5,000 bags daily and that these were the periods when demands are high. Another time is August/September for school leavers and November/December for travelers. When the demand is not high, produce ranges between 200 to 500 bags monthly and this period fall in the months of May, June and July (U. Ekwewko, personal communication, October 13, 2020). Also, government patronizes some bag producers by placing order for conferences. We also have some organizations like Nigeria Bar Association (NBA) and Parasitology and Public Health Society of Nigeria (PPHSN) making order for bags meant for their conferences.

Looking at footwear production, it is the aspect of leather works that attracts major patronages amongst other leather works in Aba. Here, there are more than 5,000 footwear producers in the industry and it is estimated that, about more than 500,000 foot wears are exported outside Aba on weekly basis. Most of the buyers come outside Aba (within Nigeria) from places like Lagos, Abuja, Onitsha, Northern part of the country. Patronages also come externally from countries like Togo, Cameroun, Gabon, Ghana and Ivory Coast (O. Onyebuchi, personal communication, Oct 13, 2020). Business in this sector is done informally as there are no records to show the actual amount this produce are sold for as well as the number of quantities supplied.

On leather belts, patronages come largely from Onitsha, Lagos and Northern parts of the country but people from outside Nigeria like Ghana and Cameroun also come to patronize these produce. Demand for leather belts varies according to season. Sales are high during school periods of August/September and festive periods of November/December/January. During these periods, quantities of belts produced are 600 pieces of belts in a week to 4000 belts monthly. Produce are mostly on demand basis. In months of February up to May, are periods of low patronages (C. Anyamele, personal communication, Oct 13, 2020).

On leather furniture, patronages come mainly from residents in Aba, only few come outside Aba as a result of the type of design and quality they want. Buyers outside Aba are people from Calabar and Owerri. Here, no data as regards to number of produce or periods when patronages are high or low. (Lawrence Chukwu, personal communication, Nov 19, 2020)

Leather goods cluster

	Number of businesses	Average number of employees	Major products
Bakassi	1500	4.9	Women's shoes, sandals and slippers
Power line	650	4.4	Women's shoes, sandals and slippers
Shoe plaza	1300	3.7	Men's shoes, sandals and slippers
Nwaogu	200	3.7	School bags, hand bags, travelling bags and conference bags
Obohia, Okigwe, Georges/Market road	300	4.5	Furniture

Challenges facing the leather industry in Aba

Lack of modern equipment: This is one of the major challenges facing the growth of the industry as most of the producers still make use of manual machines (Butterfly) in course of sewing and hand in applying gum where needed. Also, in some cases cooking stoves are used to dry gums applied on the materials. Even in cases where there exists modern equipment, they are owned by private individuals who extort much money from producers who at the end of production will not make much profit (C. Ajah, personal communication, Aug 30, 2019).

Cost, quality and availability of raw materials: Producers in the leather industry reported having issues with the supply of their raw materials. For some producers, the high cost of raw materials was the most important constraint, as they either had to buy inferior raw materials, increase the prices of their products and face lower demand or suffer lower profits (U. Ogbonna and K. Ahaiwe, personal communication, Aug 30, 2019). Other producers complained that the quality of raw materials available was below the standards they needed to make high quality products while others reported not being able to find raw materials (A. Ukaegbu, personal communication, Nov 5, 2020). These problems have become more severe in recent years due to the depreciation of the Naira, which has increased the cost of the imported raw materials. The high cost of imported raw materials has led to a decrease in the quantities of these raw materials or some critical inputs being replaced by inferior materials. As a result, some producers are unable to obtain enough raw materials to fulfill their customers' orders while others are making lower quality goods, which draw complains from their customers.

Low interest in learning the skill: Here, people are no longer interested in serving as an apprentice so as to learn the skills involve in leather works production rather, they are more interested in being employed and paid at the end of production. This is a challenge in that; apprenticeship in this industry is gradually fading away because of interest in making quick money without actually learning and acquiring the basic knowledge about the industry. (P. Nwadioha, personal communication, Sept 25, 2020).

Insecurity: This is a serious threat to the industry as there can be no meaningful development in an insecure environment. Insecurity here includes; high rate of kidnapping experienced in the area under review, armed robbery. Crimes such as armed robbery, kidnapping, gangsterism,

and other social vices such as religious bigotry create atmosphere of apprehension and drive away potential domestic and foreign investors/buyers, as well as undermining any genuine effort towards overall national economic growth. Perhaps, more worrisome to the insecurity situation and investment environment in Abia State, particularly Aba, is the spate of kidnapping that was witnessed in the state between 2008 and 2012. Remarkably, kidnapping began in Nigeria as a form of organized protest in the Niger Delta region by the various groups that were agitating for infrastructural development of the region. At the time, the group thought that kidnapping presented them with a viable option for drawing the attention of government and other international organizations in their long drawn struggle for resource control and better living conditions in the region.

In Abia State, kidnapping was mostly nurtured by the high and rising level of youth unemployment. The unemployment situation in the state rose from 11.4% in 2007 to 15.7% in 2008, 17.7% in 2009 to 18.5% in 2010 and a drop to 17.5% in 2011 (National Bureau of Statistics, 2011). Between 2008 and 2012, the state was held to ransom by these bands of dare-devil kidnapers, armed robbers and hired assassins. Worse affected in the state was Aba, the hub of commercial activities in the southeast and south-south zones. The bustling commercial 'Enyimba City' was virtually deserted with businesses closing down and residents relocating in droves. Lack of security scares foreigners coming into the town to buy these leather products which will cause adverse effect on the economy of the city and Abia State at large.

Lack of Fund: Most artisans in the industry do not have enough capital to buy modern equipment and other materials needed for full operation; hence production is carried out in small scale. Absence of these industrial machines has continued to deprive production of most leather works that meet international standard thereby making it impossible for their produce to compete with the foreign ones.

Poor transportation network: Good access road is a major catalyst towards achieving economic growth and development. This is so because where there is existence of good road network, economic activities are enhanced which will reduce the cost of transporting goods from point of sale to point of consumption. Also, railway system fully in operation will go a long way towards enhancing economic activities and reduce pressure encountered on roads, thereby making these roads to stand the test of time. Aba as a whole has bad roads which in some cases discourage foreigners from coming to patronize these leather produce. The worst is the rate of dirt and muddy environment witnessed in these leather production centers. This hinders effective movement of human, materials and products in these centres. The worst scenario is during rainfall.

Lack of power supply: Constant electric power supply goes a long way in sustaining the growth of industry as industries operating with artificial power supply for instance generating power set (generator) are likely to shut down operation as a result of high cost of maintenance. Light at the industrial centers is through self-effort which they do by contributing two thousand naira (₦2000.00) per shop monthly (O. Dickson, personal communication, Aug 30, 2019). Lack of power supply has adverse effect on the production cost, and in some cases, businesses who could not sustain providing alternative means of power supply, shut down.

Another challenge is the influx of Chinese made products and rubber foot wears. This is a challenge in that these products are sold at cheap rate even though they are of low quality but the advantage is that of finishing which make these products very attractive as a result of

modern equipment being used. The effect is that, with these products in the markets, residents prefer them to 'Made in Aba' leather products thereby making it impossible for the local producers to sell their products.

It is generally believed that industrialization plays a vital role in the economic development of any underdeveloped country. As the historical records show, the developed countries of the world broke the vicious cycle of poverty by industrializing rather than focusing on agricultural or the production of natural resources. In other words, industry plays an important role towards achieving economic growth. At this point, an examination on the nexus (link) between leather industry and economic growth of Aba was made;

Increased savings and investment: It is generally believed that industrialization increases workers' income which enhances their capacity to save. In other words, the leather industry in Aba has enabled apprentices and employees to cultivate the habit of savings which stimulate economic growth. By cumulative effect, they eventually lead to the further expansion of industry. This is so because an apprentice or a worker in the leather industry in Aba cannot stay under the master forever and for him/her to achieve his/her dream, hence the need to save so that at the time of emancipation, the freed apprentice can be able to set up his/her own firm. The Aba leather industry has increased the supply of finished products for both external and internal markets. The export of goods provides foreign exchange. In addition, the customs duties and other taxes levied on goods increase the revenue of the country's government. The income tax received from the producers adds to the revenue stream of the government and is eventually spent for the welfare of the country, Abia State and Aba in particular.

Aba leather industry promotes specialization of labour. This division of work increases the marginal value product of labour. In other words, specialized labour is more profitable. For instance in course of producing a bag, it is the work of a printer to imprint the label or sticker the leather bag producer wants which means that the at each stage in course of producing a leather bag, the work is carried out based on specialization so as to attain a neat and quality production. The same is experienced in course of foot wear production, where you see someone whose work is to measure soles in 1 or 2 yards of leather materials and cut them according to the number he wants and gives it to another who applies gum on it. What this simply means is that the leather industry has given room for room for specialization and division of labour and these workers are paid.

The leather industry in Aba has affected the economic growth of the area by stimulating progress in other sectors. This is so because a development in one industry leads to the development and expansion of related industries. Today, with leather (foot wear and bag) production, it has given rise to production of rivets and eyelets (metallic designs) to make these products attractive.

The leather industry in Aba to a large extent opened the economy of Aba to outside world. This is so because the bulk of the leather products (foot wears and bags) are purchased by foreigners mostly West Africans like Gabon, Ivory Coast, Cameroun, Burkina Faso and locally; Kaduna, Onitsha and Lagos. These foreigners in some cases while coming to buy these leather products see it as an opportunity to buy other items which they carry to their places of resident for sales. In so doing, this activity goes a long way towards enhancing the growth of Aba economically. Employment opportunities have been created with the help of leather industry in Aba. Just as was observed during survey, each shop in these leather markets has not less than five (5) people

in it. All these people either, apprentice, employee or employer engage in one form of production stage. By this act, the leather industry goes a long way towards creating employment opportunities to both the educated and uneducated who engage in one skill or another in order to make ends meet. This act has helped in reducing unemployment and making people to become entrepreneurs. This industry also encourages people to engage in artisanship so as to become self-employed and be an employer of labour.

Recommendations

- To encourage production in a large and standard way, government should provide loan facilities with low interest rate or grants to producers of leather products. Even, in cases where the fund is available, bottlenecks towards accessing these funds should be removed. Also, government should be sincere in the release of these funds so as to enable it reach to the right people and not making political promises. These loans or grants will enable the leather works producers acquire industrial equipment for production purposes and enable them meet international standard.
- Government should make effort by ensuring that there is steady power supply by setting up a mini power plant in these markets so as to reduce the high cost of production and produce.
- Government should make and implement policies that will protect the industry against unhealthy rivalry with her foreign competitors. By this, steps should be taken to increase the cost of import duties on these materials imported for leather production and ensure adequate protection of the country's borders against smuggling of these produce.
- Government should make adequate effort towards ensuring that roads in Aba are good and accessible. This will go a long way in encouraging foreigners to come and patronize Aba leather produce. Also, where there is presence of god roads, it will reduce cost of transportation and products which will in turn foster economic growth sustainability.
- Security attracts businesses and investment which fosters growth and development. By this, government should put in place measures that will ensure protection of lives and properties of its citizens as well as foreigners coming into the area for both commercial and other meaningful purposes.

Conclusion

From the foregoing discussion, no doubt, economic growth is the capability of a nation to produce goods and services its people want. For it to be achieved there is need to be a producing and exporting nation. Leather industry in Aba, being one that produces and exports her products has played a significant role towards the economic growth of Aba. This we saw in the nexus between this industry and the economic growth of Aba which includes; provision of employment, promotion of labour specialisation, revenue generation etc. For this growth to be sustained and improved, government and its agents must strive to tackle the challenges discussed therein which the producers experiences. This is so because when these challenges are adequately addressed, it will help in improving the economic growth of Aba which in doubt will help Nigeria actualize her quest to be among the top twenty economies of the world.

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