



## **Impact of Bogo-Nasarawo Industrial Cluster on Employment Generation of Small and Medium Scale Enterprises (SMEs) in Gombe State, Nigeria**

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### **Abstract**

*Many studies identified poor infrastructure, insecurity and difficulty in loan accessibility as the major problems affecting the operations of Small and Medium Scale Enterprises (SMEs) and, consequently, their employment generation capacity in Gombe State. To address these problems, Gombe State Government established Bogo-Nasarawo Industrial Cluster in 2013 and relocated most of the rice and groundnut oil milling SMEs to the cluster. It was made known that the establishment of the cluster was aimed at improving the employment generation capacity of the relocated SMEs. This research, therefore, assessed the impact of Bogo-Nasarawo Industrial Cluster on employment generation of rice and groundnut oil milling SMEs in Gombe State. The data for the research was collected through the administration of 171 copies of questionnaire to randomly sampled SMEs in the cluster, and the interview of 20 judgmentally selected stakeholders. The quantitative data was analysed using tables, frequencies and percentages while the qualitative data was analysed using content analysis. The research was guided by cluster theory. The findings revealed that the cluster has improved the employment generation capacity of the SMEs due to the provision of adequate and necessary industrial infrastructure; adequate security; and non-collateral loan to the SMEs in the cluster. Hence, the research recommended that other clusters should be established for other economic activities like metal fabrication, cotton ginning, poultry farming, tomato processing etc. with a view to concentrate infrastructure necessary for the operations of such economic ventures and replicating the achievements made by the Bogo-Nasarawo Industrial Cluster in such economic activities..*

**Keywords:** Industrial Cluster, Employment Generation, Small and Medium Scale Enterprises

**JEL Classification:** L52, L53, M51, J21, O25, L32

**Contribution to/Originality Knowledge:** This research provides a thorough analysis of the Bogo-Nasarawo Industrial Cluster's direct impact on the employment generation capacity of SMEs. Additionally, it offers valuable recommendations for policymakers, SMEs, and stakeholders on strategies to promote job creation.

### **1.0 Introduction**

It is generally submitted that Small and Medium Scale Enterprises (SMEs) are key to the development of many societies as they provide essential services, generate revenue, create employment, and alleviate poverty (Edingburg Group, 2011). However, for a society to harness their potentials, there is a need for them to operate in a highly conducive environment, an environment that is safe and equipped with adequate industrial infrastructure. Yet, many studies cited the absence of these elements as some of the factors affecting the operations of SMEs in Nigeria and the reasons behind their poor performance in generating huge employment (Amobi, 2006; Ijaiya & Akanbi, 2009; Olubiyi, 2022; Sani et al., 2022). Most of these studies, therefore, recommended that government should formulate policies aiming at



creating a conducive atmosphere for the smooth operations of the SMEs and proper utilisation of their potentials (UNIDO, 2006; Misbahu, 2015).

One of such policy prescriptions is that government should establish an industrial cluster that would provide virtually all the necessary amenities for the SMEs. It is argued that when government provides an industrial area that is relatively secured and equipped with steady power supply, portable water and adequate road networks, the performance of the SMEs in terms of generating employment, revenue and poverty alleviation will improve (UNIDO, 2006; Ijaiya & Akanbi, 2009). Yet, few state governments accepted this policy prescription. Gombe state government happens to be among these few with the creation of Bogo-Nasarawo Rice and Groundnut Oil Milling Industrial Cluster.

The cluster was created in 2013 and became fully operational in 2014 with the relocation of virtually all the rice and groundnut oil milling SMEs in the state. The 400-hectare cluster accommodates 300 production shades and is equipped with proper transportation networks, a near 24 hours power and water supply, and situated less than 5 kilometres away from Gombe Commercial Area, where the Gombe Main Market, most commercial banks, micro-lending and other financial institutions are located. In addition to being secured with private security personnels, the cluster is also located less than 2 kilometres away from Bogo Police Station and less than 3 kilometres away from the 301 Military Artillery Barrack (Gombe State Ministry of Trade and Industry, 2016).

Specifically, the establishment of the cluster was aimed at improving the employment generation of the rice and groundnut oil milling SMEs in the state by addressing the problems of poor infrastructure, insecurity and poor finances affecting their operations (Gombe State Ministry of Trade and Industry, 2016). The reason for this is not far-fetched as the creation of the cluster coincided with a time when the state's SMEs were faced with the unprecedented security problems of Boko-Haram Insurgency and *Kalare* thuggery (politically motivated thugs turned criminals) (Innocent & Ibietan, 2012; Okey, 2013; Misbahu, 2015). It also coincided with a time when the administration of Governor Ibrahim Hassan Dankwambo was committing itself to massive infrastructural development and lifting the state from the bottom five of states with the highest unemployment rate in the country (Gombe State Ministry of Trade and Industry, 2014; Bala, 2015). However, the extent to which the cluster has been effective in achieving these objectives is yet to be known.

This research is, therefore, motivated by the quest to understand the positive impact of the industrial cluster on employment generation of SMEs. As such, this research assessed the impact of Bogo-Nasarawo industrial cluster on the employment generation of rice and groundnut oil milling SMEs in Gombe State. The key contributions of this research are providing an in-depth analysis of how Bogo-Nasarawo Industrial Cluster directly impacted the employment generation capacity of the SMEs as well as offering valuable insights to policy makers, SMEs and other stake-holders on how to promote job creation.

The paper is structured as follows: Section 1 provides introductory background to the research. Section 2 reviews relevant theoretical and empirical literature. Section 3 explores the

theoretical framework guiding the research. Section 4 explores the study's methodology. Section 5 presents and discuss the findings. Section 6 concludes and recommends.

## **2.0 Literature Review**

### **2.1 Unemployment in Nigeria**

Many studies identified unemployment as the major problem affecting Nigeria for a long time (International Labour Organisation, 2012). These studies based their arguments on series of data on unemployment rate of the country annually released by the National Bureau of Statistics. Similar trend was also projected in Gombe State as the rate of unemployment in the state reached a peak of 38.7% in 2011 (2 years before the creation of Bogo-Nasarawo industrial cluster). The studies (Olaniyi & Titilola, 2014; Obadan & Odusola, 2014; National Bureau of Statistics, 2018) also argued that the glaring evidences of joblessness in the country and the state are clear indications that efforts by successive governments had done little to reduce unemployment.

According to them, the creation of National Directorate of Employment (NDE) and its skills acquisition programmes; National Agency for Poverty Eradication Programme (NAPEP); Subsidy Re-investment and Empowerment Program (SURE-P) etc. as well as many state-sponsored unemployment reduction policies with the aim of creating job opportunities had not impacted much as unemployment rates in the country and the state continue rising.

### **2.2 Factors Responsible for Unemployment in Nigeria**

Just as many studies (Obadan & Odusola, 2014; Asaju, et al., 2014; Misbahu, 2015; Akanmidu, 2015) attested to the high unemployment situation in Gombe State and Nigeria, different factors were also fished out as the reasons behind the high rate of unemployment (Agbaegbu, 2011; Oladotun & Shakir, 2021). Some studies attributed unemployment in Nigeria to population explosion which is more of a natural cause (Bloom & Freeman, 1986). However, contemporarily, population explosion, which was the basis of explaining unemployment by scholars like Thomas Malthus, is more and more becoming irrelevant in that avenue especially when reference is made to China, which despite its teeming population is relatively better in providing employment to its teeming population (Trading Economics, 2017). To debunk the earlier assumption, Trading Economics (2017) argued that it would be wrong to say that Nigeria's problem of unemployment is a result of surplus of human resources (increase in population) but rather the inability of the nation to harness and utilize its human and material resources.

Some studies also blamed harsh government policies and reforms for the high rate of unemployment (Agbaegbu, 2011). Agbaegbu (2011) argued that the implementation of economic policies, mostly promoted by IMF, World Bank, Paris Club and other financial institutions, has not helped matters. They were mostly attached with conditionalities of privatization, trade and capital liberalisation, deregulation and subsidy removal, currency devaluation, retrenchment of workers etc. The conditionalities made the policies detrimental to employment generation efforts in Nigeria.



Many studies also discovered a strong relationship between the neglect of agricultural sector and high rate of unemployment in the country (Asaju, et al, 2014; Akanmidu, 2015, Misbahu, 2015). Asaju, et al, (2014) narrated that until early 1970s, agriculture remained the mainstay of Nigerian economy as it constituted the major source of income earning for the country and employed over 90 percent of the populace. However, following the rise in the price of petroleum (oil boom) in 1970s, and huge foreign income from it, he argued that the agricultural sector suffered a substantial decline. This factor is also discovered by Akanmidu (2015) as the major cause of unemployment in Nigeria. He believed that the discovery of oil relegated agricultural activities to the background and consequently let many people unemployed in the country.

The above studies corroborated with a study by Misbahu (2015) which discovered that the agricultural sector in Gombe State suffered from administrative neglect as the sector enjoyed paltry budgetary allocations. For instance, the study discovered that only 5% of the state's budget was allocated to agriculture in 2012 and that a meager sum of ₦13 billion was spent on agriculture from 2007 to 2011 with ₦3.431 billion in the 2010 fiscal year being the highest amount ever spent in the sector.

Corruption and lack of responsible leadership has also been identified as another unemployment-causing factor in Nigeria (Oladotun & Shakir, 2021). This is also corroborated by Misbahu (2015) who discovers corruption as one of the major factors that led to collapse or drastic reduction in capacity utilization of the enterprises in Gombe State. The study discovered that, most of the managerial positions in privately owned SMEs in the state were manned by the close relatives of the owners who often embezzled the enterprises' fund thereby lead to their collapse or poor production. Some of the enterprises cited in the work are Mana Aluminum, Landa Sack Factory and Frontline Oil Limited, among others. The study also discovered similar narration with the public industries in the state as public officials squandered resources meant for Azuma Bottling Company and Manto Processing Company thereby leaving many people in the state unemployed.

### **2.3 Neglect of Indigenous Enterprises: The Icing on the Cake**

Akanmidu (2015) and Sani et al. (2022), for instance, discovered the neglect of indigenous enterprises as the main reason for unemployment in Nigeria. They argued that the indigenous enterprises were not only neglected by the government but also enjoyed poor patronage from the consumers who rather preferred foreign goods. This, according to them, decreased the production capacity and profit of most Nigerian enterprises and also creates unemployment indirectly as the struggling enterprises were left with no other option than to lay off some of their workers.

The above studies also corroborated with studies by Abubakar (2000) and Misbahu (2015). For instance, Misbahu (2015) discovered poor public spending in the industrial sector when he argued that Gombe State Ministry of Commerce and Industry did not execute any capital project in 2007 while a total of ₦4.2 billion was spent from 2008 to 2011 by the ministry. Abubakar (2000) also argued that Gombe state has been transformed into a dumping ground

for all manner of foreign goods. According to him, the saturation of local markets with cheaper foreign goods systematically ejected the locally manufactured goods. The above factors - population explosion, harsh government policies, corruption and mismanagement, neglect of agriculture and indigenous enterprises - were the major factors portrayed by different scholars as what resulted to unemployment in Nigeria, in general, and in Gombe State, in particular.

#### **2.4 Strengthening SMEs: A Viable Mean of Addressing the Problem of Unemployment in Nigeria**

Though there are many efforts that can be used to solve the problem of unemployment, purposeful enterprises have been prescribed as the most reliable means of solving the problem of unemployment in Nigeria. This view is held by almost all scholars whose works are reviewed in this research. For instance, Aiyedogbon (2012), prescribed that the problem of unemployment can be solved effectively and efficiently through strengthening SMEs. To be more specific here, a study conducted by Kadiri (2012) established that opportunities abound in SMEs and that if properly harnessed and patronized, it can lead to employment of thousands of unemployed Nigerians.

To strengthen SMEs, the challenges faced by the enterprises need to be tackled. This explains the reason why different policies and initiatives were formulated in the country to achieve that aim (Samuel & Deinibiteim, 2021).

#### **2.5 Industrial Policies and the Problems of Small and Medium Scale Enterprises in Nigeria**

According to Olorunshola (2005), successive Nigerian administrations have been active in trying to address the problems of SMEs and strengthen them in the following areas: providing local finances through its agencies, the Central Bank of Nigeria, Federal Ministry of Industries, Nigeria Industrial Development Bank (NIDB), and Nigeria Bank for Commerce and Industry (NBIC); facilitating and guaranteeing external finance through the World Bank, African Development Bank and other local and international financial institutions; facilitating the establishment of the National Directorate of Employment (NDE); setting up of the erstwhile National Economic Reconstruction Fund (NERFUND); initiating the then Family Economic Advancement Programme (FEAP); and provision of technical training and advisory assistance programmes through the establishment of Industrial Development Centres. Similar programmes were also pointed out by Ogujiuba, Ohuche and Adenuga (2004) and Adekunle et al. (2022). However, it is evident that the policies outlined above were more concerned with providing technical training, advisory and financial assistance to the indigenous enterprises while paying lip service to addressing the more pressing problems of infrastructure and insecurity affecting their operations. These are discussed in detail below.

##### **2.5.1 Poor Infrastructure**

Poor infrastructure has been identified as the most troubling factor affecting the operation of SMEs in Nigeria. Asaju, et al, (2014) and Usman et al. (2019), for instance, argued that the inability of successive administrations to tackle the problems in power sector has done an



incalculable harm to all facets of the economy especially the manufacturing enterprises in the country as many of them closed operation. For example, the study cited Dunlop Nigeria Plc., Michelin and United Textile Mills (UNT) Plc. as some of the manufacturing enterprises that shut down their operation because of poor infrastructure. Ijaiya and Akanbi (2009) also reported that a survey conducted by the United Nations Industrial Development Organisation (UNIDO) discovered that over 170 textile companies have closed shop while 120,000 employees are rendered jobless in Nigeria on account of poor power supply and high cost of fuel.

Moreover, a study by Misbahu (2015) argued that the absence of vital infrastructural facilities in Gombe State has negatively affected the state's industrialization efforts. For instance, the study discovered that Electricity supply has been erratic and hence grossly inadequate for industrialization. Abubakar (2000) earlier argued that the negative multiplier effects of infrastructure deficiency were that, investors became increasingly unwilling to venture into business of establishing SMEs in the state and the few existing ones experienced high operational cost.

### **2.5.2 Insecurity**

A study by Innocent and Ibietan (2012), Misbahu (2015), Adewale and Ademola (2021) also discovered insecurity as another troubling factor affecting SMEs in Nigeria. The studies provided ample evidences to demonstrate the devastating effect of Boko Haram insurgency and the activities of 'Yan Kalare' (Political Thugs) on SMEs respectively. According to Innocent and Ibietan (2012), the insurgency forced many local and international investments to be forfeited or produce below their full capacity. In the study, reference is made to Niko Plastic Industry, which hitherto enjoyed patronage of traders from Maiduguri, but the outbreak of Boko Haram crisis in 2009 negatively affected that patronage. The study by Innocent and Ibietan (2012) also reported that the domestic economy lost a whopping ₦1.33 trillion Foreign Direct Investment (FDI), owing to the activities of Boko Haram. Being part of the Boko Haram affected area, Gombe State is surely among the victims of that loss. The study by Misbahu (2015) also found the activities of 'Yan Kalare' equally devastating as a sizeable number of SMEs' business sites were raided by the members of the thugs.

## **2.6 Industrial Cluster: A Policy Designed to Address the Problems Affecting SMEs and Improve their Employment Generation Capacity in Nigeria**

According to Iwuagwu (2011), industrial cluster is part of a new industrial strategy, known as the cluster concept, adopted by Nigeria in the year 2007 and domesticated by various if not all of the 36 states of the Federation. The strategy, he maintained, is predicated on the notion of creating a community of similar businesses located together in which members would seek enhanced environmental, social and corporate performance towards effective competitiveness. He argued that the strategy would enable government to concentrate infrastructure and other amenities necessary for the smooth operation of the businesses in the identified locations. Industrial clusters are oases of industrial activities and commerce, covering areas between 100 and 1,000 hectares, with adequate necessary infrastructure (Iwuagwu, 2011; Chakrabarty,

2020). The implementation of the policy, according to (Iwuagwu, 2011), is based on Public-Private-Partnership (PPP).

Misbahu (2015) and Adekoya (2021) maintained that industrial strategy of most (if not all) of the states in Nigeria, is actually a replica of the national one. It was for this reason, according to him, that the industrial cluster was domesticated in Gombe State. The aim was to enable state government to provide infrastructure needed by industries for smooth operation in the state.

## **2.7 Review of Empirical Studies**

There were many empirical studies on industrial cluster vis-a-vis the operations and performance of SMEs. For instance, Raymond (2023) analysed the effect of clustering activities on the performance of SMEs in Nigeria. The study adopted a quantitative method using structured questionnaires that were distributed to 255 respondents comprising of fabric store owners and their employees. Structural Equation Modelling (SEM) was developed to test the study hypothesis. The outcome of the study showed that clustering is crucial to the development of SME sector, as they benefit from secured environment, economies of scale and aided the expansion of SMEs.

In the same vein, Ojiagu and Nzewi (2019) explored the relationship between physical security provided by industrial clusters and survival of SMEs in South-East, Nigeria. The study adopted correlation survey research design. The data for the study were collected using questionnaire. The population of the study comprises of SMEs in South-East Nigeria. Structured questionnaire was employed for data collection. The questionnaire was structured following Likert scaled format. Pearson's Product Moment Correlation Coefficient (PPMCC) was adopted in analysing the data. The research revealed that measures designed to ensure the physical protection of facilities, equipment; personnel; resources and other properties from unauthorized physical access, fire; flood; natural disasters, burglary, theft, vandalism and terrorism ensure the survival and safety of the sampled SMEs.

Similarly, Ngalo (2021) examined the impact of government infrastructural facilities provided in industrial clusters on the performance of SMEs in FCT, Abuja. The study employed survey design and the study population comprised 2690 SMEs registered with Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) in FCT, Abuja. The owners of the SMEs were selected through a multi-stage sampling technique which involves the cluster, proportionate, and simple random sampling methods. The instrument was validated using the Cronbach Alpha coefficient. The findings of the research revealed that infrastructural facilities in industrial clusters could have a significant and positive effect on job creation of the sampled SMEs if they are adequately provided.

## **2.8 Research Gap**

From the foregoing, it is evidently clear that the literature reviewed were able to identify efforts by successive administrations to strengthen SMEs in the country mostly by helping them with fund and loan accessibility, training and advisory assistance. Moreover, they also identified the



neglect of government to provide a conducive environment that is free, secured and equipped with necessary infrastructure like good road networks and steady power supply, to the SMEs on the basis of which they recommended for the government to establish a well-equipped industrial cluster. However, one important thing missing is their inability to assess the impact of the industrial cluster in the few states that heed to this prescription. This research, therefore, aims to fill that gap.

## **2.9 Theoretical Framework**

A lot of theories were propounded by different scholars from different disciplines to explain how SMEs would be strengthened with a view to addressing the problem of unemployment. However, the theory used in this work is cluster theory.

## **2.10 Cluster Theory**

The theory is based on the assumption that concentrating industries in clusters creates several advantages (Marshall, 1920; Porter, 1990; Garelli, 1997; Iwuagwu, 2011). These advantages include access to more necessary infrastructure, innovation and knowledge flows, low production cost, improved interpersonal industrial relations, efficiency etc. The theory was first developed by Marshall (1920), who in his seminal work, *Principles of Economics*, defined clusters as a “concentration of specialised industries in particular localities” that he termed ‘industrial districts’.

Historically, clusters have been found in a wide variety of traditional industries in developed countries’ cities: textiles industrial cluster in northern Italy; ship building industrial cluster in Glasgow; steel industrial cluster in Pittsburgh; and car manufacture industrial cluster in Detroit (Garelli, 1997). However, Iwuagwu (2011) noted that the theory is more and more becoming a common feature in developing countries since the turn of the 21st century, as it has become the object of attention and attracted interest from developing countries’ social scientists, business practitioners and policy makers.

The rationality behind using the theory lies in its suitability in explaining adequately how the rice and groundnut oil milling SMEs’ problems of insecurity and infrastructure were tackled with a view to improving their employment generation capacity by situating them within a well-equipped Bogo-Nasarawo Industrial Cluster.

## **3.0 Methodology**

The study area for the research is Gombe state. Gombe state was created on 1<sup>st</sup> October, 1996 out of Bauchi state with Gombe Local Government as its Capital. The state has 11 Local Government Areas (LGAs) and shares borders with all states in the North-East Geo-Political Zone of Nigeria. The study used survey research design. The data for this study was sourced from both secondary and primary sources. The secondary data for this study was obtained from published books, journal articles, encyclopaedia, policy documents and any other documented material that is found to be relevant to this study. The primary data for this research was sourced through the administration of questionnaire and conduct of interviews. The population for the research is 300, which is based on the number of SMEs that are allocated workshops in the



industrial cluster. Yamane (1970) formula for sample size determination was used to determine the sample size for the study to be 171 at 5% margin of error (95% confidence level). However, only 166 of the 171 distributed copies questionnaire were returned. While Simple Random Sampling was used in distributing the questionnaires, Purposive (Judgmental) Sampling Technique was used in selecting the interviewees. The data collected was presented and analysed using both quantitative and qualitative methods. The quantitative data gathered from the questionnaire administration was presented in tables while frequencies and percentages were used in the analysis. On the other hand, the qualitative data gathered from the open-ended interviews were presented and analysed using content analysis. The justification for using questionnaire and interview as instruments for data collection as well as the use of tables, frequencies and percentages as data analytic instruments was to help the researcher to have a standardised response from the respondents and also eased in data coding, presentation and analysis.

#### 4.0 Findings and Discussions

**Table 5.1: Responses on the SMEs experienced improvement in their employment generation after their relocation to the cluster or not**

S/N	Responses	Frequency	Percentage
1	Yes	154	92.8%
2	No	12	7.2%
	<b>Total</b>	<b>166</b>	<b>100%</b>

Source: Field Survey, 2023

Table 5.1 shows the responses of the sampled SMEs on whether they experienced improvement in their employment generation after their relocation to the cluster. The table depicts that 154 representing 92.8% reported that they experienced improvement in their employment generation while 12 representing 7.2% reported that they do not experience improvement in their employment generation after their relocation to the cluster.

The above projection implies that there is improvement in the employment generation of most rice and groundnut oil milling SMEs after their relocation to the cluster as only few responded in negation on whether they experienced improvement in their employment generation after their relocation to the cluster.



**Table 5.2: Number of Employees of the SMEs before & after their Relocation to the Cluster**

S/N	Responses	Before Relocation		After Relocation	
		Frequency	Percentage	Frequency	Percentage
1	Less than 10 employees	130	78.3%	9	5.5%
2	10-20 employees	29	17.5%	141	84.9%
3	More than 20 employees	7	4.2%	16	9.6%
	<b>Total</b>	<b>166</b>	<b>100%</b>	<b>166</b>	<b>100%</b>

Source: Field Survey, 2023

Table 5.2 depicts that only 9 representing 5.5% of the sampled rice and groundnut oil milling SMEs employ less than 10 workers after their relocation to the cluster as against 130 (78.3%) that was obtainable before the relocation; while 141 representing 84.9% of them employ 10-20 workers as against 29 (17.5%) that was obtainable before the relocation; and 16 representing 9.6% employ more than 20 workers as against 7 (4.2%) that was obtainable before the relocation.

With the relocation of rice and groundnut oil millers to the cluster, the figures above proved that there is a significant improvement in the number of workers employed by the SMEs as the number of them with less than 10 employees before their relocation to the cluster dropped significantly while the number of them employing more than 10 workers shuttled up significantly in opposite direction after their relocation to the cluster.

This view is corroborated by the Director Industries, Gombe State Ministry of Trade and Industry who revealed that:

Bank of Industry was saddled with the responsibility of screening as well as recommending the SMEs to be allocated production plots in the cluster...and one of the criteria used by the BOI was that the companies must submit their company profiles which were properly verified by the bank. These profiles helped us determined that the selected SMEs employed a little less than 4 thousand employees at the point of entrance to the cluster. Three (3) years later (in 2016), the Ministry conducted a survey of all the SMEs in the cluster and discovered that the number of employees of the relocated SMEs jumped to more than 7 thousand (Soya, Interview, 2023).

The submissions of the sampled SMEs in Table 5.2 were also corroborated by the Deputy Chairman, Association of Groundnut Oil Millers who disclosed that:

There is huge improvement in the employment generation of our members as we don't only keep records of employees in each workshop but also issue Identity Cards to them. Though the initiative was introduced with a view to assisting the workers security wise as there are some who work over night, but the initiative has given the association the ability to determine the number of workers in each workshop...and going by the figures in the association's record book, the number of workers are increasing on a daily basis (Sirajo, Interview, 2023).

Similar submission was made by the Chairman, Association of Rice Millers, who disclosed that:

When we relocated to the cluster, most of our members had one milling machine and few workers but as you can see now you hardly find a workshop with less than two machines...and the more machines you have the more workers you employ (Ali, Interview, 2023).

In another development, the Statistician General of Gombe State Bureau of Statistics disclosed that the cluster played a significant role in reducing the unemployment rate of Gombe State. He reiterated that:

The cluster has not only improved the employment generation of the Rice and Groundnut Oil Milling SMEs but also the employment generation of the state as a whole. A recent survey conducted by the Bureau discovered that the cluster created more than 8000 direct jobs while the multiplier spillover effects of the cluster cannot be accurately determined. Moreover, the decrease in the state's unemployment rate in 2014, 2015, 2016 and 2017 can partly be attributed to the employment generated by the SMEs in the cluster. Though other factors, more especially the recruitment of staff into the recently established higher institutions; the recruitment of fresh NCE and University graduates into the Gombe State Teachers Service Commission (TSC) and Gombe State Civil Service Commission (CSC); and the recruitment of former Kalare thugs into Gombe State Rehabilitation Programme (Marshal) contributed to the decrease in the unemployment rate of the state, the effect of the cluster must be singled out because of its multiplier effects (Gidado, Interview, 2023).

Moreover, the Executive Governor of the State, Ibrahim Hassan Dankwambo claimed that the groundnut oil section of the cluster has employed close to 5000 people in the state. In a 'Donald Trump' like passion, the Governor tweeted that:



Source Link: <https://twitter.com/HEDankwambo/status/837248966077067264?s=19>

**Table 5.3: Factors that led to the improvement in the employment generation of the SMEs the most after their relocation to the Cluster**

S/N	Responses	Frequency	Percentage
1	Adequate infrastructure	86	55.9%
2	Proper security	8	5.2%
3	Ease in accessing loans	53	34.4%
4	Ease in accessibility and transportation of products	7	4.5%
	<b>Total</b>	<b>154</b>	<b>100%</b>

Source: Field Survey, 2023

Table 5.3 shows the responses of the sampled SMEs on factors that led to the improvement in their employment generation the most after their relocation to Bogo-Nasarawo Industrial cluster. The table depicts that 86 representing 55.9% of the sampled SMEs attributed the improvement in their employment generation to adequate infrastructure made available in the cluster; 8 representing 5.2% attributed it to proper security; 53 representing 34.4% attributed it to ease in accessing loans; and 7 representing 4.5% attributed it to ease in accessibility and transportation of products.

The above submissions implies that provision of adequate and necessary infrastructure to the SMEs in the cluster was the major factor responsible for the improvement in employment generation of the relocated SMEs with ease in loan accessibility also playing a significant role. Though ensuring proper security of the cluster and ease in accessibility were other factors considered as significant to the improvement of employment generation of the relocated SMEs, only few of the sampled SMEs considered them the most in contributing to their SMEs' improvement in employment generation. These services were provided to the cluster through a Public-Private Partnership of Jos Electricity Distribution (JED) Company, Gombe State Water Board, Kings Guard and Bank of Industry (BOI).

The submissions of the sampled SMEs in Table 5.3 on the significance of power supply to the improvement in their employment generation were corroborated by the Deputy Chairman, Association of Groundnut Oil Millers who attributed the improvement in the employment generation of the SMEs to:

Non-stop operation our members now have owing to adequate power supply they enjoy. Less there is shortage of groundnut supply that came from as far as Cameroon and Benin Republic, work never stops in the cluster to the extent that some of our members have to reserve some of their workers to stay overnight on a shifting basis (Sirajo, Interview, 2023).

Similar submission was made by a manager of one of the rice milling SMEs who disclosed that:

The SMEs in the cluster no longer have problem of power supply as they enjoy a near 24 hours power supply with minimum power outage that does not always last for 15 minutes

in between. Though this (the near 24 hours power supply) is made possible by the N30,000 the SMEs pay per milling machine on a monthly basis, the supply is worth the pay (Musa, Interview, 2023).

The above submissions were confirmed by Gombe State Regional Manager of Jos Electricity Distribution (JED) Company. He disclosed that:

Unless there is general blackout, which rarely happens, JED supplied electricity to the SMEs in the cluster for over 20 hours on a daily basis. The reason for this is simple: business wise, the cluster is one of the gray areas of investment in the state. On average, our company supplied power of over N30 Million monthly to the SMEs in the cluster and over 70% of that amount is normally recouped (Sani, Interview, 2023).

The submissions of the sampled SMEs in Table 5.3 on the significance of adequate security to the improvement in their employment generation were also corroborated by the Director Industries, Gombe State Ministry of Trade and Industry who disclosed that:

There is significant reduction of security problems faced by the rice and groundnut oil milling SMEs after relocating to the cluster. Apart from fencing the cluster and equipping it with security lights, private security agency was employed to ensure that the cluster is secured. This, coupled with the fact that the cluster was located within a walking distance from Bogo Police Station and Military Quarter Guard, significantly made the cluster the most secured business centre in the state. We no longer receive reports of Rice and Groundnut Millers being attacked (Soya, Interview, 2023).

Lastly, the submissions of the sampled SMEs in table 5.3 on the significance of ease in loan accessibility to the improvement in their employment generation were corroborated by the State Manager, Bank of Industry, Gombe State Branch. She disclosed that:

In a bid to address these challenges (exorbitant interest rates, lack of collateral and stringent procedures demanded by the commercial banks that made loan accessibility by the SMEs difficult), Bank of Industry (BOI) introduced a program known as ‘BOI/States Matching Fund Scheme’ in which it partners with some State Governments who commit to jointly contribute funds for the improvement of industrial activities. Gombe State Government happened to be one of such partners and a “Matching Fund” was created initially of one billion naira through a joint contribution of N500 million each for the First Phase and later of 3 billion through a joint contribution of 1.5 billion for the Second Phase. These funds were used to provide loans at affordable interest rate to SMEs who engaged in value addition activities in fertilizer blending, groundnut oil processing, rice processing, poultry feeds processing, fish feeds processing and tomato processing in the state and the bulk of the SMEs that benefitted from the fund are rice and groundnut oil millers (A'isha, Interview, 2023).

The findings of the research show that the cluster has significantly improved the employment generation of the relocated rice and groundnut oil milling SMEs. This is evident from the



submissions of the sampled SMEs (as can be seen in tables 5.1 and 5.2 above); the submissions of the interviewed stakeholders; and the tweet of the Executive Governor on the fact that the number of employees of the relocated SMEs increased after their relocation of the SMEs to the cluster.

This validates the findings of a survey conducted by the Gombe State Ministry of Trade and Industry (2016) which attest to the significant improvement in the employment generation of the relocated rice and groundnut oil milling SMEs from a total of 3957 to 7177 workers as well as the findings of UNIDO (2006) and Ijaiya and Akanbi (2009) which professed that when government provides an industrial area that is relatively secured and equipped with steady power supply, portable water and adequate road networks, the performance of the SMEs in terms of generating employment will improve.

The findings also showed that concentrating necessary infrastructure, ensuring adequate security and providing non-collateral loan to the SMEs in Bogo-Nasarawo Industrial Cluster were instrumental in improving the employment generation of the relocated SMEs. This is evident from the submissions of the sampled SMEs (as can be seen in table 5.3) as well as the submissions of the interviewed stakeholders. The submissions of the sampled SMEs and the interviewed stakeholders shows that concentrating power through a Public-Private Partnership involving Gombe State Government, which provided the Transformers, Poles and Wire Lines while JED supplied the electricity of close to 24 hours a day in the cluster, and water, which is a critical infrastructure needed by the rice millers that was also constantly supplied to the cluster by Gombe State Water Board from the Dadinkowa Water Treatment Plant, were instrumental in the improvement of employment generation of the relocated rice and groundnut oil milling SMEs. The research also discovered that securing the cluster with private security personnels as well as locating it close to a divisional Police Station and Army Quarter Guard contributed to the improvement in the employment generation of the SMEs in the cluster as people are no longer reluctant to work in the rice and groundnut oil milling SMEs in fear of being attacked as was the case before. Moreover, the result also shows that the soft loans provided to the SMEs in the cluster by the Bank of Industry in collaboration with the state government played a significant role in improving the employment generation of the relocated rice and groundnut oil milling SMEs. All these were discovered to have contributed to smooth operations of the SMEs in the cluster and consequently to improvement in their employment generation.

This also validates the findings of Aiyedogbon (2012), which prescribed that strengthening SMEs through infrastructural development can go a long way in improving their employment generation. It also validates the prescription of Jibir (2015) on the role soft (non-collateral and interest-free) loans can play in improving the employment generation of SMEs. It also validates the prescription of Misbahu (2015) which advocated for a secured business environment for industries in Gombe state with a view to improving their employment generation.

## **6.0 Conclusion and Policy Recommendations**

After thorough investigation, the research concludes that Bogo-Nasarawo Industrial Cluster has to a large extent improved the employment generation of the relocated rice and groundnut

oil milling SMEs by addressing the problems of poor infrastructure, insecurity and difficulty in loan accessibility that were hitherto affecting the operations and consequently the employment generation of the rice and groundnut oil milling SMEs in the state prior to their relocation to the cluster.

Going by the submissions of the sampled SMEs and the interviewed stakeholders on the significance of the cluster to improving the employment generation of the relocated SMEs, the research recommends that other clusters should be created by the state government for other economic activities like metal fabrication, cotton ginning, poultry farming, tomato processing etc. This is to concentrate infrastructure necessary for the operations of such economic ventures and replicating the achievements made by the Bogo-Nasarawo Industrial Cluster in such economic activities.

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