

Journal of Asian and African Studies

<http://jas.sagepub.com/>

The Impact of Nigerian Business Environment on the Survival of Small-Scale Ceramic Industries : Case Study, South-Western Nigeria

Tolulope Lawrence Akinbogun

Journal of Asian and African Studies 2008 43: 663

DOI: 10.1177/0021909608096659

The online version of this article can be found at:

<http://jas.sagepub.com/content/43/6/663>

Published by:



<http://www.sagepublications.com>

Additional services and information for *Journal of Asian and African Studies* can be found at:

Email Alerts: <http://jas.sagepub.com/cgi/alerts>

Subscriptions: <http://jas.sagepub.com/subscriptions>

Reprints: <http://www.sagepub.com/journalsReprints.nav>

Permissions: <http://www.sagepub.com/journalsPermissions.nav>

Citations: <http://jas.sagepub.com/content/43/6/663.refs.html>

The Impact of Nigerian Business Environment on the Survival of Small-Scale Ceramic Industries

Case Study,
South-Western Nigeria
Tolulope Lawrence Akinbogun

Federal University of Technology, Akure, Nigeria

Journal of Asian and African Studies

Copyright © 2008

SAGE Publications

www.sagepublications.com

(Los Angeles, London, New Delhi,

Singapore and Washington DC)

Vol 43(6): 663–679

DOI: 10.1177/0021909608096659



Abstract

The manufacturing sector at all levels is performing below-expectation in Nigeria. Many sectors, such as ceramic industry, glass industry and textile industry among others, are facing difficult times. The non-performance has been traced mainly to the unfavourable economic environment. A survey of small-scale ceramic enterprises established in south-western Nigeria from post-independence Nigeria of 1960 to 2004 was carried out in this study; their characteristics in terms of the facilities available for production, types of wares produced and current situation were examined. The study examined this against the business environment in Nigeria. It gave suggestions on how the necessary infrastructures and policies that enhance business environment could be harnessed to make small-scale ceramic production viable in Nigeria.

Keywords business-environment • business-survival • ceramics industry • small-scale industries

Introduction

The Nigerian economy was basically agrarian before colonization; the agrarian economy was supported with various craft works on which the local industries (of low technology) thrived. With the advent of colonialism in late 19th to mid-20th century, agricultural products were exported abroad. This encouraged the peasants to produce at their full capacity as there were ready-markets for their

produce. By the time Nigeria gained independence in 1960, manufacturing technology had been intensified, and the by-products of agriculture were manufactured in the modern way for internal consumption. Invariably, efforts by government and individuals were concentrated on the establishment of industries, thus, many industries in the areas of agro allied, textiles, ceramics, beverages, building materials were set up. Many Nigerians were sent overseas for personnel training and development while many expatriates either founded manufacturing companies or were employed in the sector. That period could be referred to as when Nigeria witnessed her own 'industrial revolution'. At the dawn of Nigeria's independence, government policies were channelled towards the development of industries. The just-commissioned Kanji Dam 4000 megawatt hydroelectric plant, being the first in the country was at its best. Raw materials were greatly researched into and their production was optimized. Every stakeholder seemed to be satisfied: the raw materials producers were encouraged, the industrial manufacturers were producing at high capacity, the employees were engaged and the consumers were not disappointed. However, by the early 1970s, large crude oil reserves were discovered in Nigeria, and exploration started immediately. Nigeria earned huge foreign exchange opportunities from exportating large quantities of crude oil. Unfortunately, what the nation gained in the oil sector was not directed towards the development of the industrial sector, hence the industrial sector could not make significant contributions to the Nigerian economy.

The early time of oil exportation in Nigeria was referred to as 'oil boom period'. This was the period when government workers not only witnessed wage increases, but also received unprecedented mouthwatering grants popularly referred to as 'Udoji' (being the name of the chairman of the constituted committee that recommended the grant). Thus, the orientation of the people changed and there was the general assumption that the country was rich. The government was getting enough money from the oil sector to finance its budget, and gradually, degradation set in to the other sectors of the economy, particularly, the industrial and agricultural sectors. By the last decade of the 20th century, the industrial sector crashed; many of the industries folded up and millions of workers were laid off. In the large cities where accommodation was a problem, buildings were sold off and many of warehouses were converted into worship centres. The agricultural sector also lost its glamour, when the working population were no longer interested in farming they migrated to the urban cities for white-collar work. A synthesis of literature on ceramic industries in Nigeria revealed a paradigm of failure and retrogression. Agberia (1997: 2) decried the decline of ceramics industries in Nigeria; he remarked that, out of 22 or more ceramics industries set up between 1960 and 1992, only eight could be said to be operating at above-average capacity. Ojie (2000: 127) also noted that ceramics industries in Nigeria have been experiencing a remarkably low rate of development compared to other similar industries such

as plastic, melamine and metal industries. Oyeoku (2003: 1) simply referred to modern Nigeria ceramics as a sick baby; he wondered why the sector was not enterprising enough even with the abundant raw materials that abound in the country.

The industrial sector at all levels became paralyzed and its eventual collapse came as a result of the economic liberalization of the 1980s; many banks were licensed and smart individuals took advantage of the new economic policies to borrow money, which they pumped into the importation of industrial products that were of course cheaper than locally manufactured ones. Ceramic industries at all levels of production were not spared, they could not be sustained. Eventually, many of them folded up one after the other. The infrastructures that were put in place to ensure industrial production also suffered neglect; the hydroelectric plant became obsolete and its distribution became inadequate for emergent urban towns, it was grossly insufficient to sustain production. Schools that were set up to train middle-level manpower were no longer attractive to trainees who were now interested in university education. Also, the industrial supervising agencies established to strengthen industrial growth were no more than white elephant projects as they too suffered inadequate funding.

The Nigerian economy depended so much on oil exportation that manufacturing became secondary. Paradoxically, the refineries that were constructed in the 1970s to produce the fuels that were consumed locally could not be sustained; they too suffered the same fate as the manufacturing sector. Consequently, Nigeria resorted to importation of fuel, and like a vicious circle, the prices of fuel became hiked and this further compounded the problem. However, the need for ceramic products continued to increase in Nigeria, thus Nigeria became a ready market for ceramic wares produced in Asia and Europe. The ceramic industries in Nigeria could not function effectively and thus could not absorb trained ceramists from Nigerian higher institutions. Consequently, the trained ceramists started to explore opportunities outside their profession. Those who started ceramic productions earlier were leaving for salary jobs thereby putting the cardinal national objective of self-reliance into question.

Small-scale ceramic production could have been an area through which Nigeria showcased her rich culture, and attracted tourists as well as investors if the sector had been well-harnessed. Culturally, on the international scene, Nigeria, the most populous 'Black Nation' is being looked up to as a country with rich pottery heritage. A greater percentage of the documentation of Nigeria's pottery history were put together by foreigners during the pre-independence era (before 1960) and post-independence era (between 1960 and early 1970). But for such records today, much information on Nigerian pottery would have been lost. The introduction of contemporary pottery production

with its consequential effects has extended the terrain of pottery production in Nigeria; it has also created a diversion from the basics. With over half-a-century of contemporary pottery practice in Nigeria and its unimpressive state, it becomes imperative to carry out a survey of the industry in order to examine its characteristics and performance against the background of Nigerian business environment.

The study area is south-western Nigeria, which geographically comprises six states namely: Lagos, Ondo, Ogun, Oyo, Osun, and Ekiti. The south-western Nigeria area is located in the tropical rain forest zone; however, the part close to the Atlantic Ocean (the coastal region) shares Sub-Equatorial climate and receives a high annual rainfall of over 1520mm (Udo, 1978: 19).

Concept of Nigerian Small-Scale Industries

In Nigeria, the definition of small-scale industries has not been constant over time. It has continued to be revised from time to time as the valuation is influenced both by the movements in exchange rate and the level of inflation (Central Bank of Nigeria, 1997: 108). The Industrial Research Unit of the Obafemi Awolowo University, Ile-Ife, defined a small-scale business as one whose total assets in capital, equipment and working capital is less than 50,000 Naira (₦50,000 is approximately US\$384.61; Nigerian Naira exchanged at the rate of 130 for 1 American Dollar as of August 2007) and employing fewer than 50 persons; the amount of total assets in capital would possibly have witnessed an upward review now (Osayamen, 1992: 46). Osayamen also posits that the Central Bank of Nigeria guidelines before 1992 defined small-scale business as an establishment whose turnover does not exceed ₦500,000. However, one of the most recent definitions is the one by Kee Communications (1999: 98). It described small-scale industries in Nigeria as the industries whose total cost of investment falls between 1m Naira and 2m Naira (including working capital but excluding land). The definition described the very small ones otherwise known as micro-enterprises or cottage industries as those whose total cost of investment does not exceed ₦100,000. The authority that informs the Kee Communications' definition is a subject for guesswork.

This study considers the most realistic definition as the one given in 1996 by the National Council on Industries, an umbrella body of Federal and State Commissioners for Industries. The definition, which is based on capital outlay and staff strength, specified that any firm with capital between 7m Naira (US\$52,886) and ₦40.0m (US\$30,2206) and a labour size of between 11 to 35 workers is a small-scale industry (Central Bank of Nigeria Annual Report, 1997; Nigerian Industrial Development Bank Newsletter, 1996). The Council described any firm where total cost, including cost of investment, is not more than ₦1m (US\$7,555) and with a labour size of not more than ten workers as cottage industry. Although the National Council on Industries' definition seems

plausible if the capital outlay and the staff strength specified are matched with the economic situation of the country, however the deficiency in the definition could be seen in the gap created between the capital specified. That is, how should any firm that has capital between ₦1m and ₦7m be classified?

However, Little et al. (1987), and Desai (1989: 3) remarked that, in modern times small firms are often defined in terms of capital employed instead of labour. This assertion may not be unconnected with the introduction of flexible mass production through fully automated plant where labour is drastically reduced.

Therefore, for the purpose of this study and the peculiarity of developing countries in terms of low-level of industrialization, ceramic industries whose capital is not large enough to go on fully automated production and those that are non-factory type are the ones considered as small-scale ceramic industries. It is worth mentioning that many of the fully automated industries in the developing countries that are referred to as large-scale would be considered as medium- or small-scale in the industrialized countries context.

Paradigm of Small-scale Ceramic Industries

Within the broad spectrum of the term 'small-scale ceramic industries' are arrays of nomenclatures such as micro-ceramic production, cottage pottery and studio pottery, among others. Cardew (1975) and (1993) referred to some attempts of introducing the method of making pottery in Europe with the use of a potter's wheel, enclosed kiln and glazes as 'pioneer pottery'. Thus, the term became a reference point for the emerging contemporary pottery in West Africa. Taking a cue from him, Agberia (1993) and (1997) worked within this definition while referring to contemporary ceramics of small scale in Nigeria.

However, most European ceramists simply identify non-factory type of ceramic establishments as 'Pottery' (Leach, 1976). In some instances, the term 'pottery' is preceded with the words such as 'studio' or 'workshop' to become compound words such as 'studio-pottery' or 'workshop-pottery'. This addition came into use after the 18th-century industrial revolution in Europe. The addition of studio or workshop to the term became necessary in distinguishing mechanized pottery from manual pottery. Other names that go with 'non-factory type' ceramic industries are 'production pottery', 'peasant industry' (Cumming and Kaplan, 1991: 75). In contemporary times, studio pottery is becoming synonymous with artistic pottery, particularly among the elite class where objects made (both functional and decorative) are thematically approached. Studio potteries are significantly for display; they fit into a different sense of value compared with the mechanized pottery which is not hand crafted and is thus referred to as industrial ceramics. Newman (1976: 114) was of a different view; he opined that industrial pottery was as much for show as studio ceramics. Even though he agreed that each occupied different sense

of values, he, nevertheless, believed that they were just as aesthetic in a way. The production of unglazed porous low temperature pottery, which has been sustained in most parts of Africa from archaic period to the modern era is viewed differently; it is generally referred to as traditional pottery. Cardew (1993) of course referred to it as 'native pottery'. The traditional pottery production is on a different horizon from that which is being discussed in this article.

Performance of Small-scale Ceramic Industries in Nigeria

Comprehensive statistical data are not available about the past and the present activities of ceramics industries in Nigeria. The United Nations Industrial Development Organization (1986) Global Report noted that it is difficult to obtain an accurate measure of output of household wares in developing countries since much of the production is on a small-scale or an artisan basis. The Central Bank of Nigeria Statistical Bulletins do not carry any data on ceramic production. The Central Bank of Nigeria's (1998) Statistical Bulletin contained the average capacity utilization rates of glass and glass products among 30 other articles in the manufacturing sub-sector. It is, however, not clear why there were no data on ceramic production, if at all, on the more organized automated medium- and large-scale ceramic industries.

The literature on the decline of the ceramic industries is very limited, and it does not treat the subject profoundly; the authors base their assessments essentially on the erratic performance and consequent close-down of many ceramic industries in the country. Agberia (1998) points to the decline of ceramics industries in Nigeria and reviews the emergence of contemporary ceramics in Nigeria, but does not use first-hand information about the problems arising from ceramic practice. More articles that provide information about the decline of ceramic industry in Nigeria are in piecemeal. Many are in form of newflash in newspapers; they stimulate readers' curiosity, but leave them with arrays of unanswered questions. Therefore, in carrying out this survey of the ceramic industries in South-Western Nigeria, the following variables were collected: Name of Establishment, Location, Year Established, Proprietor, Staff Strength, Facilities in Use, Types of Products, Present Situation.

Table 1 shows that since the 1960s, 38 small-scale ceramic industries were established at one time or the other in South-Western Nigeria. The types of equipment and facilities used among the small-scale ceramic industries are homogeneous; gas kiln and kick-wheel are common to all of them. Also decorative wares and tableware production are common to most of them; however, Ikere Porcelain Factory in Ikere-Ekiti, Ekiti state, Ola-Oluwa Ceramic Factory and Toic Ceramics in Akure, Ondo state were the only small-scale industries that have explored the production of electrical insulators.

Within approximately half a century of their introduction, small-scale ceramic industries in Nigeria are yet to evolve; none has grown beyond the

Table 1
A Survey of the past and the present ceramic industries in South-Western Nigeria

S/no.	Name of establishment	Address	Year established	Proprietor	Staff strength	Facilities in use	Types of products	Present situation
1	Yinka Ceramic Wares Nigeria Enterprises	Owo, the headquarters of Owo Local Government Area	1987	Mr Saidu Olayinka Sulaiman	2	2 blungers, jaw-crushers, electric kiln	Lamp holders, flower vases, tableware	Skeletal production
2	The Ceramic People; Ranjid Industry Nigeria Limited	Owena, the headquarters of Idanre Local Government Area	1989	Chief Oluranti Alade	4	1 electric wheel, 3 kick-wheels, 1 pug-mill and 1 motor powered jar crusher	Tableware and decorative items	Folded up
3	Babafemi Ayo Ceramic	Owo, Ondo State	1989	Mr Ajayi Babafemi	1	1 kickwheel and 1 medium size gas kiln	Tableware and decorative items	Folded up
4	Toic Ceramics	Akure, Ondo State	1989	Joel Oke	1	1 gas kiln and kickwheels	Tableware and decorative items, electrical insulators	Skeletal production
5	Front Line Ceramics	Iaramokin-Mokin, Ondo State	1986	—	4	1 gas kiln and kickwheels	Tableware and decorative items,	Folded up
6	Desko Ceramics	Jegele Village, Akure, Ondo State	1991	—	4	Gas kiln and kickwheels	Tableware and decorative items	Folded up
7	Ola Oluwa Ceramic Factory	Oba-Ile near Akure, Ondo State.	1992	Prince J.A. Adesakin	6	5 kickwheels, 2 big gas kilns, 1 pug mill	Tableware and decorative items, electrical insulators	Folded up
8	Kenny-Ronky	Ala Quarters, Akure, Ondo State	1992	Major Kehinde Adebayo (rtd)	2	1 gas kiln and 1 kickwheel	Tableware and decorative items	Folded up

(Continued)

Table 1 (Continued)

S/no.	Name of establishment	Address	Year established	Proprietor	Staff strength	Facilities in use	Types of products	Present situation
9	Jide Ceramic Glass	Ado-Ekiti, Ekiti State	1989	Mr Jide Aderiye	5	3 jigger jolley machines, 1 pug mill, spraying machine, kickwheels grinding and turning machine, clay presser, jaw crushers and 5 gas kilns 1 gas kiln and 1 kickwheel	Tableware and decorative items	Folded up
10	Ona-Ara Ceramics Company	Ado-Ekiti	1987	Mr Faniyan	1		Refractory bricks, flower vases,	Skeletal production
11	Fiyinfolu Ceramic	Ikere-Ekiti	1988	Mr Falana Oladimeji	2	4 gas kilns, 1 kickwheel	Tableware and decorative items	Actively producing
12	Harmony Ventures	Igbara Odo, Ekiti State	1990	—	4	1 gas kiln, 1 kickwheel	Tableware and decorative items	Folded up
13	Blessed Sisters' Ceramics	Ikere-Ekiti	1992	Joint Venture	4	4 gas kilns, 1 kickwheel	Tableware and decorative items	Folded up
14	Ikere Porcelain factory	Ikere-Ekiti	2001	Mr Fatoba	2	1 gas kiln, 1 kickwheel	Electrical insulators	Folded up
15	Akas Ceramic Limited	Old Ife Road, Ibadan, Oyo State	—	Alhaji A.K. Akintoye	20	electric kiln, test kiln, four gas kilns, blunger, laboratory ball mill, 3 throwing wheels, clay pits 2 kickwheels, 2 gas kilns	Flower vases, sculptural ceramics, tableware	Folded up
16	Akudieze Ceramics	Basorun Ibadan	1982	Mr Akudieze	5		Flower vases, sculptural ceramics, tableware	Folded up
17	Asolom	Old Ife Road, Ibadan.	—	—	3	1 gas kiln, 1 potter's wheel, 1 clay pit	Flower vases, sculptural ceramics, tableware	Folded up
18	Lukman Ceramics	Old Ife Road, Ibadan	—	Mr Lukman	2	1 gas kiln, 1 potter's wheel	Tablewares and decorative items	Folded up
19	Sudith Ceramics	Ijebu Ode Road, Ibadan	—	—	1	1 gas kiln, 1 potter's wheel, 1 clay pit	Tablewares and decorative items	Folded up

Table 1 (Continued)

S/no.	Name of establishment	Address	Year established	Proprietor	Staff strength	Facilities in use	Types of products	Present situation
20	Sudef Ceramics	Ijebu Ode Road, Ibadan	—	—	1	1 gas kiln, 1 potter's wheel, 1 clay pit	Tableware and decorative items	Folded up
21	De Craft Ceramics	Asi, Basorun, Ibadan	1984	—	5	1 potter's wheel, 1 clay pit	Tableware and decorative items	Folded up
22	Gbenga Ceramics	Asi, Basorun, Ibadan	1986	Mr Gbenga	2	1 potter's wheel, 1 gas kiln, 1 clay pit	Tableware and decorative items	Folded up
23	Earth and Fire Clay Works	Ojo, Ibadan	1994	Joint Venture	10	2 gas kilns, two throwing wheel, clay pits	Lamp holders, flower vases, table ware, figurines	Actively producing
24	God's Grace Ceramics	Old Ife Road, Ibadan	1991	Mr Dare Olofinro and Mr Femi Olofinro	2	2 gas kilns, 1 potter's wheel, 1 clay pit	Candle stands, flower vases	Actively producing
25	Ona Ara Ceramics	Ring Road, Ibadan	—	Mr Famiyan	1	2 gas kilns, 1 potter's wheel, 1 clay pit	Refractory bricks, flower vases, tableware	Skeletal production
26	Festeco Ceramics	Lagos	1961	—	—	Potter's wheels, gas kilns, electric kilns, test kilns, jigger and jolly machine	Tableware	Folded up
27	Eleganza Ceramics	Ikeja Lagos	1986	—	Over 50	Potter's wheels, gas kilns, electric kilns, test kilns, jigger and jolly machine	Tableware	Folded up
28	Ughei pottery	Surulere Lagos	1986	Mr Ughei	2	1 potter's 1 gas kiln	Tableware and/items decorative.	Folded up
29	Lagos State Pottery Center Badagry	Badagry, Lagos State	—	Lagos State Ministry of Commerce and Industries	5	Potter's wheel, gas kiln, electric kiln	Tableware and/items decorative.	Actively producing
30	Sweet-Art Nigerian Limited	50, Adegbola Street, Anifowose Ikeja, Lagos	1995	Ayoola Ibukun-Oluwa	1	Potter's wheels, gas kilns	Tableware and/items decorative.	Actively producing
31	Interlink Technologies	Lagos State	—	—	Over 50	Potter's wheel, gas kiln	Tableware and/items decorative.	Folded up

(Continued)

Table 1 (Continued)

S/no.	Name of establishment	Address	Year established	Proprietor	Staff Strength	Facilities in use	Types of products	Present situation
32	Anos pottery Industry	Akwojoro Lagos	—	—	10	Potter's wheel, gas kiln	Tableware and/items decorative.	Folded up
33	Olapade Ceramics	Lagos	—	Mr Olapade	3	Potter's wheel, gas kiln	Tableware and/items decorative.	Folded up
34	Supo Ceramics	Lagos	1998	Mr Supo Ben	2	Potters wheel, gas kiln	Tableware and/items decorative.	Skeletal production
35	Kley Ceramics Ltd.	Anthony Village, Lagos	1989	Mr Emoda C.S	5	Potter's wheel, gas kilns, ball-mills, blungers, pug-mill	Tableware and/items decorative.	Folded up
36	Ocean five Ceramics Ogunmakin	Ogun State	—	—	—	Potter's wheel, gas kiln	Tableware and/items decorative.	Folded up
37	Kronkraft Nigeria Limited	Ogun State	—	—	—	—	Tablewares and/items	Folded up
38	Shallon Pottery	Oni-Ilare Sreet, Ile-Ife, Osun State	1980	Mr Ayo Awoyemi	2	Potter's wheel, gas kiln	Tableware and/items decorative.	Actively producing

Source: Field Work, by author (2004)

state of craft. Although there had been multiplicity in terms of number in the past, this was not sustained. In the area of technology, most of them have remained handcraft workshops; a typical small-scale ceramic industry in Nigeria operates in a small workshop, with one or several wheels as the basic device for production and with one or several sizeable kilns.

Nigerian Business Environment as a Predominant Factor

The National Directorate of Employment (1989: 34) defined environment as the set of all objects that are influenced by the system. It classified 'business environment' as physical, sociocultural, political, moral, technological, legal, economic, and financial. The physical environment, people's culture, infrastructural facilities and government policies interplay in the creation of favourable Business Environment for the economy of every country. While Nigerian physical environment and people's culture have been favourable towards the business environment, infrastructural facilities and government policies have not, therefore the two are examined in this study.

Infrastructural Facilities

Infrastructural facilities are fundamental to the growth of the economy of every nation, Archibong (1997) stated that the whole gamut of enabling conditions for economic activities could be considered under infrastructural facilities and services. These are transportation and communication, power generation and transmission, urban facilities such as sewage and water supply, education scientific research, sanitation and public health and the entire structure of the judicial administrative system within which economic activities function would qualify for inclusion in the definition of infrastructure.

One of the major infrastructural problems in ceramic production in Nigeria is electricity. Power supply in Nigeria is greatly irregular; it is affecting all other sectors of industrial manufacturing. Regular power supply is the backbone of industrial manufacturing, however, the incessant power failure is one of the factors responsible for the high cost of ceramic manufacturing in Nigeria. The current power generation in Nigeria is too small and does not correspond with the total energy required in the country. Nigeria depends basically on hydroelectric power generation. And as of May 1999, the total energy generated was 1600 MW (Olowo, 1999), by 2004, this has been boosted up to 4000 MW. Unfortunately, by 2006 it dropped to 3500 MW (Olori, 2006). However, 3500 MW is too small for the whole country, hence, the persistent problem of erratic power supply. Some African countries such as South Africa, Egypt, and Ghana have already overcome this kind of problem. For example, the city of Cairo alone in Egypt is supplied with the energy output of 6000 MW; this is far above what Nigeria as a nation contends with. Also, Ghana in the year 2003 celebrated a whole year of an uninterrupted power supply.

As a result of erratic power supply, Nigeria has become a dumping ground for power generating sets manufactured in Europe, USA, and Asia, this is not good for the economy. Ibrahim (1999) reported that only 39 per cent of Nigerians had access to electricity. Even those that are connected to the national Electricity have irregular supply; hence, people resort to the purchase of generating sets. The problem of power supply is not only with the very small output generated; there are problems of obsolete switchgear plants, transmission of current with undersized and inferior conductors, pilfering and vandalism of installed cables, electrical insulators, transformers, reading meters.

The problem of potable water is another factor, the public supply of water is inadequate, many communities are without water supply, in most cases individual ceramic producers resorted to borehole sinking or well digging. Consequently, the capital required for setting up of ceramic industries is further increased. Water is essential to the preparation and characterization of ceramic raw materials. Principally, water is used for levigation of clay, preparation of slip, milling of ceramic clay bodies, and glaze oxides, it is also used in the forming processes.

Government Policies

Government policies in Nigeria have not been stable over time; many economic policies have been adopted since Nigeria became independent in 1960, the economic reform experiments still continue today. Mimiko (2002) identified two critical features that define Nigeria's economy since 1960; the first is a high propensity for policy turnover resulting from acute political instability. And the second feature is Government tendency at managing the more peripheral indexes of the economy, the attendant marginalization of the productive orientation and development agenda.

Mimiko (2002) further noted that succession to power more often than not had been opportunistic and the emerging elite in power whether military or civilian are attracted to half-baked and poorly digested economic theories packaged, hardly altruistically, from abroad. It is submitted that such policies are oriented basically to promote the rent seeking proclivities of the custodians of State power, and invariably, virtually all the policies have failed to translate into development. Examples drawn below on some of the policies and their effects corroborate the two critical features earlier identified.

The policies that have negatively affected the small-scale industries in general are the monetary policies, export and import policies, and incessant upward review of petroleum products prices. The liberalization of the economy led to massive influx of cheaper imported ceramic products in Nigerian markets, this has brought about weak domestic markets for locally produced ceramic wares. The local producers operate far below their capacity utilization. In April 2004, the Government placed a ban on the importation of 49 items, but unfortunately ceramic products were not included. The Government should

adopt on a larger-scale, infant industries strategies in which domestic products are protected from foreign competition.

However, the government attempted to stabilize small and medium businesses through the establishment of some economic structures that could nurture the infant industries. Notable among these are: the 6–3–3–4 educational system which addresses technological/vocational training, and the establishment of financial agencies and research institutions that could cater for the needs of small-scale businesses. Unfortunately, the projects were not executed with sincerity of purpose. The pertinent government agencies have not been effective in service provision to the small-scale ceramic industries. Important research institutes such as the Federal Research Institute, Oshodi (FIRO), Engineering Materials Development Institute (EMDI), Raw Materials Research and Development Council (RMRDC), Industrial Training Centres (IDC) have not contributed significantly enough to the elimination of problems in the ceramic industry. It is unfortunate that various previously-inaugurated financial agencies established to take care of small-scale businesses have not been able to achieve the objectives for which they were established. Notable among these agencies are: Small-Scale Industry Credit Scheme (SSICS), the Nigerian Industrial Development Bank (NIDB), the Nigerian Bank for Commerce and Industry (NBCI), Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN), Small and Medium Scale Enterprise (SME) which transformed to Small and Medium Industries Equity Investment Scheme (SMIEIS), and National Poverty Eradication Programme (NAPEP).

In addition, the financial system has further compounded the problem of small-scale manufacturing sector. The commercial banks in the country are generally reluctant to grant loans to small- and medium-scale industries; they have neglected this aspect of their functions in the past, preferring other areas that yield higher and quicker returns due to the following reasons:

1. Banks prefer to lend on short-term basis rather than on a long-term one, they prefer to invest their depositors' money on short-term ventures.
2. Banks are unwilling to grant loans to small- and medium-scale industries, perceiving them as risky and likely to default; they reel out stringent conditions that these small and upcoming industries find very difficult to meet. For example, in 2001, the Federal Government mandated the banks to set aside 10 per cent of their profit before tax for the financing and promotion of small- and medium-scale industries, unfortunately, the impact of this policy has not been greatly felt, as only few of these small-scale industries have benefited from the scheme. Of the 30bn Naira that has been realized from the scheme, only 9bn Naira has so far been accessed by the industries because most of these small-scale industries could not meet the documentation requirements of the banks.

3. High interest rates have made both overdraft and loan facilities unattractive to small businesses. The lowest in the country now is 19 per cent compared to 3 per cent in Britain and zero percent in Japan (Ukoko, 2005a). The few small- and medium-scale industries who obtain these facilities find it very hard to break even because of high bank charges, even the cost of their products are high when compared to imported ones, which make buyers to shun these goods in preference for the imported ones, invariably leading to the collapse of the small-scale industries.

Conclusion

The small- and medium-scale businesses are closing down whereas they are supposed to be the economic nerve centre of a developing country like Nigeria. This article has some important implications in the strengthening of social infrastructure that could enhance the survival of small - and medium-manufacturing in general and ceramic manufacturing in particular. It should be noted that, though this article made a case study of small-scale ceramic production in Western Nigeria, it is however worthy of mention that other sectors of small-scale manufacturing are also affected by the problem of Nigerian business environment. There are numerous articles and news reports on the unfavourable nature of Nigerian business environment. This means that the business environment should not be taken for granted; it needs to be developed to attract investors and to sustain the local industries. Ukoko (2005b) reported that the average capacity utilization in Nigerian industrial sector tumbled from 51.6 per cent in October 2004 to 39.7 per cent in June 2005, it also noted that Gross Domestic Product (GDP) growth rate declined by 3 per cent during the period. Ukoko (2005) submitted that the various political and economic reforms of Nigerian government have not been able to get the manufacturing sector out of the woods; it alluded that this is the consequence of inadequate infrastructures.

A lot of efforts have been put into the small - and medium-businesses in Nigeria without any commensurate performance; in 1989 the World Bank granted a loan of US\$270m to the Federal Government of Nigeria to disburse as loans to small- and medium-scale enterprises. The objectives of the project were to:

1. Support existing enterprises, restructure and modernize their operations in maintaining their comparative advantage and to regain competitiveness;
2. Help establish a new generation of viable investments in the private productive sector and service activities (Ojo, 1992).

The big question is: are the objectives stated achievable independent of good business environment? Certainly not, they can only be achieved in an enabling business environment where infrastructural facilities are in place; otherwise

such funds would not make a significant impact. For example, Table 1 revealed that majority of small-scale ceramics businesses in south-western Nigeria were established in 1980s and 1990s whereas one was established in 2001. Table 1 also shows that 27 of them have folded up, while five are producing skeletal. Obviously, the outcome of the survey of the industries' performance cannot woo new investors into the sector; the result of the survey implied a typical situation of other small-scale manufacturing in Nigeria.

In view of the above, the government should make a significant effort to reposition the Nigerian economy by developing the infrastructural facilities. To do this, the power sector needs a complete overhaul; this will provide an enabling environment for investment. Electricity is the most convenient energy for powering industrial machines and for firing ceramic kilns; it is very essential in the processing of raw materials for ceramic production. The Government should help to revive the Power Holding Company of Nigeria PLC (PHCN) from the current erratic performance, it should also allow Independent Power Producers (IPPS) to become stakeholders in the industry. The government should expand its power generation by looking into other alternative power generating means such as thermal generated electricity and biogas-generated electricity; Ghana has been able to boost its electricity supply through these means (Asmah, 1999). Other infrastructures like a good road network and potable water should be taken as priority.

The pertinent government research institutes as well as financial agencies (as earlier listed) responsible for service provision to the small-scale ceramic industries should not be utopian in carrying out their functions. While monetary authorities should focus attention on ways of reducing the inflation rates in the country, this way the interest rates charged by banks would be minimal. Government should reorganize financial institutions to be better placed to assist these small businesses to grow. An insurance scheme that would indemnify financial institutions against the risk of lending to small and medium enterprises should be established in the country; this would encourage banks to be more willing in assisting the enterprises.

Concerning policy formulation and implementation, government should consider the probable implications of its policies on the manufacturing sector before implementing such policies. For example, government policies on petroleum products, which are the bane behind ceramic manufacturing, have changed several times within the past three years (there were intermittent rises with the cost of gas and oils), and have further escalated the problem in the sector. It is also important that policies that protect the infant industries be restructured; small-scale ceramics industry in Nigeria is yet to break-even, therefore, government should place an embargo on the importation of ceramic products and also provide an enabling environment that can foster the growth of the local industries as there is abundance of natural resources (as raw materials) for these local industries in Nigeria.

References

- Agberia, J.T. (1993) 'Notes on Ladi Kwali Pottery at Abuja', *Nigerian Heritage: Journal of the National Commission for Museums and Monuments* 1(2): 79–86.
- Agberia, J.T. (1997) 'Establishment of Small-Scale Pottery Workshops in Nigeria: Implications for the Pioneer Potter', paper presented at the Conference on Industrial Design and Technology, Akure, Nigeria, April.
- Agberia, J.T. (1998) 'The Ceramics Industry in Nigeria: Problems and Prospects'. *USO Nigerian Journal of Art* 2(1–2): 64–72.
- Archibong, P.E. (1997) 'Production Trends of Selected Non-oil Products in Nigeria', *Central Bank of Nigeria Economic and Financial Review* 35(4): 81–99.
- Asmah, G.F. (1999) 'Biogas Brings Big Benefits', *African Review of Business and Technology* Dec/Jan: 47.
- Cardew, M. (1975) *Pioneer Pottery*. London: Longman.
- Cardew, M. (1993) *Pottery in Nigeria, Incorporating a Preliminary Survey of Pottery in West Africa, 1950*. Washington, DC: Smithsonian Institution Libraries, National Museum of African Art Branch.
- Central Bank of Nigeria (1997) *Central Bank of Nigeria Annual Report and Statement of Accounts*, Abuja, Nigeria.
- Central Bank of Nigeria (1998) *Central Bank of Nigeria Statistical Bulletin* 9(2): 130.
- Cumming, E. and W. Kaplan (1991) *The Arts and Crafts Movement*. London: Thames and Hudson Limited.
- Desai, V. (1989) *Management of Small-Scale Industries*. Bombay: Himalaya Publishing House.
- Ibrahim, H. (1999) 'Power Sector: NEPA Ready', *African Review of Business and Technology* July: 26.
- Kee, Kommunications (1999) *Setting the Economy Free: Privatisation and Commercialisation in Nigeria*. Lagos: Kee Kommunications.
- Leach, B. (1976) *A Potter's Book*. London: Faber and Faber.
- Little, I.M.D., Mazumdar, D. and Page, J.M.J. (1987) *Small Manufacturing Enterprise*. New York, USA: The International Bank for Reconstruction and Development.
- Mimiko, F. (2002) 'Economic Development and Democracy: A Review of Nigerian Economic Policy Framework since 1999', paper presented at the Chartered Institute of Bankers of Nigerian (CIBN) Forum held at NUJ Press Center, Akure, Nigeria, 15 August.
- National Directorate of Employment (1989) *Entrepreneurship Development Programme for Corp Members*. Nigeria: National Directorate of Employment.
- Newman, B. (1976) 'Bryan Newman', in E. Cameron and Lewis P. (eds) *Potters on Pottery* 106-117 London: Evans Brothers Limited.
- Nigerian Industrial Development Bank Newsletter (1996) *New Classification for Nigerian Industries*. Nigerian Industrial Development Bank Ltd. (NIDB), Lagos 14(2–3): 5.

- Ojie, G.N. (2000) 'Poverty Alleviation: A Focus on the Ceramic Industry', *Journal of Creative Arts* 1(2): 125–30.
- Ojo, A.T. (1992) 'Central Bank of Nigeria Circular on the Small and Medium Scale Enterprises' in A.T. Ojo (ed.) *Banks and Small-Scale Businesses*, pp. 143–54. Nigeria: Chartered Institute of Bankers of Nigeria.
- Olori, T. (2006) 'CHALLENGES 2005–2006: An Assured Power Supply a Distant Dream in Nigeria', Inter Press Service News Agency, (IPS) Dec. 19. Available at <http://www.ipsnews.org/africa> (accessed 9 August 2007)
- Olowo, B. (1999). 'Taking Independent Action', *African Review of Business and Technology* Dec/Jan: 51.
- Osayamen, R.K.O. (1992). 'A Critical Assessment of the Role of Banks in Providing Financial and Non-Financial Services to Small-Scale Businesses,' in A.T. Ojo (ed.) *Banks and Small-Scale Businesses*, pp. 45–60. Nigeria: Chartered Institute of Bankers of Nigeria.
- Oyeoku, O.K. (2003) 'Modern Nigerian Ceramics: What Hope for the Sick Baby?', paper presented at the National Conference of African Industrial Designers, Owerri Nigeria. Held between 7th-10th May 2003.
- Udo, R. K. (1978). *A Comprehensive Geography of West Africa*. Ibadan: Heinemann Educational Books.
- Ukoko, J. (2005a) 'High Cost of Production; Nigerian Goods Shunned in ECOWAS Markets', *Business Times* 3(27): 1–2.
- Ukoko, J. (2005b) 'Average Industrial Capacity Utilisation Plunges to 40%', *Business Times* 3(29): 1–2.
- United Nations Industrial Development Organization (1986) *Industry and Development Global Report*. Vienna: UNIDO Publications.

Tolulope Lawrence Akinbogun, BA Ceramic Design, MA Industrial Design, PhD Industrial Design, is an Associate Professor and Acting Head, Department of Industrial Design at the Federal University of Technology Akure, Ondo State, Nigeria. He has taught Ceramic Design at the University for over a decade. He is a member of the following professional associations: Nigerian Society of Education Through Art (NSEA), Society of Nigerian Artist (SNA), Nigeria Association for Education Media and Technology (NAEMT), National Association of African Industrial Designers (NAID), Ceramic Association of Nigeria (CERAN) and Craft Potters Association of Nigeria (CPAN). His current research interests include development of small-scale ceramics industries in Nigeria, exploration and application of various techniques of screen printing on ceramics surfaces, and market research on ceramic products in Nigeria.

Address: Department of Industrial Design, Federal University of Technology, P.M.B. 704. Akure, Ondo State. (akinbogun2003@yahoo.com)