

# A Study Of the Performance of Small and Medium Scale Industry and Housing Provision in Delta State

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**Abstract:** - This paper examines the performance of small and medium scale industries and the provision of housing in Delta State. The role that small and medium scale industries are expected to play in actualizing housing goals and objectives of the people of Delta State and the economic and social well-being of its people. The challenges being faced by the sector which are likely to constrain its performance and capacity to contribute in order to achieve its expectations. The paper reveals that in spite of housing provision effort made since the creation of Delta State 27 years ago shortage in both quantitative and qualitative dimensions had never seized to be the major palaver especially as it affects the small and medium scale industries. The small and medium industries however achieved remarkably as some of its prowess can be seen in the likes of junior military quarters in Okpanam road standing as a vibrant village of itself, which is a legacy. The small and medium scale industries had also immensely reduced the housing issues by the low housing construction charges, which had made the low-income earners own their own structures. The paper concluded that the small and medium scale industries has tremendous role to play in both performance and provision of housing to the Delta State citizens and its environs. Therefore, there is need for combined effort of both the government and the small and medium scale industries: rudimentary building technology; land ownership right; well articulated housing policies; encouragement of financial institutions and building societies; encourage production of affordable and quality building materials locally.

**Key Words:** — *Performance, Small and mediums scale, Provisions, Housing.*

## I. INTRODUCTION

In Nigeria, construction investment accounts for over 60% of the Gross Fixed Capital Formation (GFCF) i.e. the total national investment (Drakwa and Culpin, 2010). The industry is also seen as the barometer for the performance of the economy in most developing countries (Chitkara, 2006).

Adedeji (2008) observes that building industry being a subset of the construction industry, which also encompasses housing, is one of the most important sectors of the Nigeria economy.

Productivity is considered as one of the most important factors affecting the success and overall performance of every organization whether large, medium or small scale in today's competitive market (Sweis, Abu Hammad and Abu Rumman, 2009).

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## II. SMALL AND MEDIUM SCALE INDUSTRY

The definition of small and medium scale industry is relative from industry to industry and from country to country what constitutes small-scale enterprises or business in great Britain, Japan, United State of America may be classified as medium or large-scale enterprises in Nigeria.

Also what was regarded as medium or large scale in the early sixties and seventies can no longer be classified as such and may simply be classified as cottage in view of current value.

An agency of the United States of America government defined small scale enterprise as follows:

- Not dominant in its field of operation.
- Independently owned and operated for profit.
- Maximum number of employee varies from industry to industry but not exceed two hundred and fifty employees.

The Federal Ministry of Industries Guidelines (1991) and the Nigerian Bank for Commerce and Industry (NBTICI) defined

small-scale Enterprises as those with total capital not exceeding N1.5million excluding cost of land but including capital.

The NBCI (Nigeria Bank of Commerce and Industry) in its regular operation adopted the definition of small-scale industries as those with cost of capital not exceeding seven hundred and fifty thousand Naira (N750,000) excluding land but including working capital. Prior to the Federal ministry guideline of 1991 there was the credit guideline of the central bank to commercial banks and merchant banks in 1989. In the case of commercial banks, small-scale industries are those with annual turnover not exceeding N500,000.00 while the case of merchant Banks, small-scale enterprises are those with capital investment not exceeding N2million excluding the cost of land or with minimum of N1million.

Note:

The Nigerian Economic Reconstruction Fund (NERFUND) 1991 also defined small and medium scale industries as those with fixed assets other than land but exclusive of last new investment not exceeding Ten Million Naira (N10,000,000) Investment and working capital not exceeding seven hundred and fifty thousand (N750,000).

With the current exchange rate a project with a total cost of between fifteen million naira (N15,000,000) could be small or medium scale industry. The situation is even more pathetic as US Dollar is exchanged for about N380 and even more in the black market.

### III. LITERATURE REVIEW (HOUSING PROVISION)

Housing is a basic need of every human being just as food and clothing, it is very fundamental to the welfare, survival and health of man (Fadamiro et al, 2004). Hence housing is one of the best indications of a person's standard of living and his place in the society. Shelter is central to the existence of men (Kehinde, 2010). He further stated that housing involves access to land, shelter and the necessary amenities to make the shelter functional, convenient, aesthetically pleasing, safe and hygienic. Hence, unsanitary, unhygienic, unsafe and inadequate housing can affect the security, physical health and privacy of man. The location and types of housing can affect and determine the status of man in the society.

Nigeria's housing problem have both qualitative and quantitative dimension. The quantitative dimensions are revealed by some certain indicators such as high occupancy rate per room, shortage of houses and squatter camp. While the

qualitative dimensions are reflected through poor architectural designs services and lack of open space facilities (Ahamdi, 2012). Delta State had been devastatingly hit by the quantitative dimension (shortage of housing).

The pooled effect of high population upsurge and urbanization in a declining economy has thrown Nigeria into serious housing problem. Ironically, the low-income earners are the most affected by this menace. Problem of housing shortage grows worse by the day in many developing nations including Nigeria. Conceivably, a major trait of housing crisis notable in urban centres in most developing nations is that of inadequate supply relative to demand.

Shortage of adequate housing virtually abounds in every country particularly in the developing and third world countries. The shortage in both quantitative and qualitative term is more acquitted in the urban centre. People that sleep in indecent houses in urban areas of Nigeria are more than people who sleep in decent houses (Omojimi, 2000). Thus it is assertive that there is inadequacy in housing to cope with the ever-increasing population in Nigeria.

The causes of this dearth, in housing are numerous; high construction cost is found to be present in all countries albeit in varying degrees of significance. The high cost of construction can be attributed to rising cost of building materials, inflation rate in the economy, high space and quality standard adopted by designers, professional fees for housing design and construction; excessive profit of design and contractors, and 10% interest payable on national housing fund in Nigeria (Adedeji, 2006).

In a nation, every individual has a right to decent housing. Research has confirmed the profound inadequacy of housing circumstances of Nigeria (Asiodi, 2001; Mogbo, 2001; Olotuati and Fashakin, 2003). According to Olotuati and Fashakin (2003), housing circumstance of low-income, earners who incidentally constitute the vast majority of the population have not shown any significant improvement over the years despite public sector intervention in provision of housing. Over the years, government had embarked on several housing intervention programmes with the objective of making housing available with the objective of making housing available and affordable to the majority of the population. These housing interventions are reflected in the annual budgetary provisions of urban housing development and in the establishment of institutional framework for housing development (Diogu et al, 2006). For example at the Federal level is the Federal Housing Authority (FHA) and at the state level most state governments

establish development and property authorities. In Delta State, the state government established Delta State Property and Development Authority (DDPA). Housing subsidies can therefore be seen as any aspect of government policy in housing that result in a household bearing less than the full cost of the housing (Agboola and Kassin 2007). In view of the fact that income are extensively distributed and there is wide gap in between the income of affluent few and the poor majority it is rational and logical to argue that housing imperfection will be prevalent and that the national government must intervene to correct these market inefficiencies by providing housing subsidies (Agboola and Kasim, 2007). According to Arigbibola (2009), despite the various efforts of government, individuals and agencies, both locally and internationally to improve housing provisions in Nigeria, housing problems particularly shortage of housing still persists. This lend credence to the growing international concern over the issue according to the National rolling plan, the national housing requirement is between 500,000 and 600,000 units considering prevailing occupancy ratio of three and four per room (Ojemuwah, 2006). In a housing market with a fixed stock of housing, the process of acquisition is analogous to filling up seats sequentially in an empty theatre. The first person has more choice than the second person and so on with the last person having no choice but to go for whatsoever is left. If those who enter, do so in order or their bidding power, than those with more money have more choice while the poor take up whatever is left after everybody had exercised his or his choice. Therefore in a sequential allocation of fixed housing stock in order of competitive bidding power, the poorest group who enter last have to face producers who are in quasi-monopolistic position. They have no choice but to rent whatever they see according to Tazeed (2013 – 2017).

The people who are most likely to become homeless are those who have least resources. Providing housing is a profit oriented industry. They cannot purchase neither can they afford high rent so they live in unfit accommodation as the rent demanded are exorbitant. Housing is a major and important component in the social and economic sector of Nigeria as a nation residential housing plays different roles in the society. Housing is an immense wealth (Onu and Onu, 2012). It is also a major sector in the national economy, a substantial consumer of investment fund and large source of employment within the construction industry (Agboola and Adegoke, 2007). Nigeria is yet to be satisfied with adequate provision of housing to various economic group within the nation. This constitutes a major concern for both the planners and government. The demand for

housing is just the manifestation of the demand for living in a location (Todd, 2007). Most people want to live in or near cities where the work and this desire is increasing over time in fact in both developing and developed countries. Seventy five percent of United States household lives in cities (Rosental and Strange, 2003).

The private sector contributes over 80% to the existing housing stock in Nigeria and it is observed that the dwelling unit produced by the private sector are usually out of reach of the average household in Nigeria (Tezeed, 2017). This perhaps partly explains the involvement of the public sector in housing delivery in Nigeria. The effort of government to reduce the magnitude housing problems have not yielded much success this is due to the fact that thorough investigation have not been made into the nature of dynamics of housing problems in the country Olatubara, 2007).

The group of people who are especially the low income landless individuals are people who cannot favourably compete in the competitive environment created by market mechanisms. The disparity between the prices and quantity of housing on the one hand and the money available to them to pay these prices on the other hand constitutes the central problem of housing (Olutuah, 2009).

#### IV. RESEARCH METHODOLOGY

The various methods used in the collection of data used for the research of this paper include, Questionnaire, Personnel Interview, Observation and Secondary data.

The questionnaires were self-administered to ensure respondents actual completion without undue influence.

Personal interview was conducted which was face to face with the owners of small and medium scale industries and also observation. This was the most useful technique used for this paper's data collection. Accuracy was confirmed as the researcher was fully involved.

Lastly, was the secondary data collection, which comprises textbook and journals, magazines and newspapers.

#### V. FINDINGS AND DISCUSSIONS

The Nigeria National Housing Policy (FGN, 2004) defines the low income group as all employees and self employed person whose annual income is N100,000.00 and below (the equivalent of salary grade eleven of 01:06 within the civil service). Interestingly the national minimum wage is

N44,000 per annum. About the 57% of the Nigerian population falls below the poverty line which is of the average of Us 1 per day.

Housing problem is peculiar to both rich and poor nation as well as developed and developing countries. Certain problems are associated with housing worldwide they include shortage of housing homelessness, government short sightedness about the need of the people, access to building land, house cost in relation to specification and space standard as well as high interest of home loans. The reason for shortage of housing in Nigeria include property, high rate of urbanization, high cost of building materials, as well as rudimentary technology of building. Although the federal and some state government intervened by providing mass housing only and the privileged can afford it (Kabir, 2004).

High rate of urbanization, every increasing population of urban dwellers in conjunction with the increasing social expectation of the people are all responsible for housing problems in Nigeria. The major problems associated with urbanization include inadequate housing, unplanned development, improper maintenance of existing structure, aging, absence of social infrastructure, waste management menace, crime and health hazard (Ibimilua and Ibimilua, 2011).

### 5.1 Industry

Industries are bodies involved in activity of goods production or related services within an economy. It also involves the processing of raw materials and manufacturing of goods in factories. There had been various small and large scale industries registered in Delta State under the CAC...involved in the industry of housing production at small and medium scale. They include Adino Consult, AFITEC Consult, CRISTO GH to mention but a few.

These indigenous construction companies have experienced few challenges of which flood, community harassment, land dispute had been part of their major challenges. However, there had also been tremendous success as small scale enterprise like cooperative societies had been involved in mortgages transaction to enable housing affordability in Delta State.

### 5.2 Delta State

Delta State an oil and agricultural producing state of Nigeria situated in the region known as south south geopolitical zone with a population of 4,112,445 (Males 2,069,304, Females 2,043,136).

The capital city is Asaba, located at the Northern end of the state with an estimated area of 762sq kilometers (294sq miles)

while Warri is the economic nerve centre of the state and also the most populated. It is located in the southern end of the state. The state has a total land area of 16,842sq kilometers (6,503sq miles).

The state covers a land mass of about 1850kmsq of which more than 60% is land. The state lies approximately between longitude 50.00 and 60.30 North. It is bounded in the North and West by Edo state. The East by Anambra, Imo and Rivers state south east by Bayelsa state and on the southern flanks is the bight of Benin which covers about 160km of the state's coast line. Delta State is a generally low lying without remarkable hill. It has a wide coasted belt inter-lace with rivulet and streams, which form part of the Niger river delta carved out of former Bendel State 27 – 08 – 1991 with ethnic groups which include Urhobo, Ijaw, Isoko, Itsekiri, and Ukwuani later joined Anioma, Ibo, Asaba.

### 5.3 Housing Provisions for Civil Servants in Delta State

Recently in July 15, 2018 Delta State government approved the construction of 10,000 housing units for its civil servants to be located in Ilah Oshimili north local government area of Delta State. The house will be build by Green Field Assets Ltd, a medium scale building construction firm. The decision was reached at state executive council (Exco) meeting which after the commissioner for information Mr. Patrick Ukah briefed the media enumerating the merit of the strategy initiative the commissioner said the project is aimed at alleviating the housing challenges confronting civil servant in Asaba the Delta State capital especially against the backdrop of the yearning housing deficit in the state capital and its environs.

Since 27 years ago Delta State was created this is one of its kind to end the traumatizing housing palaver. Governor Okowa of Delta State had initiated this scheme to cub the unprecedented influx of people into the city. Large numbers of people have migrated from different parts of the country to the metropolis squeezing into the limited accommodation spaces.

Private developers who are small and medium scale in the state tackle housing deficiencies especially in the last 19 years of democratic rule. The housing gap is still widening.

Junior staff quarters was approved and built in the military era and senior public servants which stands in Okpanam Road as a vibrant village of its own. James Ibori's government also launched public officers housing loan scheme. Delta State building society mortgage institution jointly with the head of services was in charge of the scheme.

National housing fund was also accessed to help a good numbers of civil servants to build their own houses in 2005.

#### 5.4 Challenges of SMI for Housing Provisions

- The scarcity of well located land: The high cost of servicing land and the durability of housing in urban housing market make for relatively inelastic housing supply while increase in urban population, family formation and income level lead to large shift in demand which frequently outstrips the supply response.
- Inaccessible loan grants: In Warri and Asaba 50 to 70 percent of urban households in Nigeria live in one room until and most of the urban centres have one room occupancy of three to four persons per room. This is attributed to inaccessible housing loans advanced by the state government to these civil servants. Majority of the Delta State civil servants retired are not in their personal homes either in the cities or in their rural areas.
- Quantitative and Qualitative Shortage (Dimension): There had always been the challenge of assurance of supply of both quantitative and qualitative houses to match an ever-growing demand so as to produce rents which are reasonable to meet the resources of various income groups within the country and which are equitable in terms of return to investors in housing.
- Population Growth Rate: According to financial law supply becomes more difficult while demand grows higher than the supply rate. Natural increase and migration because of Delta State creation (Oyiborhoro, 2017).
- Flood Menace: Delta State and its capital Asaba is bounded by the river Niger which acts as a natural boundary line between Delta State and Anambra. Ethiope river the deepest in Nigeria also lies at the heart of Delta. It also lies without remarkable hills with low lying geographical features which makes the cities susceptible and vulnerable to sludge. The most recent flood was experienced in 2012 where much properties worth million destroyed.
- Government Policies: Policies made by government are usually not implemented. When implemented some top officials, chiefs, big boys violate them the case is even worsened when officiating staffs involve in bribery, nepotism and favouritism.

#### 5.5 Adoptable Measures for Housing Provision

- Well Articulated Federal and State Housing Policies: Money that had being provided to contractors and the both Federal and State levels for housing provision had not been genuinely and efficiently used for its purpose. Mere observations have shown that majority of the houses were abandoned half way in their near completion stage. The deferral housing units located at various spots in the state is an evidence. To this end there should be need for a properly articulated and consistent housing policy in Delta State.
- Encouragement of Financial Institutions and Building Societies (SMI) Small and Medium Scale Industry: Financial institutions and building societies should be encouraged to meet financial commitment for SMI in accommodating ever growing population in Delta State. Without gainsaying resources are limited when compared to competing social needs. However when resources are properly managed, obviously satisfactory result can be attained.
- Rudimentary Building Technology: Building industries needs to be setup urgently to employ, teach and provide rudimentary building technology in our traditional way. Our local materials: laterite, stones, wood should be used as we have them in abundance. The established industries should also take advantage of indigenous technology skills and management to sustain our economy this will in turn conserve our foreign exchange and reduce dependency on imported materials and technologies which are very difficult to come by.
- Land Ownership Right: A fundamental difficulty has been with ownership rights under the Land Use Act 1978 which vest ownership of all land to the Governors of each state, this is a significant deterrent to housing provisions in Delta State. In most cases low income earners have bought land from indigenes at almost the same price if not more in order to secure certificate of occupancy. The Delta State housing sector need intervention in this aspect by the introduction of very low charges from both the indigenes and government. Also a well-articulated Land Edict control should be implemented.
- Combined Effort: The demand and supply for housing provisions by the small and medium scale industries can best be achieved by combined efforts of both the

Private and Public sectors combined efforts will foster the provision of houses to match an ever growing demand so as to produce houses which are reasonable to meet the resource of various income groups within the country and which are equitable in terms of returns to investors of housing.

## VI. LIMITATIONS

There were certain limitations that was encountered in the course of carrying out the research. They include:

- Financial constraints – which limited the researcher to the main towns of Delta State only and not to the interior.
- Secondly, Time was a major constraint in which a research of this nature is expected to consume time for precise result. Hence, the reader is expected to judge based on the said scope and limitation.

## VII. CONCLUSION

Despite the fact that small and medium scale industries had performed fairly in the area of housing provisions in Delta State, it is very crucial for transformations of the economic and social well-being of its citizens for this sector to adopt innovative measures as was further affirmed by this paper.

The performance of the small and medium scale industry to the provision of housing is of commendable achievement but still very below expectation compared with the growth rate in population of the Delta State indigenes.

The small and medium scale industry still has a crucial role to play as it is performing below its potential as a sector. Based on the findings of this paper, housing issues for the citizens of Delta State can be addressed adequately if good business environment is well prepared for the small and medium scale industries involved in housing most especially for low-income earners. There is need for both the combined effort of the small and medium scale industries and the government for both private and public housing provisions; rudimentary building technology; land ownership rights; well-articulated housing policies; encouragement of financial institutions and building societies; encouragement of affordable and quality materials locally; funds should also be made assessable to small and medium scale industries.

## VIII. AREA OF FURTHER RESEARCH

Empirical research has shown that housing is a key input in economic, social and civic development. It is a major driver of economic growth especially among the low income earners in which the small and medium scale industries have been major actors. Considering the level of performance of the small and medium scale industries with respect to obtaining better result, there is need for further research on the availability of funds and its accessibility to housing provision in Delta State with a special emphasis on performance of the professionals involved.

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