

REVIEW ARTICLE

IMPACT OF LEATHER & LEATHER PRODUCTS IN NIGERIAN ECONOMIC GROWTH AND BUSINESS DEVELOPMENT

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ABSTRACT

The production and sale of leather products have played a significant role in Nigeria's economic growth and business development. However, the industry faces challenges such as inconsistent policies, infrastructure deficiencies, and the need for technological upgrades also the study is designed to access the importance roles of leather products to economic growth and development. The results of the research findings showed that availabilities of tanneries should be discouraged foreign products and encourage patronizing made in Nigeria leather products, and diversification of the leather products and leather goods which is the second command revenue to Nigeria economy. Use of locally available materials for income generation, and solving unemployment among the teeming youths aim of the study, hides and skin conversion into leather product will lead to economy development of Nigeria. There're needs for both public and private partnership in order to encourage leather and leather product improvement, technical and extension support to development an effective system in leather processing and to finishing stage. Generally, the leather and leather products industry play a prominent role in the world's economy. UNIDO estimated that world leather export is dominated by developing countries while developed countries dominate export of Finished Leather Products. Global estimate of leather production is about 23 billion square foot annually. Asia accounts for about 57 percent of heavy leather production and 44 percent of light leather production. Europe accounts for 17 percent and 24 percent of global heavy leather and light leather production, respectively while Africa contributes the least accounting for one per cent of heavy leather and 4 percent of light leather production.

KEYWORDS

Economic Growth, Leather Products, business development

1. INTRODUCTION

Nigerian leather industry is a key driver of business development and economic growth. To maximize its potential, it is crucial to address the industry's challenges and invest in modernization, quality enhancement, and sustainability in leather product manufacturing. Although the leather tanning industry primarily utilizes the waste from the meat industry, it also involves the usage of many chemicals to convert the raw material into finished product. Thus, leather industry consumes resources and produces pollutants which are toxic and hazardous to the environment. Nigeria's leather ranks amongst the highest quality of leather found globally. This is because our leather comes from free-roaming animals such as cattle, sheep and goats, whose hides and skins are durable to produce high-quality leather goods.

Our leather is exported internationally, with Nigeria making \$600 to \$800 million annually from leather exports. NEXIM, an export credit agency in Nigeria, projects that the Nigerian leather industry will generate over \$1 billion by 2025. For instance, in leather processing one metric ton of raw material is converted into only 200 kg of usable leather product (comprising 3 kg of chromium). The solid and liquid waste includes about 250 kg of non-tanned solid waste, 200 kg of tanned waste (comprising 3 kg of chromium), and 50,000 kg of wastewater effluent (comprising 5 kg of chromium). Altogether, one metric ton of raw material yields only 20% as finished leather product and more than 60% as solid and liquid waste including the highly carcinogenic heavy metal "chromium" (Sivaram and Barik 2019).

Kano State, known for its many festivals, ancient relics and culture, is one of the leading manufacturers and exporters of Nigerian leather. It is also the largest commercial hub for the leather industry in Nigeria. The traditional tanneries in Kano are Nigeria's oldest and the biggest local leather suppliers. Kano tanneries are the beginning point in the leather-producing value chain. These tanneries receive hides and skins stripped from slain animals and take them through the tanning process until they become leather. In addition to tanning the typical goat and cow skins, Kano tanneries also specialize in other ranges of exotic animal skins, such as crocodile and snake skins. The Tannery industry in Kano, Nigeria, is significant in the local and national economies. This essay provides a concise industry overview, including its historical background, economic importance, and key challenges. But first, let us trace the origin of leather in Kano (Yemi 2023).

2. REVIEW OF LEATHER AND LEATHER PRODUCTS

"Nigeria is one of the highest producers of leather and finished leather products in Africa; a study carried out by the Nigerian Economic Summit Group (NESG) projected that the Nigerian leather industry has the potential to generate over 1 billion dollars by 2025. "The leather value chain is extensive; it includes animal husbandry, tanneries, finished leather products and leather products marketing. "The leather and leather products industry currently employs over 750,000 workers with about 500,000 workers in the finished leather goods sector. "About eleven leather exporting companies have been active at the upstream end of the leather value chain; together, these companies generate about 8000 jobs."

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He said that the export of leather had grown steadily reaching a peak of 117 million dollars in 2018 but fell in 2020 largely due to the COVID-19 pandemic. Osinbajo said that Nigeria's leather products and value chain had immense potential and attracted huge international patronage.

"To date, however, exports are in the order of 272 million dollars; today, Nigeria's semi-finished and finished leather have their highest patronage in Italy, Spain, India, South Asia and China. "Shoes, belts, bags and folders are largely traded in West Africa and many parts of Africa. "Anecdotal evidence suggests that the famous Aba shoe cluster in Abia, informally exports almost a million pairs of shoes weekly mostly to destinations within Africa. "Nigeria is one of the highest producers of leather and finished leather products in Africa; a study carried out by the Nigerian Economic Summit Group (NESG) projected that the Nigerian leather industry has the potential to generate over 1 billion dollars by 2025. " The industry is huge and its potential can only be imagined; so, there is no question that properly organized, the leather and leather products industry could become one of the major items in Nigeria's export basket." (Yemi Osinbajo Guardian new paper 2021)

3. CHALLENGES OF LEATHER & LEATHER PRODUCTS IN NIGERIA

One reason behind the industry's weak growth is disintegration in the local value chain. Shoemakers say sourcing for leather locally is a grueling feat as a lot of the leather produced locally - at tanneries in Kano and Kaduna - is exported to foreign countries. A flaw in the value chain suggests Nigeria has an underproduction problem. Vietnam, with a population of 96 million, has an annual production capacity of 760 million pairs. Nigeria, on the other hand, produces 48 million shoes from its local production epi-centre- Aba, which houses the largest shoe clusters in Nigeria. Nigerian shoemakers and other leatherwork producers say they have been unable to produce the desired quantity of FLPs that would spur the sector into a self-sustainable or globally relevant one.

Other shoe and bag makers in the country have blamed their inability to grow as a result of unfavourable policies and lack of support from the government. Only a few shoe factories continue to operate and are barely surviving through government contracts to supply leather shoes to the Army, Police Force, and the Ministry of Defense. Most of these shoemakers make use of old machinery and mundane methods to sustain their production capacity. This affects their ability to scale and increase their production capacity efficiently. Research shows that a maximum of 120 shoes can be produced daily from manual methods. Meanwhile, Ethiopia launched a plant last year with a daily capacity of 10,000 (Akingbade 2020).

This paper presents an analysis of the current state of the Nigerian leather industry, identifies opportunities for growth, and proposes strategies for overcoming the challenges faced by the sector. The global leather value chain begins with animal husbandry and ends with leather goods manufacturing. Bovine hides, sheep and goat hides are the main hides used, and leather is processed in tanneries before becoming accessories such as shoes, clothes and bags and belts. Leather is also used for technical products and upholstery (Memedovic and Mattila, 2008). The leather value chain, in other words, the processes required for raw leather to become a wearable leather product, are summarized as follows by (Memedovic, 2005).

4. BUSINESS MODEL

Journal Article Djastuti, Indi; Rahardjo, Susilo Toto; Perdhana, RVvan Surya; Daryono; Supriyati, Sri Internationalization Model for Increasing the Competitiveness of Local Creative Industries in ASEAN and Africa Economy Community The main problem in this study is the weak performance of SMEs. This can be caused by business culture factors (market orientation and entrepreneurial orientation) as well as competitive strategy factor in SMEs. The research problem raised was how the effect of market orientation, entrepreneurial orientation, and competitive strategy on SME performance. The purpose of this study was to analyze the effect of market orientation, entrepreneurial orientation, and competitive strategy on SME performance.

5. SOME LEATHER INDUSTRIES IN NIGERIA

Harmattan Tannery, Kano,

Kapital Tannery, Kano,

Mario-Jose Enterprises, Kano,

Globus Tannery, Kano,

Challawa Tannery, Kano,

Kano Tannery, Kano,

KTL Tannery, Kano,

Tannorth Tannery, Kano,

Deras Tannery, Kano,

Multitan Limited, Kano,

Great Northern Tannery, Kano,

International Tannery, Kano,

Gashhash Tannery, Kano,

Arewa Tannery, Kano,

Danzam i Tannery Katsina,

Ajaji Tanneries, Lagos,

Limson Tanneries, Lagos

5.1 Statement of the problems

The researcher hopes that solving these problems would bring positive growth to the economic;

- Obstacles needed to overcome in leather industry includes quality control, access to finance, skills development, infrastructure development, technology adoption, and policy stability. If these are put in place the industry would experience mega growth.

5.2 Objectives

- To create jobs
- To industrialize & build skills development
- To encourage market stability growth

6. METHODOLOGY

6.1 Procedure

The study of role of leather product in Nigeria economy growth and development as NILEST expertise on leather (hides & skins) associates and collaborates other private sector. The research shows the tanneries with their location across Nigeria states leather industries. This showed how importance leather is to the economy. Invariable is the second command revenue after crude oil.

6.2 Expression of Nigerians regarding leather and leather goods (footwear) industries in a business development

- 75% strongly agreed that availability of tanneries in Nigeria increases production of leather (hide & skin) and leather products e.g. bags, belt, shoes, palms and mate products
- 85% agreed that importation of leather goods increases prices of leather products and such has less duration usage but high quality branded package
- 45% importations of leather products into economy has fairly economic development and growth to Nigeria
- 95% of leather goods and footwear products "made in Nigeria" contribute significantly to GDP and business development.
- 96% Nigerians are willing to patronize "made in Nigeria" leather and leather products. However government attention ought to be given more or place more priority in "MADE-IN-PRODUCTS" (MIP)
- 99% Nigerians made use of leather goods and footwear products so engaging in patronizing Made-In-Nigeria will increase values of economic development
- With production of footwear products and leather goods "enterprises and entrepreneurial skills" improve in solving unemployment rate directly
- 25% government revenue generated through footwear products "enterprises"
- Counting 35% diversification of economic sector to leather manufacturing industries will boost the Nigeria economic growth.

- 50% hide & skin improvement command comparism rate with crude-oil sector if properly harassment set to be second revenue generation.

7. DISCUSSION

7.1 Based on our statistical data collected, the following findings were observed in the course of our research

- The leather industry encourages skill development and vocational training. A skilled worker has help in the production of high-quality products, these skills can be transferred to other industries as well.
- This domestic consumption provides a consistent market for local producers. However, challenges such as inadequate infrastructure, inconsistent power supply, and the need for improved access to finance can hinder the full potential of the leather industry in Nigeria.
- To maximize its contribution to economic growth and development, the government and relevant stakeholders should invest in infrastructure, provide training and support to leather artisans, and
- Create an enabling business environment for the industry to thrive.

7.2 The following recommendations were suggested based on the above lapses;

- Based on the finding of the research work leather manufacturing products have important roles in the economy of a nation like Nigeria where the economy has to be improve better than what it was'
- Availability of the locally available resources as the present administration is paying more attention for the diversification of the Nigeria economy through self-reliant and empowering the teeming youth and footwear.
- Leather products are another hidden treasure for government and individuals to generate revenue and earn income, which will also solve some of the social vices and insecurity across Nigeria.
- NILEST should be adequately funded for the development and dissemination of appropriate leather and lather products technology.

7.3 Based on the thorough investigations made in this research work, we here arrived at the conclusions

- In conclusion, the role of leather products in Nigeria's economic growth and development is significant. The leather industry contributes to employment generation, export earnings, and the promotion of small and medium-sized enterprises.
- Agriculture supports leather production through rearing of animals for the supply of raw materials. Furthermore, leather has value added chain that helps in diversification of economy. Products such as bags, footwear, belt and others leather accessories added values to Nigeria economy growth and business
- Finished leather products encourages self-reliant and enterprises creation in Nigerian which helps in economy development.

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