

## Characteristics of Industrial Labour among Small Scale Manufacturing Enterprises in Ondo State

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### Abstract

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The structure of Industrial labour is crucial to success of enterprises in that it has considerable impact on the volume and pattern of productivity. This paper explores this topic in relation to small scale industrial enterprises in Ondo state of Nigeria. By taking a sample of 353 enterprises out of which 2 workers were interviewed in each firm making 706 in all, results were presented using simple tables and graphs. The study discovered that small scale industries have tremendous capacities to generate employment especially among categories of enterprises which employ between 1 to 5 people, which constitute over 51% of enterprises sampled. It also established that agro based enterprises and consumer product enterprises employed majority of workers with 35% and 22% of all the workers sampled with minor differences across the three regions of the state – Ondo North, Ondo Central and Ondo South. The structure of the labour force also revealed that, apprentices accounted for 32.3%, casual labourers accounted for 31.3%, while permanent workers constituted 20.5% of the total labour supply. Labour migration pattern revealed that majority of workers (61.6%) were indigenes in the area their plants were located, received their salaries monthly (62.5%) and picked food as their major area of expenditure (77%). The study concluded by advocating improved support to small scale industries to ensure improved workers productivity.

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**Keywords:** Small Scale Industries, Industrial Labour, Employment, Labour migration. Regional Development

### Introduction

Extant literature is explicit on the importance of small scale industries. Recent studies revealed that large scale industries, by their nature cannot effectively and efficiently promote sustainable regional development in developing countries like Nigeria, where the economic structures are still weak, compared to the developed countries (Eskeland and Harrison, 2003).

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These weak structures find expression in low level of technology, high incidence of the unemployed and the underemployed and small market. The growth rates of the industrial sector declined from 10.5% in 1985, to 7.5% in 1992 and 6.2% in 1988 (NISER Review of Nigeria development, 2000), while the capacity utilization was just a little over 30% in 2010 (CBN, 2011).

Small-scale industries have therefore been recommended by bi-lateral and multi-lateral international agencies as the most viable industrial strategy for the developing countries (Williams, 2009). This is because small scale industries, as acknowledged by the World Bank (2004), attract indigenous labour, account for a substantial part of the total manufacturing value added, employ significant number of people in Africa and Latin America (Dutta, 2005) and offer strong grounds for linkage creation between rural and urban population (Omisakin, 1999 and Kappel, 2004, Sanni 2009).

Few studies such as Olayiwola and Adeleye (2005) which was concerned with the impact of agro- industrial promotion on rural development; Fatusin (2008), who studied regional planning impacts of small scale industries in Akoko region of Ondo state, Oyelakin - Oyelaran (1997) who investigated the impact of SSI clusters in Nnewi in Anambra State, and Dwyer and Sit (2010) whose works centred on the SSI and the problems of urban and regional planning in Hong Kong, have been conducted from regional planning perspectives, among others. In most of these previous studies the spatial and structural characteristic of the labour force is often ignored even though the human element is the most important in production chain.

One of the major impacts of industries is labour migration to source region. Access to Labour has always been a major factor of industrial location as Industries tend to locate near labour supply to enjoy the benefit of closeness to labour (Weber1909), which includes lower cost, and access to skilled labour force.

Yet the structural and spatial characteristics of industrial labour force as well as the assessment of their welfare which often determines productivity is often ignored.. This study intends to fill this gap.

## Literature

The small scale industry is recognised as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Basem 2008). Small scale industries are a driving force for economic growth, job creation and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved (Ogechukwu and Latinwo 2010, Cook and Nixson, 2005). It is also a feeder service to large scale industries (Fabayo, 2009).

Scholars have long understood that small scale industries can play a major role in economic development. In fact the United Nations in 2005 reported that the share of small and medium scale enterprises in manufacturing value added in developing countries varied from 20% to 65%, in spite of the fact that this is still small, it provides considerable improvement. Moreover it can be assumed that 80% of all enterprises in the developing countries are in small and medium category, it also account for 50 - 60% of total employment in the manufacturing sector. In Brazil, the report recounted that out of the 42, 500 manufacturing establishments, some 30, 600 are classified as small scale enterprises. It also employs between 5 and 19 workers. The UN report on the Latin - American region observed the same trend in Chile and Argentina. In these countries like those previously reviewed, small scale industrial establishments have the largest share in employment generation and they offer strong ground for linkage (Ranis and Stewart 2007).

Moreover Osoba (1987) had reported that in Africa, small scale industries are large employers of labour. In Sierra Leone, Chuta and Liedholm (2008) observed that the number of small scale enterprises was about 4,700 with a total employment of 87, 000 persons. During the same period, they reported that there were about 28 large scale industries which employed only 4, 111 persons.

In his study of small enterprises in North Carolina, Landabaso (2001) asserted that among the various advantages of small scale enterprises are high total factory productivity, greater concentration among population in terms of income generated and output, greater share of ownership by nationals, industrial dispersal, stemming rural urban migration, greater reliance on domestic capital and lower levels of managerial and technological skills.

Furthermore, they require relatively small amount of fund to set up and are more adaptable to local conditions, use of local raw materials and technology.

Commenting on the role of industrialization in development, Yusuf, Olagbemi and Atere (2011), in their study of small scale industries owned by women advocated for the promotion of small scale industries in the developing countries as strategy for industrialization on the basis that its capital requirements are low and therefore within the reach of the indigenous entrepreneur. Also small scale enterprises may achieve higher employment and development of entrepreneurship and is particularly suitable for women whose means of production is considerable lower than men.

Akinbinu (2001) studied informal enterprises clusters in Ibadan observed that small scale industries have contributed in very important ways to Nigeria economic development. When they are concentrated in a particular location as clusters of enterprises, they exhibit what he termed collective efficiency or economies of agglomeration. To him there is an increasing recognition that in addition to the internal assets or capabilities of firms. The ability of a firm to reach and sustain industrial maturation will have to rely on its organizational capability to form fruitful relationships with other domestic and international actors Sadiqqi (2003).

Esubiyi (1992) affirmed that the economic growth in developed countries has often resided in the development of small scale industries. This view was supported by Akabueze (2002), Gebremeskel, Gebremariam and Gebremedhin (2004) and Tukahashi, Higashitaka and Tsukade (2010) who however hammered on business failure analysis. The establishment of these industries has been the springboard of industrial development of many countries such as Pakistan, Korea and Indonesia. According to him, this sub sector is important as an engine of growth and is expected that the gains to be derived from the establishment of small scale industry will be translated into development at low investment cost. These industries will also be able to harness their raw materials locally and serve as raw material inputs to the large scale industries.

In the Republic of South Korea, where large firms have often played a leading role in the economy, small enterprises were responsible for 80% of the employment created in the manufacturing sector between 1976 and 1986 and 45% of the total value added in 1989.

The Government of Korea had successfully developed a strategy of increasing local employment and attaining economic growth through the promotion of this sector. As a result small enterprises are now responsible for more than 2/3 of the country's national industrial output ( Ifo, 2000).

Adebite (1991) observed that the small scale industries have a number of advantages which derive from the fact that they are more labour intensive than large industries and so are more capable of creating jobs, highly conducive to the provision of effective training ground for entrepreneurs and development of managerial talent. Moreover, the SSI is more likely to use local raw materials and technology and thereby stimulate rural development and save foreign exchange. They are also less complex in terms of technology; they provide linkage between the large industries through production of semi finished raw materials, easy to set up since they are within financial reach of many individuals and are amenable for location over a wide geographical area of the country. On the basis of all these, he had recommended the promotion of SSI to newly developing countries.

This opinion finds support in the works of Stuart (2000) and Dutta (2005) who found out that the province of West Bengal, which was considered most backward some; few years' back has been able to develop in recent years due to massive development of infrastructure by the government of the province. This effort has attracted massive rural industrialization through small scale industries. The spills over effects have been massive, to the extent that West Bengal has become one of the fastest growing provinces in India (Taub and Taub, 2000).

Stanley and Morse (1965) had sought to find a way to foster industrial development in the developing countries in the manner that would effectively advance the countries' economic and social well being. They observed that in developing countries, there are a vast number of small scale enterprises, both traditional and modern small industries and transforming them can contribute significantly to economic advancement. To them the process of industrial development is the transformation of small industry from predominantly non-factory to predominantly factory forms.

They opined that as a country moves through the transitional stage, the character of its small industry would be transformed while its household industry needs to be replaced by small but modern factories to be developed.

Otaigbe (2000) a thriving SSI sector operating in a competitive setting promotes efficient use of development resources, thus providing a source of wealth, dynamism, competitiveness and knowledge to the economy as a whole. He is of the opinion that a vibrant private sector creates jobs, generates income and contributes to the overall productivity and human resource development through the transmission of technologies and training. Evidence from the newly industrializing countries of East and South East Asia indicates that jobs and incomes created by private enterprises lead to a more equitable diffusion of the benefits of growth to more people. In Thailand (UNDP et. al., 2002, Akinbogun 2010) the economic impact of small scale industry has been recognized as accounting for 52% of total industrial output, 80% of employment in the industrial sector. In China, the UN report also indicated that the small scale industry account for 71.9% of total industrial output despite the great number of large scale run industries. On the other hand, Lewis and Arthur (1954) had reported, "Given the rather wide disparities in economic performance and orientation of the small scale industry and the forces underlying such disparities, it is clear that not all small scale industry deserve attention. Hence, it is certainly a waste of resources to use state funds to prop up enterprises, which are patently inefficient and are suffering from problems, which are basically of their own making.

Apart from all these, (UNIDO, 2002) observed that the contribution of many small scale industry has been characterized by low contribution to output of industries in many developing countries, low growth rate and inability to graduate into higher size category (Liedholm, 2002). Compared to large firms, poor performance of micro and small firms has been connected to limited demand for their products and their inability to access foreign market and technology. Other factors, connected to the poor performance of the SSI include shortage of working capital (Liedholm 2002), institutional and infrastructure obstacles (Reinikka and Svenson 2002), their involvement in non-productive networking activities (Duraton and Overman, 2002). It also includes the professional background of the entrepreneur, entrepreneurial capacities and programmes, cultural and religion beliefs as well as technology adopted and operating environment (Buttner 2001, Makhbul 2011)

## Materials and Methods

Ondo state lies between latitudes 5°45' and 7°52'N and longitudes 4°20' and 6° 05'E. Its land area is about 15,500 square kilometres. The State is bounded on the east by Edo and Delta states, on the west by Ogun and Osun States, on the north by Ekiti and Kogi States and to the south by the Bight of Benin and the Atlantic Ocean. The apex of the administrative structure is the state headquarters, Akure. Prior to the carving out of Ekiti State from Ondo State there were twenty-six Local Government Areas (LGAs). Fourteen of these remained in OndoState, and from these, additional four LGAs were created. Currently, there are eighteen LGAs in OndoState. An important aspect of the administrative set-up of OndoState is the recognition of four subordinate area authorities. These are areas having some recognised autonomy within their LGAs. Besides, Ondo State is carved into 18 Local Government Areas and three Senatorial Districts or regions. Ondo state boasts of agriculture based economy, but small scale industries, especially informal industrial enterprises have grown lately

In order to make the study representative of the entire state, three (3) major towns Akure, Ikare and Okitipupa, three (3) minor towns Ugbe, Obaile and Odeaye, three (3) major villages; Iboropa, Aponmu and Ikoyawere investigated. The sample frame covered all the SSI (formal and informal) in the nine settlements selected. There were 1411 in the study area. The sample size of the SSI was 353. This constitutes 25% of the entire sample frame (1411). Questionnaire were administered on proprietors of small scale industries. Small scale industries in each town were first identified and numbered during reconnaissance survey. Twenty-five percent (25%) of the industry in each of the nine settlements were sampled for interview. Data were analyzed by using simple tables pie charts and Bar graphs

## Research Method

In order to make the study representative of the entire state, three (3) major towns Akure, Ikare and Okitipupa, three (3) minor towns Ugbe, Obaile and Odeaye, three (3) major villages; Iboropa Aponmu and Ikoya were investigated. The sample frame covered all the SSI (formal and informal) in the nine settlements selected. There were 1411 in the study area .The sample size for firms sampled was 353, This constitutes 25% of the entire sample frame.

2 workers were selected for investigation in each of the 353 enterprises translating to 706 workers. These were interviewed. Small scale industries in each town were first identified and numbered during reconnaissance survey. Data were analyzed using Anova and simple table.

### Labour generation by Small Scale Enterprises

One important impact of small scale industries is the employment generation potentials and capabilities. Literature revealed that over 70% of industrial workers in South East Asia were employed in small and medium scale industries. An analysis of the structure of employment by the 353 sampled enterprises was carried out (see Table 1). The study revealed that 51% (179) employed between 1 – 5 people, 34% (120) employed between 6 – 10 people, 7.9% (28) employed between 11 – 15 people, 4.2% (15) employed 16 – 20 employees, while 3.1% (11) employed over 20 people. (See Table 1)

**Table 1: Structure of Employment in Small Enterprises**

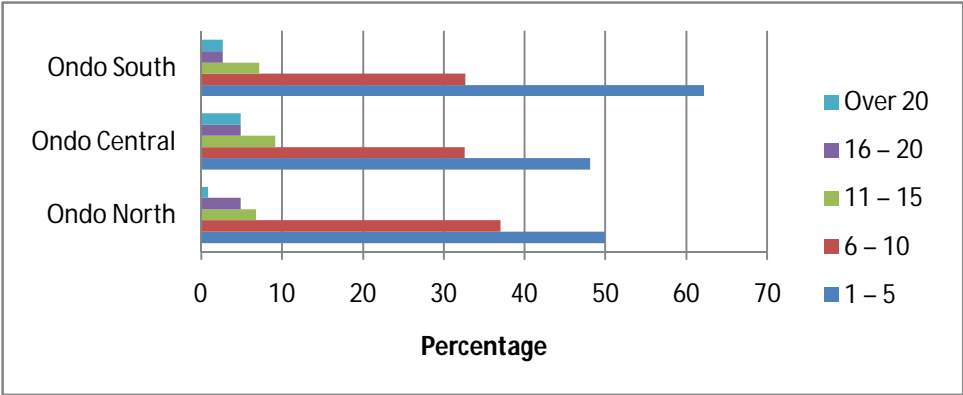
Class of people employed	No. of enterprises in each category	% of enterprises in each category
1 – 5	179	51
6 – 10	120	34
11 – 15	28	7.9
16 – 20	15	4.2
Over 20	11	3
Total	353	100

Source: Fieldwork, 2014

This discovery agrees with the work of Adu (2004) who had argued that most small firms in Nigeria employed between 1 – 5 people, and partially with UNDP (2003) which confirmed that small firms in developing countries employed between 1 – 5 people.



**Figure1: Inter-Regional Variation in Structure of Labour**



Source Fieldwork, 2014

The inter-regional variation of the structure of employment was investigated. While the category of enterprises that employed between 1 – 5 people averaged 51% for Ondo State; it also varied from 49.9% in Ondo North, 48.1% in Ondo Central, and 62.2% in Ondo South (see fig.1). However there is a marked improvement in the figure of Ondo Central for the category of enterprises that employed over 20 people. Though the figure averaged 3% for the state, the figure for Ondo Central was 4.9%, 2.2% for Ondo South, and only 0.9% in Ondo North. The structures of firms which employed people over 20 employees were compared with those which employed the least number of people i.e. between 1 – 5 people. It was discovered that out of the 179 enterprises which employed between 1 – 5 people, 92% (165) were informal enterprises, with only 8% (14) being formal enterprises. However, out of the 11 firms which employed over 20 people, all of them were formally registered firms. This clearly suggested that the more the number of employees, the more the tendency of being a formal small scale enterprise and vice-versa.

### Labour Generation by Different Categories of Small Scale Enterprises

The pattern of employment generated by the different classification of small scale enterprises was investigated. The study found out that out of the five different categories of small enterprises (when classified by types of product) such as Agro based enterprises, industrial material\constructional products based, consumer products, capital goods, wood products based enterprises, agro based enterprises employed the highest number of people i.e. 252 employees which accounted for 35.7% of the total number of employees sampled. This is closely followed by consumer products enterprises which had in its employment 158 people or 22.4%. The least number of employees came from enterprises which produced capital/metal goods, which accounted for 4.3% of the total. This is not surprising considering the fact that most of the small enterprises in the study area were agriculture based processing mills or consumer products based firms. There were few capital/metal goods producing enterprises. Aside from that, agriculture based small enterprises have were found to be more linked to the local economy through backward and forward linkages.

**Table 2: Employment Generation among Some Categories of small Scale Enterprises**

Categories of small scale enterprises (by products)	No. of employees		Ondo North	Ondo Central	Ondo South
Agro products	252	5.7	73(35.8%)	95(33.7%)	84(38.2%)
Industrial /Constructional materials	142	20	39(19%)	55(19.5%)	48(21.8%)
Consumer products	158	22.4	48(23.5%)	50(17.7%)	60(27.3%)
Textiles	80	11	20(9.8%)	50 (17.7%)	10(4.5%)
Capital / Metal goods	30	4.3	10(4.9%)	14(4.9%)	6(2.7%)
Wood based firms	44	6	14(6.9%)	18(6.3%)	12(5.5%)
Total	706	100	204	282	220

Source; Fieldwork, 2011

Regional variation also occurred in terms of the capacity of the enterprises to generate employment for example the agro allied industries, which by far employed the largest number of people (252) and which accounted for 35.7% of all employment varied from 35.8% in Ondo North, to 33.7% in Ondo Central and 38.2% in Ondo South. Out of the 142 Industrial raw material/ constructional materials employees, who account for 20% employees for the entire state, it averaged 9.8% for Ondo North, 17.7% in Ondo Central and 4.5% in Ondo South. Though capital/metal goods industries accounted for just 4.3% of total employment in Ondo State, it also varied from 4.9% in Ondo North, 4.9% in Ondo Central and 2.7% in Ondo South (see Table 2) However, the study proceeded to investigate whether there was a significant difference in the structure of employment generation among different categories of SSI in the 3 regions

**Table 3: Summary of ANOVA on employment Generation in the 3 Regions**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	695.685	2	347.843	295.642	.000 <sup>a</sup>
Residual	3.530	3	1.177		
Total	699.215	5			

a. Predictors: (Constant), Ondo south, Ondo central

b. Dependent Variable: Ondo north

Source: Fieldwork 2014

The result above (see Table 3) showed that there was a significant difference in the structure of employment among the categories of enterprises in the 3 regions at 0.05 level of significance. Since  $F_{cal} (295.642) > F_{tab 0.05} (9.5521)$ . The implication of this is that employment generation, by different categories of enterprises did not show the same tendency across the 3 regions.

### The Structure of Labour Force among Small Scale Enterprises

Section 90 of the Labour Act and section 55 of the Trade Union Act define the worker as “any employee who has entered into or works under contract with an employer, whether the contract is for manual labour, clerical work or otherwise express or implied, oral or in writing and whether it is a contract personally to execute any work or labour or a contract of apprenticeship. Workers of SSI sector can be categorized into two – workers that earn wages and those on apprenticeship. Four categories of work force were identified among the small enterprises sampled for investigation. These are apprentices, casual labourer, join men and permanent staff. Apprenticeship is a practice whereby some people mostly teenagers, with the permission of their parents or guardians work for somebody without pay with a view to learning to trade. After graduation, they are expected to set up their business. Casual labourers on the other hand are people employed and paid on daily basis. Join men, as they are called are skilled people who have graduated from apprenticeship, but who have not set up their own workshops therefore they work for workshop owners. Permanent labourers are unskilled workers who work for workshop owners or factories’ owners and they are paid either daily or monthly. The structure of the labour force in the study area reveals a dominance of apprentices and casual labourers in the enterprises sampled (see Table 4).

**Table 4: The Structure of Workforce among Small Enterprises**

Type of worker	Frequency	Valid percent	Cumulative percent
Apprentices	228	32.3	32.3
Casual labourers	21	31.3	63.6
Join men	112	15.9	79.5
Permanent staff	145	20.5	100.0
Total	706	100.0	

Source: Fieldwork, 2014

For example, out of the 706 workers sampled, 32.3% (228) were apprentices (32.8 % ( 60) in Ondo North, 30% (85) in Ondo Central and 34.5 % ( 70) in Ondo South). Moreover, 31.3% (228) were casual labourers ( 33% (68) in Ondo North, 28%(80) in Ondo Central and 33.2% (76) in Ondo South) 15.9% (112) were ‘join men’, while only 20.5% ( 14.2% (29) in Ondo North, 25.5% (72) in Ondo Central and 20% (44) in Ondo South) were permanent staff members.

The implication of this is that majority of workers in small enterprises were either apprentices or casual labourers. This is not surprising considering the fact that majority of enterprises sampled were the informal types. Informal micro credit enterprises have the tendency of employing apprentices to learn trades such as welding or carpentry, or employ casual labour and sometimes join men rather than employ in permanent pay roll. This is because sometimes their jobs are seasonal and unpredictable and so intermittent.

### **Industrial Labour Migration among Small Scale Enterprises**

One of the consequences of industrialization is labour migration to areas that are termed industrialized. Industries stimulate the productive sector thereby encouraging both skilled and unskilled labour to move to such places to work. Labour migration to the sampled settlements for the purpose of living and working is quite noticeable. For example, out of the 706 workers sampled 435 or 61.6% which translates to 63.7% (130 workers) in Ondo North, 56% (160 workers) in Ondo Central and 65% (145 workers) in Ondo South had always been resident in the settlements before they started working in the firms. The other 38.2% (27 workers) had migrated from different parts of Nigeria, including from abroad to the particular settlement for the purpose of working in small scale enterprises. These workers had brought their skills, technology, and capital to the settlements thereby improving the socio-economic fabric of the new settlements of residence. It is noteworthy to observe that 9 workers or 1.1% of the entire workforce had migrated from abroad. This reflected 1.5% (3) workers, 1% (4) workers and 0.9% (2 workers) in Ondo North, Ondo Central and Ondo South respectively (see Table 5)

**Table 5 : Place of Residence Before Working in the Enterprise**

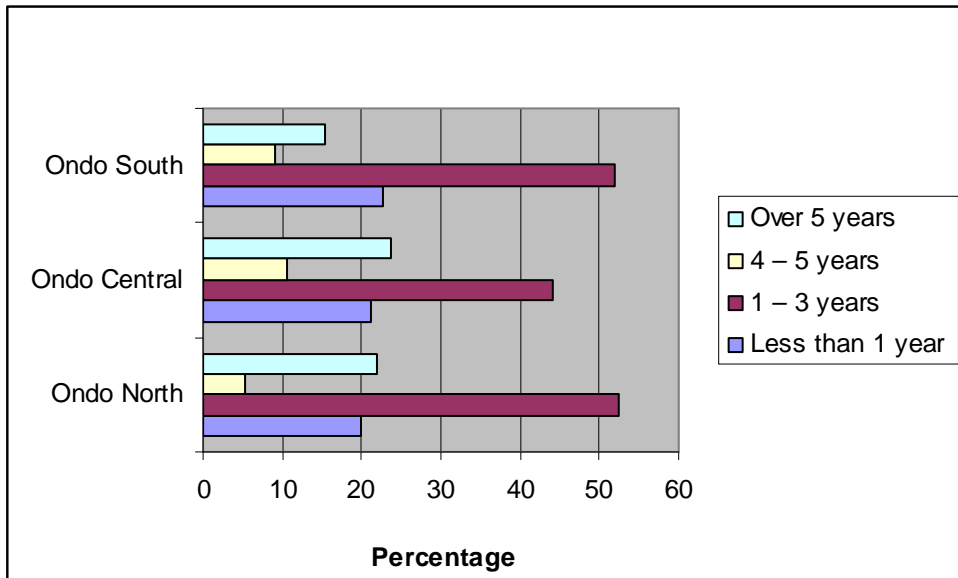
Response	Frequency	Percent	Valid percent	Cumulative percent
Within the town	435	61.6	61.6	61.6
Within the state	205	29.0	29.0	90.6
Outside the state	57	8.1	8.1	98.7
Over seas	8	1.1	1.2	100.0
Total	706	100.0	100.0	

Source: Fieldwork 2014.

## Workers Employment and Remuneration

The years employees of small enterprises had been working in the enterprises sampled were investigated. Close to half of the respondents 49.3%(348) comprising of 52.5% (107) in Ondo North, 44% (125) in Ondo Central and 52% (114) in Ondo South had only been employed some 1 – 3 years. Another substantial figure came from employees who had been working for less than one year in their respective enterprises. These accounted for 21.4% comprising of 20% (41) in Ondo North, 21.3% (60) in Ondo Central and 22.7% (50) in Ondo South of the total. Those that had been on the job for over 5 years accounted for just 20.7% of respondents. The least number were those who joined their enterprise some 4 – 5 years ago, with just 8.6% (64) comprising of 5.4% (11) in Ondo North, 10.6% (30) in Ondo Central and 9.1% (20) in Ondo south these were represented in fig. 2.

**Fig. 2; Years Workers Have Been on the Employment**



Source: Fieldwork, 2014

The 706 workers were asked to indicate whether they had been employed elsewhere before joining the firms. About half (48.9%) comprising of 51.5% (105) in Ondo North, 44% (125) in Ondo Central and 52% (115) in Ondo South said they had got one job or the other before coming to join the establishment, while 49.7% comprising of 40% (94) in Ondo North, 54.6% (154) in Ondo Central and 46% (103) in Ondo South had never worked in any establishment before coming to the enterprise to work. 1.4% (10) did not respond (see Table 6).

**Table 6: Workers Previous Employment**

Response to whether workers have had previous employment?	Freq.		Ondo North	Ondo Central	Ondo South
No response	10	1.4	5 (2.5%)	3(1.1%)	2(9.1%)
Yes	345	48.9	105(51.5%)	125(44%)	115(52%)
No	351	49.7	94(46%)	154(54.6%)	103(46%)
Total	706	100.0	204	282	220

Source: Fieldwork, 2014

### **Structure of Payment of Salary**

Workers were asked how they received their salary. Their responses indicated that most of the workers received their salaries monthly. (See Table 7) Some 2/3 or 62.5% comprising of 63% (129) 64.2% (181) and 59.5% (131) in Ondo North, Central and South received their salaries monthly, 24.6% (174) comprising of 24% (49) in Ondo North, 23% (66) in Ondo Central and 26.8% (59) in Ondo South were paid daily, 12.6% (89) were paid weekly, while only 2 respondents or 0.3% were paid yearly.

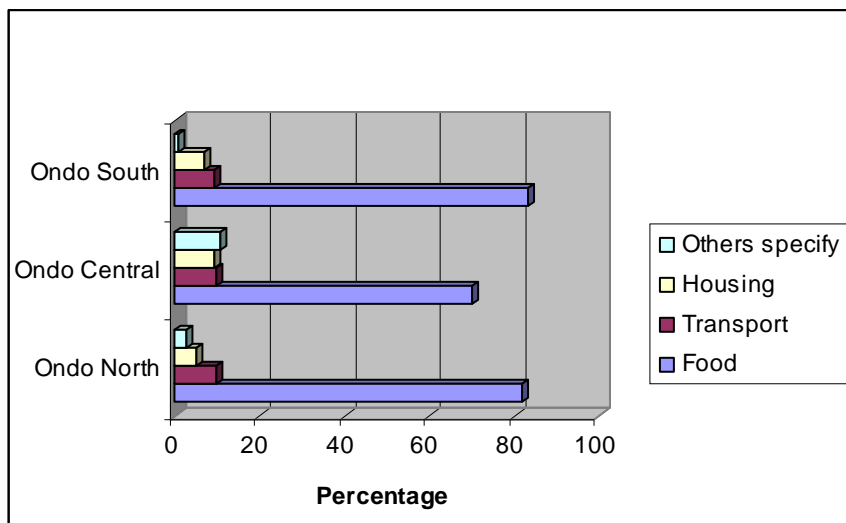
**Table 7: Periodicity of Payment of Salary**

Payment of salary	Freq.	%	Ondo North	Ondo Central	Ondo South
Daily	174	24.6	49 (24%)	66(23%)	59(26.8%)
Weekly	89	12.6	25(12.3%)	35(12.4%)	29(13%)
Monthly	441	62.5	129(63%)	181(64.2%)	131(59.5%)
Yearly	2	.3	1(0.49%)	-	1(0.45%)
Total	706	100.0	204	282	220

Source: Fieldwork, 2014

### Major Areas of Expenditure

An analysis of the major areas of expenditure by workers in the small scale industry revealed that most of the workers totaling 550 or 77.9% comprising or 82% (169) in Ondo North, 70% (148) in Ondo Central and 83% (183) in Ondo South spent the larger parts of their income on food. To 9.6% of respondents, most of the expenditure were spent on transport, 7.2% picked housing, while 5.2% comprising or 2.5% (5) in Ondo North, 10.6% (30) in Ondo Central and 0.91% (2) in Ondo South spent the larger parts of their income on miscellaneous expenses such as on traveling, schooling, medical expenses etc. (See fig. 3)

**Fig.3: Major Areas of Expenditure**

Source: Fieldwork, 2011



6.2.12 Tax Payment by Workers

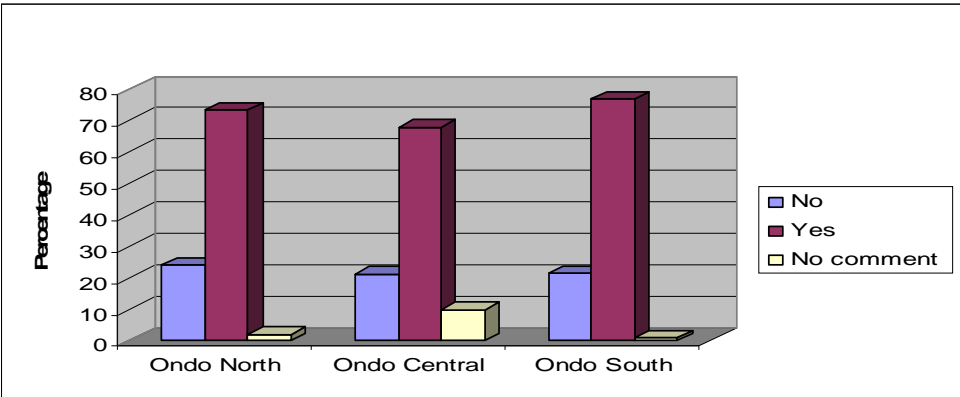
Tax is one of the major sources of governments revenue needed for financing development. The rate of tax payment by industrial workers especially those at the informal sector were high, if their responses were correct. Out of the 706 workers sampled 72.9% (515) payed tax. Only 22.2% (157) never payed tax, yet 4.8 %( 34) had no comment on the question. (see Table 8)

**Table 8: Level of Tax Payment by the Workers**

Do you pay your tax	Frequency	Percent	Ondo North	Ondo Central	Ondo South
No	157	22.2	50 (24%)	60(21.3%)	47(21.4%)
Yes	515	72.9	150(73.5%)	194(68%)	171(77%)
No comment	34	4.8	4(1.96%)	28(9.93%)	2(0.91%)
Total	706	100.0	204	282	220

Source: Fieldwork, 2014

**Fig.4: Regional Pattern of Tax Payment by the Workers**



Source: Fieldwork 2014

Regional variation in tax payment was investigated. It was discovered that employees in Ondo South payed the most tax, 77% (171) same with Ondo North with 73.5% (150) while employees in Ondo Central payed the least tax. Only 68% (194) payed tax as shown in the fig. 4 above

### Means of Getting to Work

The means through which workers got to work were investigated. Some 25% (297) went to work by taxi, 26.8% (185) by trekking to their work places, 185 or 26.2% by motor cycles and bicycles and 1.7%(12) by their personal cars. (see Table 9)

**Table 9 : Means by Which Workers Get to Work**

Means of getting to work	Freq.	%	Ondo North	Ondo Central	Ondo South
By trekking	189	26.8	49 (24%)	66(23%)	59(26.8%)
By company vehicle	23	3.3	25(12.3%)	35(12.4%)	29(13%)
By personal car	12	1.7	129(63%)	181(64.2%)	131(59.5%)
By taxi	297	40	1(0.49%)	-	1(0.45%)
By motorcycle	185	26.2	129(63%)	181(64.2%)	131(59.5%)
Total	706	100.0	204	282	220

Source: Fieldwork, 2014

ANOVA was also applied in testing whether there was a significant difference in means of getting to work by workers in the 3 regions sampled as shown in Table 10

**Table 10 : Summary of Anova on Means Workers Get to Work**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3365.240		1682.620	19428.218	.000 <sup>a</sup>
	Residual	.173		.087		
	Total	3365.413				

a. Predictors: (Constant), Ondo south, Ondo central

b. Dependent Variable: Ondo north

Source: Fieldwork 2014

Table 10 shows that the F-value is high and since the  $F_{cal}$  is greater than the  $F_{tab}$ ,  $F_{cal}$  (19428.218) >  $F_{tab}$ (19.00), one could conclude that there is significant difference in means workers get to work in the three regions sampled.

In spite of this however it is clear that most workers of SSI across the regions did not own personal cars.

## **Summary and Conclusion**

Previous studies have established regional development impacts of small scale industries. This study was conducted to evaluate the structural and spatial characteristics of industrial labour among small scale manufacturing enterprises in Ondo State of Nigeria. This was with a view to understanding their structure both sectorally and spatially. Results were presented using simple tables and graphs.

The result shows that small scale industries have immense capacities to generate employment. Over 51% of the enterprises employ between 1-5 people reducing progressively to firms that employ over 20 people which constituted only 30%. Moreover, it was established that Agro based enterprises employed more people accounting for 37.5% of employees, follow by consumer based enterprises which employed 22.4%, the least being wood based enterprises with just 6% of the total number of employees. The study also shows minor variation across the three regions on the study area. The structure of the labour force also revealed that, apprentices account for 32.3%, casual labourers accounted for 31.3%, while permanent workers constituted 20.5% of the total labour supply. Labour migration revealed that majority of workers were indigines in the area their plants were located. For example 61.6% had always been residents for the towns, 29% immigrated from adjoining towns in the state, 81% immigrated from outside the state, while only 1% moved from over sea countries. The salary structure of workers revealed that over 62.5% were paid monthly, 24.6% daily, while only 2 (apprentices) were paid yearly. It was also established that the major area of expenditure by industrial workers were on food (77%), transport took 9.6%, then 7.2% picked homing, while 5.2% picked medical and school expenses for their children. The means by which workers get to work was also investigated, 40% came to work using the taxi, 26.8% trekked to work, 26.2% by motor cycle, only 1.7% came to work in their personal car. An application of ANOVA reveals a significant difference in means of getting to work by industrial workers.

It is obvious that small enterprises have a lot of implication on employment, welfare of workers and labour migration. Therefore any commitment of government towards improving the small scale industrial sector will have positive effects on workers and will improve productivity.

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