

INTRODUCTION

Industries are very important economic activities in any country. Any country that does not have enough of industries will suffer from a lot of economic under-development. With industries available, many goods can be manufactured or produced. Industries ensure that goods are transformed from its raw stage to finished products. In this chapter, we shall be introduced to the meaning of industry and industrial concepts. We shall also familiarize ourselves with the meaning of plant, firm, factory, industry and industrial estate, etc. We shall also discuss localization of industries. Advantages and disadvantages of localisation of industries.

OBJECTIVES

At the end of this chapter, students should be able to:

- ◆ Explain the following terms: plants, factories, firms, industries, industrial estates;
- ◆ Highlight and explain the factors that influence location of industries;
- ◆ Define the term localisation of industries;
- ◆ Mention the factors influencing localisation of industries;
- ◆ State the advantages and disadvantages of localisation of industries.

10.1 Industrial Concept

Industrial concept is the idea and practice of establishing industries either by government or an entrepreneur in a given area for economic, geographical, social or political reasons.

10.2 Plants, Factories, Firms, Industries and Industrial Estates

- a. **Plants:** Plant is the machine or equipment which is used in the factory for the transformation of raw materials into finished or semi-finished goods. Examples of finished goods are bread, bournvita, chocolate, etc. While that of semi-finished goods are flour, tread, semovita, etc.
- b. **Factories:** These are the places that production of goods takes place with the use of plant (machines/equipment).
- c. **Firms:** A firm is the basic unit within which factors of production are organized for the purpose of producing wealth. A firm is an entity which specializes in the production and distribution of goods under one administration or management. Example of firms are Unilever Nig. Plc, UAC Plc, etc.
- d. **Industries:** An industry is defined as a group of firms producing similar products and under separate administration or management.
- e. For example, in the petroleum industry we have different firms like Oando Plc, Texaco Plc, Total Plc, Mobil Plc etc. All these firms are under different management but all produce similar products.
- f. **Industrial estate:** This is a place where many industries are concentrated for economic, social and political reasons. Examples of industrial estate are Ilupeju industrial estate, Ikeja industrial estate,

- g. Isolo industrial estate, all in Lagos State, and in Ibadan, Oyo State we have Oluyole industrial Estate.

h. **Location of Industry:** This is the siting of an industry in an area.

10.3 Localisation of Industries

Localization of industries refers to the concentration of firms or industries producing similar goods in an area. It can also be defined as the idea and practice of establishing many industries in a particular area for economic, social, geographical or political reasons. The particular area where these industries exist is known as an industrial estate.

10.4 Factors Influencing Location of Industries

The following are the factors that influence the location of an industry:

- a. **Capital:** The amount of capital available determines the type and size of the industry that will be established.
- b. **Climate:** This is a natural factor that determines the type of industry that should be sited and the goods that should be produced in an area.
- c. **Availability of raw materials:** An industry should be located in an area where the raw materials used are available.
- d. **Availability of power:** The main sources of power to an industry include coal, water and electricity and so on. The availability of these sources of power, will make it possible for a firm to be sited in the predetermined site.
- e. **Availability of labour:** The three main types of labour – unskilled, semi-skilled and skilled should all be available where an industry is to be located.
- f. **Good means of transport and communication:** These should include good roads, air and sea ports for the distribution of the finished goods; postal and telecommunication services for sending and receiving messages.
- g. **Government policy:** This policy or law may set aside all the socio, geographical and economic factors that determine the location of an industry.

Advantages of Localisation of Industries

- a. **Localization of industries encourages development:** The growth of industries lead to an increase in production of goods and services.
- b. **Emergence of subsidiary firms:** As major firms concentrate in one area, other subsidiary, service firms that assist those major firms in the production of goods usually emerge.
- c. **Generation of employment:** The concentration of industries in an area leads to the creation of job opportunities.
- d. **Emergence of organized market:** Localization of industries assists in the emergence of organized market for the products – Example: Market for Gini clothes.
- e. **Creation of competition:** The existence of many industries leads to a healthy competition among them.
- f. **External economies:** The concentration of industries in an area encourages production of goods at the lowest possible cost, thus, making such goods cheap and affordable.
- g. **Emergence of a pool of skilled labour:** A large pool of skilled labour does emerge because such labour is easily attracted to industrial zones.
- h. **Encouragement of division of labour and specialisation:** Localization of industries leads to the emergency of division of labour and specialization.
- i. **It ensures co-operation among firms:** Localization of industries leads to co-operation among firms, possibly for a joint purchase of raw

materials, joint research and training, etc.

Disadvantages of Localisation of Industries

Localisation of industries leads to congestion: The concentration of industries leads to human, housing and traffic congestions.

Pressure on social amenities: As a result of high population in industrial estates, there is always pressure on available social amenities like pipe borne water, electricity, etc.

It results in uneven development: The concentration of industries in one area leads to uneven development as other areas are left undeveloped.

It causes structural unemployment: When the industries suffer setbacks, there will be structural unemployment.

It increases crime rate: As a result of increase in population in the industrial estate, there is usually an increase in crime rates such as armed robbery, car snatching, hired assassination and so on.

It causes environmental pollution: As a result of high concentration of industries, it leads to noise, air, water and land pollution.

Summary

This chapter has discussed:

- Industrialization which involves the setting up of various productive firms in a particular place. Different factors influence the establishment of industries in a particular area. These include; nearness to raw material, availability of labour force, nearness to market for the sale of the product, availability of well developed infrastructure etc.
- Advantages of industrialisation which include the following: A pool of skilled labour force, emergence of subsidiary firm, provision of employment, improvement of infrastructure etc.
- Disadvantages of industrialisation which include: congestions of human, housing and traffic especially in urban areas. It also include: pressure on social amenities, increase in crime rate, environmental pollution etc.

Class Activity

Students should visit a manufacturing firm in the city and find out reasons why the firm has been sited where it is.

Revision Questions

Objective Questions

1. Which of these do not encourage industrial development?

- (a) Taxation exemption
- (b) Provision of financial institutions
- (c) Provision of infrastructural facilities
- (d) Limitation of market

(e) Government direct participation (**SSCE 1989**)

2. Industry can simply be defined as:

- (a) Many firms producing similar products
- (b) A firm or firms producing similar goods and services
- (c) Different firms producing equal number of similar goods and Services
- (d) Different firms producing different products

(e) Many firms producing unidentical goods and services (**SSCE 1989**)

3. The concentration of industry in one area is referred to as:

- (a) Location of industries

- (b)** Multiplication of industries
- (c)** Pluralization of industries
- (d)** Proliferation of industries
- (e)** Localization of industries (**SSCE 1990**)

4. Industries are not sited in most rural areas of Nigeria because:

- (a)** Of inadequate basic infrastructure
- (b)** They lack raw materials
- (c)** There is no appropriate government policy
- (d)** The climate is not conducive (**SSCE 2001**)

5. Localisation of industry refers to the:

- (a)** Concentration of the firms of an industry in a particular area
- (b)** Siting of industries in rural areas
- (c)** Even spread of industries
- (d)** Government policy of influencing the location of industries (**SSCE 2001**)

Essay Questions

1. Explain the following terms comprehensively and show how each of the terms is different from each other: Plants, Factories, Firms, Industries, Industrial Estates.
2. Explain five(i) advantages and (ii) disadvantages of localisation of industries.
3. **(a)** Distinguish between: (i) a firm and an industry (ii) location and localisation of industry
(b) Describe any four factors that influence the location of industries in your country. (**SSCE 2004**)
4. **(a)** Distinguish between location of industries and localisation of industries.
(b) Describe any three advantages and any two disadvantages of locating industries in rural areas. (**SSCE 2010**)

Glossary

Industrial Concept: Industrial concept is the idea and practice of establishing industries either by government or an entrepreneur in a given area for economic, geographical, social or political reasons.

Factories: These are the places that production of goods takes place with the use of plant

Firms: A firm is an entity which specializes in the production and distribution of goods under one administration or management.

Industry: This is a group of firms producing similar products and under separate administration or management.

Industrial Estate: This is a place where many industries are concentrated for economic, social and political reasons.

Localization of Industries: This is the concentration of firms or industries producing similar goods in an area.