

BUSINESS CLUSTERIZATION AND EMERGENCE OF NEW BUSINESSES IN AKWA IBOM STATE: A CASE STUDY OF MECHANIC VILLAGE, UYO

EYO, UDUAK ENOBONG

Department of Business Administration and Management
Akwa Ibom State Polytechnic, Ikot Osurua, Ikot Ekpene, Nigeria
Email: uduakforchrist3@gmail.com

OKOP ODUDUABASI OKON

Department of Business administration
Akwa Ibom State Polytechnic, Ikot Osurua, Ikot Ekpene, Nigeria
powermaestro33@gmail.com

| Article Information | ABSTRACT |
|---|---|
| <p>Received: 10th January, 2024</p> <p>Accepted: 22th January, 2024</p> <p>Published: 8th February, 2024</p> <p>KEYWORDS: Business, Clusterization, Emergence, Mechanic Village, and Akwa Ibom State</p> <p>Publisher: Empirical Studies and Communication - (A Research Center)</p> <p>Website: www.cescd.com.ng</p> | <p><i>Clusterization and the emergence of new businesses play crucial roles in regional economic development. This study focuses on the case of Mechanic Village in Uyo, Akwa Ibom State, investigating how business clusterization influences the formation and growth of new enterprises. Through a comprehensive case study approach, this research explores the dynamics within Mechanic Village, analysing the factors contributing to the concentration of automotive repair and related businesses in this cluster. The study delves into the mechanisms by which knowledge transfer, resource sharing, and collaboration occur among businesses in the cluster. Methodologically, a combination of qualitative and quantitative methods is employed. In-depth interviews with key stakeholders and business owners provide insights into the motivations for clusterization and its effects. Additionally, a survey-based approach gathers data from 399 respondents. The findings of this study have implications for policymakers, business development agencies, and entrepreneurs. Understanding the dynamics of clusterization and its impact on new business emergence can guide strategies to promote economic growth and innovation at the regional level. The Mechanic Village in Uyo serves as a pertinent case study, shedding light on the mechanisms that underlie successful business clusterization and its role in fostering a conducive environment for new business ventures.</i></p> |

Introduction

The recognition of the significance of clusters in relation to regional competitiveness and economic performance originated in the 1990s, as noted by Porter (1998). The phenomenon of firms congregating in clusters has been shown to have a positive impact on the productivity of enterprises within the vicinity. Additionally, it has been found to foster creativity and facilitate the emergence of new businesses. Traded clusters, which refer to groupings of industries engaged in the exportation of products and services outside of a specific area, play a crucial role in fostering economic development. This is mostly due to their positive association with increased job opportunities, expansion in business establishments, higher incomes, and enhanced innovation (Delgado, Porter, & Stern, 2012; Porter, 2003). There is a growing body of anecdotal data indicating that communities in the United States and elsewhere are increasingly adopting cluster-based economic development methods. One possible way to rewrite the user's text to be more academic is as follows: The According to Christian Ketels, a renowned researcher in the field of clusters, it has been acknowledged that cluster-based economic development is not a singular solution but rather a component of a policy agenda that seeks to enhance our capacity to foster sustained and significant economic growth.

The main objective of this research is to investigate the hypothesis that the influence of clusters on the growth of small businesses may be enhanced by matching a city's efforts for small company development with its strategy for cluster development. A significant number of cities now lack a comprehensive and cohesive approach to facilitating the growth and sustainability of small enterprises. The provision of assistance for small businesses in a city is often characterised by a lack of coordination since it consists of a collection of programmes that have been produced by various commercial and governmental organisations with no central coordination. The success of small company efforts may be enhanced by adopting cluster tactics, since this approach establishes a strategic framework that aligns small business development with the competitive advantages of a community. This endeavour, in theory, is expected to enhance the efficacy of urban cluster development techniques due to the inclusion of many small enterprises inside these clusters.

In this study, we provide a comprehensive examination of the interplay between clusters, the expansion of small businesses, and urban economic development. Our research focuses on the ten most populous cities in the US, namely New York, Los Angeles, Chicago, Houston, Philadelphia, Phoenix, San Antonio, San Diego, Dallas, and San Jose. Initially, the clusters that signify competitive advantages for each metropolitan area were selected, and then a selection of clusters that exhibited superior performance in comparison to the growth rates of the respective metros throughout the period of 2003–2011 was determined. In order to get a deeper comprehension of the measures undertaken by cities to facilitate the growth of these "dominant" clusters, as well as the potential influence of these clusters on cluster policy, an analysis was conducted on the economic development plans of both urban and regional areas within the 10 selected metropolitan regions. The aforementioned information furnished the requisite background for our assessment of the prospective influence of cluster-oriented strategies for small company development on the expansion of small businesses. This assessment included conducting interviews with 54 specialists who represented the fundamental entities within a small business ecosystem. Although our study is constrained, it provides valuable insights for further investigation into the intricate impact of clusters on small companies and economic development. In addition, we emphasise noteworthy small company endeavours that extend beyond clusters and have the potential to be reproduced in

several locations, therefore fostering dynamic, inclusive economies and robust small business ecosystems.

Clustering is a prominent and prevalent phenomenon in contemporary economies. However, this phenomenon has garnered significant interest from a diverse range of social scientists during the majority of the twentieth century. Over the last decade, there has been a resurgence of interest in this phenomenon among scholars and professionals in the business field. One of the most straightforward arguments about the diminishing effectiveness of clustering pertains to the expenses associated with attracting businesses. The government intends to initiate a cluster by using strategies to attract a prominent firm and thereafter allocating a significant portion of its tax subsidies towards supporting these newly formed entities. According to Professor Paul Kantor, it is said that enterprises need the greatest influx of money but ultimately get the least value from it. Furthermore, an inadequately structured investment strategy has the potential to impede essential public services.

In accordance with the findings of Professor Emeritus David Barkeley (2015), an additional significant challenge pertaining to clustering techniques is the requisite top-down planning required for their successful implementation. The author contends that it requires a significant degree of trust to assume that government authorities possess a comprehensive understanding of regional, national, and international economic processes, enabling them to accurately evaluate regional competitive advantage. Furthermore, the author argues that external consultants and city officials frequently lack the necessary information to make informed investment decisions.

One additional issue associated with clusters is their inherent fragility. The closure of a company can have various repercussions on the innovation landscape of new businesses in Akwa Ibom State. These consequences encompass a dearth of diversity, limited collaboration opportunities, the concentration of innovation within a single functional group, a disconnection with customers, and a lack of motivation among employees to engage in innovative practices. Hence, a potential approach to address these issues is to solicit client feedback about the challenges encountered rather than focusing just on proposed remedies. The purpose of this study is to evaluate the phenomenon of business clustering and the subsequent formation of new firms in Akwa Ibom State. This will be accomplished via a case study conducted in Uyo, focusing on a mechanic village.

Objectives of the Study

The general objective of the study was business clusterization and the emergence of new businesses. The specific objectives were:

- To assess how the transfer of technology can affect the emergence of new businesses.
- To determine how collaboration can affect the emergence of new businesses.

Research Questions

The following research questions were formulated to guide the study:

- How can the transfer of technology affect the emergence of new businesses?
- How can collaboration affect the emergence of new businesses?

Research Hypotheses

The following research questions were formulated to guide the study:

- Does the transfer of technology not significantly affect the emergence of new businesses?
- Collaboration does not significantly affect the emergence of new businesses.

Review of Related Literature

Concept and Meaning of Business Clustering

Clusters, often referred to as industrial clusters, are of significant importance in the context of economic growth. There are two primary reasons why some features of geography may be included within the field of economics (Malmberg et al., 1996, p. 85). The tendency for individuals to congregate in certain locations gives rise to the formation of national and industrial clusters, which subsequently have a significant influence on economic growth. There are two primary reasons why some features of geography may be considered within the realm of economics (Malmberg et al., 1996, p. 85). The inherent tendency of individuals to congregate in certain locations gives rise to the formation of national and industrial clusters, which subsequently assume a significant role in driving economic growth. The field of economics encompasses some aspects of geography. Malmberg (2016) is supported by two primary justifications. The tendency for people to congregate in certain locations results in the phenomenon of national and regional specialisation. Furthermore, several geographical factors, such as factor endowments, cultural influences, and business settings, play a significant role in shaping company operations and other forms of human activity. According to Malmberg (2016), it is evident that the reciprocal relationship between human activities and geography is a persistent phenomenon that is unlikely to diminish much in the foreseeable future. The proliferation of scholarly investigations pertaining to clusters has seen a substantial surge throughout the last two decades. Several models have emerged in the field, including Porter's (2017) diamond model, Krugman's (2018) core-periphery model, and the innovation argument put forth by Nordic researchers Cooke (2012). According to Krugman (2018), there exists a recurring pattern in the field of research characterised by alternating periods of growth and decline. This phenomenon, sometimes referred to as the boom-bust cycle, is characterised by an initial surge of enthusiasm and anticipation as novel concepts and avenues of inquiry emerge. However, this initial excitement is often followed by a feeling of disillusionment and frustration as the limitations and boundaries of these new ideas become more evident. Consequently, researchers specialising in cluster studies often have the dilemma of determining the appropriate research inquiries to pursue.

According to Porter (2017), a cluster may be defined as a collection of enterprises and institutions within a certain field that are located in close proximity to each other and are interlinked. These entities are tied together by shared characteristics and mutually beneficial relationships. In a study conducted by Rosenfeld (2017), the author explored the concept of clustering as a means to depict the presence of companies that exhibit synergistic effects due to their close geographical proximity and interconnectivity. It was observed that these enterprises may not necessarily exhibit a significant or conspicuous level of employment.

In accordance with Gault's (2012) findings, clusters may be defined as assemblages of both commercial and governmental organisations that are interconnected with the shared objective of fostering innovation. In contrast, our definition is comprehensive in scope. According to

Cooke and Huggins (2012), the concept of geographically proximal companies refers to businesses that are located in close proximity to each other. These firms engage in both vertical and horizontal connections, which include interactions between firms at different stages of the supply chain as well as between firms operating at the same level. These ties are facilitated by a localised enterprise support infrastructure, which provides resources and services to assist in the process.

Government Support and the Emergence of New Business

According to the study conducted by Chittithaworn, Islam, Keawchana, and Yusuf in 2011, it was found that small and medium enterprises (SMEs) have a crucial role in addressing socioeconomic obstacles marked by elevated levels of unemployment, significant poverty rates, and income disparities, particularly in emerging nations (Machirori & Fatoki, 2013). Despite the significant economic contributions provided by small and medium-sized enterprises (SMEs), these entities continue to face a considerable failure rate and diminished performance, impeding their potential for expansion. The 1995 White Paper on the National Strategy for the Development and Promotion of Small Business, together with the 1996 National Small Business Act (NSBA), delineates the significance of small and medium enterprises (SMEs) in the South African economy. These two prescriptions provide a more comprehensive viewpoint on the promotion and support of small and medium-sized enterprises (SMEs).

Consequently, the South African government has implemented several business assistance organisations in response to these prescriptions. One example of such an agency is the Small Enterprise Development Agency (SEDA). The National Small Business Act (NSBA) (102 of 1996) delineates the aims of the aforementioned agency, which include the formulation and execution of developmental assistance initiatives with the intention of nationwide implementation across all provinces. SEDA has a range of overarching goals, including the establishment of a service delivery network that enhances the economic impact of small enterprises. Additionally, SEDA aims to foster economic growth, facilitate job creation, and promote equity. Lastly, SEDA seeks to enhance the capabilities of service providers to effectively support small enterprises and enable them to compete successfully in both domestic and international markets. In accordance with the objectives outlined in the National Small Business Act of 1996, the Small Enterprise Development Agency (SEDA) has developed its own specific objectives. These objectives include: (i) enhancing the competitiveness and capabilities of small enterprises through the implementation of coordinated services, programmes, and projects; (ii) ensuring fair and equal access for small enterprises to business support services through partnerships; and (iii) strengthening the organisation to effectively fulfil its designated mission (Chittithaworn, Islam, Keawchana, & Yusuf, 2011). Small and medium enterprises (SMEs) have a crucial role in addressing socioeconomic issues marked by elevated levels of unemployment, poverty rates, and income disparities, particularly in emerging nations (Machirori & Fatoki, 2013). Despite the significant economic contributions provided by small and medium-sized enterprises (SMEs), these entities continue to face a considerable rate of failure and diminished performance, ultimately impeding their potential for expansion. The 1995 White Paper on the National Strategy for the Development and Promotion of Small Business, together with the 1996 National Small Business Act (NSBA), provides an overview of the significance of small and medium enterprises (SMEs) in the South African economy. These two prescriptions provide enhanced insights into the methods through which small and medium-sized enterprises (SMEs) might be effectively encouraged and supported.

Consequently, in response to these directives, the South African government has implemented a number of business assistance organisations. One example of such an agency is the Small Enterprise Development Agency (SEDA). The National Small Business Act (NSBA) (102 of 1996) delineates the primary goals of the aforementioned agency, which include the formulation and execution of developmental assistance initiatives with the aim of nationwide implementation across all provinces within the country. SEDA's overarching goals encompass the establishment of a service delivery network that enhances the economic impact of small enterprises, fosters economic growth, facilitates job creation, promotes equity, and fortifies the capabilities of service providers to assist small enterprises in achieving competitive success both domestically and internationally. SEDA has established its specific objectives in accordance with the objectives outlined in the NSBA (1996). These objectives include: (i) enhancing the competitiveness and capabilities of small enterprises through the implementation of coordinated services, programmes, and projects; (ii) ensuring fair and equal access to business support services for small enterprises through collaborative partnerships; and (iii) strengthening the organisation to effectively fulfil its designated mission.

According to the study conducted by Chittithaworn, Islam, Keawchana, and Yusuf (2021), small and medium enterprises (SMEs) have a crucial role in addressing socioeconomic obstacles marked by elevated levels of unemployment, significant poverty rates, and income disparities, particularly in emerging nations (Machirori & Fatoki, 2018). Despite the significant economic contributions provided by small and medium-sized enterprises (SMEs), these entities continue to face a considerable rate of failure and diminished performance, hence hindering their potential for development. The 1995 White Paper on the National Strategy for the Development and Promotion of Small Business, together with the 1996 National Small Business Act (NSBA), delineates the significance of small and medium-sized enterprises (SMEs) within the South African economy. These two prescriptions provide a more comprehensive viewpoint on the promotion and support of small and medium-sized enterprises (SMEs). Consequently, in response to these recommendations, the Nigerian government has implemented several business assistance organisations. One example of such an organisation is the Small Enterprise Development Agency (SEDA).

The National Small Business Act (NSBA) (102 of 1996) delineates the aims of this governmental entity, which include the creation and execution of development assistance initiatives to be uniformly applied throughout all provinces within the nation. SEDA has a range of overarching goals, including the establishment of a service delivery network that enhances the economic impact of small enterprises, the facilitation of economic growth, job generation, and equity, and the enhancement of service providers' capabilities to assist small enterprises in achieving successful competition in both domestic and international markets.

In a similar vein, the Chinese programmes prioritise the establishment of productivity development centres that provide comprehensive business assistance to small and medium-sized enterprises (SMEs). China has implemented and embraced legislation that demonstrates a proactive approach to facilitating the growth of small and medium-sized enterprises (Hussain, Millman, & Matlay, 2016). The primary objective of the SME Promotion Law is to eliminate institutional obstacles, foster innovative practices, and enhance the competitive edge of small and medium-sized enterprises (Chen, 2016). Small and medium-sized enterprises (SMEs) play a significant role in the global economy, which has garnered the attention of governments throughout the globe. Despite the implementation of many initiatives aimed at enhancing and maintaining small companies, there has been little progress in ameliorating the operational efficacy of small and medium enterprises (SMEs), notably

within the context of South Africa. This industry exhibits a dearth of expansion and the cessation of small enterprises during their first phases of existence. The viability of small enterprises is contingent upon several elements, including the acumen of management, financial resources, and marketing proficiencies possessed by owner-managers. Chen (2016) posits that a significant proportion of small and medium-sized enterprises (SMEs) in China operate as family-based enterprises. Furthermore, the founders of these enterprises often lack proficiency in management and financial acumen. This deficiency in essential abilities may potentially impede the future growth and expansion of these firms. In a similar vein, the study conducted by Hussain et al. (2016) revealed that a significant number of small and medium-sized enterprises (SMEs) in China have restricted prospects for expansion due to their inherent financial limitations. According to Zhao (2020), small and medium-sized enterprises (SMEs) need financial resources throughout their initial phases of establishment and to facilitate rapid expansion. Nevertheless, companies face challenges in securing the sufficient financial resources required for the expansion and growth of their enterprises.

Nigeria encounters a circumstance whereby a significant number of enterprises experience failure during the first two years of their establishment as a result of cash flow challenges, leading to a lack of development (Nieman & Nieuwenhuizen, 2019). Entrepreneurs encounter many hurdles during the first phase of their company's activities. One primary challenge faced by young entrepreneurs pertains to securing start-up and growth funding. The process of acquiring funds in the capital market is often seen as arduous, leading many entrepreneurs to rely on personal financial resources for their ventures. According to scholarly literature, a significant proportion (80%) of start-up ventures get their funding from personal savings, as shown by the research conducted by Nieman and Nieuwenhuizen in 2019. The underlying justification for the limited availability of financial resources comes from the perception held by banks that small and medium-sized enterprises (SMEs) pose a higher level of risk as borrowers. Consequently, banks often demand collateral security as a prerequisite for lending, a requirement that SME owners often struggle to fulfil. One of the primary obstacles faced by enterprises is limited access to markets, resulting in their inability to maintain a consistent consumer base for their goods. In the event that a firm is unable to maintain its position in the market, there will be a decline in the number of clients, ultimately impacting the company's turnover. It is essential for business owners to develop strategic approaches in order to effectively address and overcome this specific obstacle. According to Nieman and Nieuwenhuizen (2019), the third limitation is the availability of suitable technology.

Transfer of Technology and Emergence of New Businesses

The pivotal importance of technology transfer in the economic and industrial development of nations is well recognised. It seems that underdeveloped nations, often referred to as less developed countries (LDCs), have the potential to enhance their production and efficiency by acquiring technological knowledge and skills from more advanced nations. The efficient utilisation of natural and human resources in these nations is facilitated by the successful transfer of technology, which permits the conversion of inputs into outputs. Additionally, it allows them to enhance their technical capacities via the importation and assimilation of foreign technologies. The integration of technology transfer into the national development strategies of least developed countries (LDCs) is widely seen as a crucial strategic factor. The empirical evidence from several East Asian countries over the last three decades demonstrates that these nations have successfully enhanced their productivity, improved the competencies of their workforce, and expedited the industrialization process by embracing, modifying, and assimilating foreign technology.

The exclusive existence of the conventional economic factors of production, namely land, labour, and capital, is insufficient to guarantee economic expansion within a country. The current significance lies in the logical use of these resources for the goal of enhancing productivity via the application of technology. Both industrialised and developing nations acknowledge the crucial role that technology plays in fostering economic progress and enhancing living conditions within their respective countries.

The term "technology" is often used, particularly in association with concepts such as development, expansion, and industrial advancement. The interpretation of technology varies among various individuals. The meanings of the term exhibit a range of complexity, spanning from concise explanations found in dictionaries to more intricate and detailed elaborations. Numerous definitions and explanations of technology have a tendency towards broadness, perhaps verging on comprehensiveness. Nevertheless, the majority of technology definitions include essential elements such as social dimensions involving individuals as well as the acquisition and application of knowledge, information, and diverse skill sets.

Jantsch (2017) defines technology as a comprehensive domain, including the deliberate use of knowledge derived from the physical, biological, and behavioural sciences. The concept encompasses a comprehensive range of methodologies, including several domains such as medicine, agriculture, management, and others, together with their respective hardware and software components. According to Schon (2017), the concept of technology encompasses several elements such as tools, techniques, products, processes, physical equipment, and methods of doing or creating, all of which serve to increase human capabilities. Thompson (2017) posits that technology may be conceptualised as a purposeful arrangement aimed at facilitating instrumental activity, hence mitigating the uncertainty inherent in the cause-and-effect dynamics necessary for attaining a desired end. According to Galbraith (2017), technology may be defined as the methodical use of scientific or other structured information in order to accomplish practical objectives.

The concept of technology transfer may have originally been described as the systematic movement of technology from one physical or geographical area to another with the intention of using it for the development of a final product. The process of technology transfer may occur domestically, including the transfer of technology from one sector or business to another within the same country. Alternatively, it can occur internationally, involving the transfer of technology across national borders, sometimes referred to as international technology transfer.

Gee (2019) defines technology transfer as the systematic procedure by which technology originally designed for a certain purpose is used in an alternative context or by a different individual or entity. According to Kayak (2018), technology transfer may be described as the process of adapting knowledge and expertise to local circumstances, ensuring its successful assimilation and dissemination inside a nation as well as across international borders. According to an alternative interpretation, technology transfer refers to the use of an established method in a context where it has not been previously employed.

The influence of collaborative networks on corporate performance has been extensively examined in the field of business management literature. Scholars such as Combs and Ketchen (2009), Sarkar et al. (2011), and Zaheer and Geoffrey (2015) have conducted research in this area and have found evidence to support the notion that collaboration may enhance business outcomes. According to Hkansson and Waluszewski (2012) as well as Wilkinson and Young (2012), there is an additional argument made by some writers that the

performance of companies is contingent upon their direct and indirect engagements with other entities.

The utilisation of innovation may serve as a means for enhancing performance, wherein the facilitation of cooperation contributes to the achievement of successful innovation and the establishment of novel commercial ventures (Powell et al., 2016; Teece et al., 2017). According to Olson et al. (2019), there is a positive correlation between higher levels of cooperation and stronger new product performance, suggesting that companies that collaborate have a greater ability to modify their products, services, and operational processes in order to meet market demands (Wilkinson & Young, 2022).

The performance impact of cooperation is contingent upon the availability of resources and skills. According to Swaminathan and Moorman (2019), companies face challenges when relying solely on internal resources and knowledge development. These challenges include limited predictive capabilities regarding strategic outcomes, resource scarcity, and the high costs associated with knowledge acquisition. Consequently, achieving business success becomes progressively more challenging without seeking external collaborations or partnerships (Wilkinson and Young, 2022). The connection between different organisations has the potential to enhance skills, mitigate resource constraints, facilitate the integration of information, stimulate innovation, and facilitate the investigation and development of novel economic avenues. The aforementioned advantages afterwards contribute to the expansion of the economy and the enhancement of competitiveness (Hewitt-Dundas, 2016; Daugherty et al., 2016).

In order to realise these advantages, however, the organisation must possess the capacity to assimilate, foster, and effectively use recently obtained information for the purpose of innovation (Cohen & Levinthal, 2020; Lane & Lubatkin, 2018; Lane, 2016). The role of cooperation may vary depending on the size of the organization. Yasuda (2015) asserts that small enterprises have significant constraints in terms of resource accessibility and internal capabilities, which therefore leads to their comparatively lower proclivity for engaging in innovation initiatives. Collaborative networks often strive to use the potential synergies facilitated by the external environment, which may contribute to their creative achievements (Sen, Haq, 2021).

Collaboration is defined as an external cooperative relationship, either inside a specific channel or via consultancy, whereby a voluntary agreement is established to facilitate the sharing and integration of information and resources. The ultimate objective of such collaboration is to provide a competitive advantage and enhance the value proposition for end consumers (Kanter, 2014; Wilkinson & Young, 2018).

Collaborative settings facilitate the dissemination and transfer of resources and information, hence affording organisations a competitive edge (Mowery et al., 2016). However, it is important to note that firms of varying sizes may get varying degrees of profit from various forms of cooperation.

When cooperation, whether via channels or consultation, takes place concurrently with invention, it generates a synergistic effect that enhances profitability. The integration of organisational cooperation and innovation fosters a high level of knowledge intensity and has a significant role in driving growth and enhancing economic performance (Drejer & Vinding, 2015). Collaboration has a crucial role in enhancing the likelihood of success in business innovation since it facilitates the creation of opportunities that would otherwise be

unattainable for individual organisations (Kogut, 2020). Collaboration emerges as a key factor contributing to the success of the innovation process.

Theoretical Framework

Classical Agglomeration Theory by Alfred Marshall (1996)

Classical Agglomeration Theory The concept of agglomeration, which refers to the spatial concentration of people and economic activities, has attracted research interest over extended time periods, at least as far back as Alfred Marshall's *Principles of Economics*. In addition to Marshall, other prominent scholars in this field of research include Weber and Hoover. Marshall (1890) offers an explanation for the localised concentrations of economic activity using the concept of external economies of scale.

According to Marshall, agglomeration advantages arise from three sets of localization economies: a pooled market for workers with specialised skills, the availability of specialised inputs and services, and technological spillovers. This triad of localization advantages, first pointed out by Marshall, has been at the core of the discussion on industry clustering and agglomeration ever since.

Drawing upon the theory of Marshall, it can systematically define the benefits that accrue to firms located in other spatial clusters of economic activities as agglomeration economies. They offer a variety of plausible explanations for agglomeration economies, including economies of scale and scope within the firm, the development of varied labour markets and pools of specialised skills, enhanced interaction between local suppliers and customers, savings on transport costs, and shared infrastructure. Ohlin and Hoover also made a distinction between urbanisation economies, which are related to the advantages gained by all firms from the overall size and diversity of the city, and localization economies, which are related to the benefits that firms within the same industrial sector derive from co-location.

While early classical agglomeration theorists focused on spatial concentrations of firms, later work on industry agglomeration and clusters brought attention to the different kinds of linkages, including production, service, and marketing linkages, that exist between industries (Myrdal 1957; Hirschman 1958). Drawing upon classical work on agglomeration, regional scientists have developed theoretical as well as methodological approaches that deal with the transmission of external economies to firms through direct and indirect linkages. For instance, the system of linkages and interdependences among industries exchanging goods and services has been at the core of the growth pole/centre policy, which was a very popular economic development policy during the 1960s and 1970s.

RESEARCH METHODOLOGY

Research Design

A survey design was used for this study. This approach was considered most appropriate because it helped the researcher describe, examine, record, analyse, and interpret the variables that were found in the study. It is also useful because of the relatively large population from which the information was collected.

Population of the study

The population for this research is made up of all automobile dealers, repairers, and spare part sellers at the mechanic village in Uyo.

Sample Size

The convenience sampling technique was used to select forty (40) respondents from each strata.

Research Instrument

The research instrument used for the study was a questionnaire that was developed by the researcher. The instrument was made up of the profiles of respondents and Likert scale-type questions on business cauterization.

Reliability of the Research Instrument

The researcher adopted the Pearson product movement correlation analysis to determine the reliability of the instrument. A pilot study was conducted to test the reliability of the research.

Table 1: Cronbach Alpha Reliability Index of Research Instrument

| Variables | N of Items | Mean | Std. Deviation | Reliability index | Remark |
|-----------|------------|-------|----------------|-------------------|-------------|
| 91.07 | 5 | 91.07 | 8.690 | 0.72 | Significant |

Validity of the Instrument

The instruments used in this study were assessed by experts in the field of research within the faculty of business administration at the University of Uyo. The relevance of each item in relation to the purpose of the study and the hypothesis to be tested were also assessed.

Administration of instruments

The questionnaire was administered to the sampled respondent after obtaining permission from the Association of Automobile Dealers. All the questions on the questionnaire were read to the respondent to avoid any misunderstanding. The PROs of the association assisted the researcher in the distribution and collection of completed copies of the questionnaire using the on-the-spot method. This method was adopted by the researcher to avoid missing copies of the questionnaire. At the end, all the copies distributed were collected for subsequent analysis.

Method of Data Analysis

Respondents' personal data was analysed using frequency counts and simple percentages. The multiple regression and Pearson product moment correlation (PPMC) techniques of data analysis were used in the analysis of data obtained from respondents. All hypotheses were

tested at the 0.05 level of significance. The null hypothesis was to be rejected if the probability value was less than 0.05 (P0).

Data Analysis and Results

Answering research questions

Transfer of technology, collaboration, knowledge, and skill strengthening do not significantly affect the emergence of new businesses.

Research Questions One

How can transfer of technology affect the emergence of new business?

Table 1: Mean rating analysis of transfer of technology affect the emergence of new business

| | transfer of technology and the emergence of new business | X | SD | Decision |
|---|--|-------------|-------------|-----------------|
| 1 | The transfer of technology positively contributes to the emergence of new businesses. | 3.05 | 1.65 | Agree |
| 2 | New businesses benefit from adopting advanced technological solutions through technology transfer. | 2.97 | 1.39 | Agree |
| 3 | Technology transfer enhances the innovative capacity of new businesses. | 2.96 | 1.36 | Agree |
| 4 | The accessibility to transferred technology accelerates the growth of emerging businesses. | 3.19 | 1.41 | Agree |
| 5 | Technology transfer leads to increased competitiveness for new businesses in the market. | 2.98 | 1.48 | Agree |
| | OVERAL INDEX | 3.03 | 1.45 | Agree |

Legend: X = Mean; SD = Standard Deviation; N: 399

Table 1 presents the findings of the research study pertaining to how the transfer of technology affects the emergence of new businesses, as perceived by the participants in the study. The entire index had a grand mean of 3.03 and a standard deviation of 1.45. Item 4 indicates that the assertion "Accessibility to transferred technology accelerates the growth of emerging businesses" has the highest average score of 3.19. Conversely, the statement "technology transfer enhances the innovative capacity of new businesses" has the lowest mean score of 2.96 and a standard deviation of 1.36. Therefore, based on the above analysis, the transfer of technology affects the emergence of new businesses.

Research Question two: How can collaboration affect the emergence of new business?

Tabl 2: Mean Rating analysis of collaboration affects the emergence of new business

| | collaboration and the emergence of new business | X | SD | Decision |
|---|---|----------|-----------|-----------------|
| 1 | Collaboration enhances the exchange of innovative ideas among individuals and groups, contributing to the emergence of new business ventures. | 3.25 | 1.55 | Agree |
| 2 | Effective collaboration increases the speed at which new business concepts are developed and brought to the market. | 3.21 | 1.24 | Agree |
| 3 | Collaborative interactions facilitate the pooling of diverse skills and expertise necessary for the successful launch of new businesses. | 2.86 | 1.35 | Agree |
| 4 | Collaborative efforts lead to a broader network of potential investors and partners, which can positively impact the emergence of new businesses. | 3.04 | 1.33 | Agree |
| 5 | Collaborative environments create opportunities for the sharing of resources, reducing the initial barriers to entry for new business startups. | 2.88 | 1.58 | Agree |
| | OVERAL INDEX | 3.04 | 1.41 | Agree |

Legend: X = Mean; SD = Standard Deviation; N: 399

Table 2 presents the findings of the research study pertaining to how collaboration affects the emergence of new businesses, as perceived by the participants of the study. The entire index had a grand mean of 3.04 and a standard deviation of 1.41. Item 1 indicates that the assertion "Collaboration enhances the exchange of innovative ideas among individuals and groups, contributing to the emergence of new business ventures" has the highest average score of 3.45. Conversely, the statement "collaborative interactions facilitate the pooling of diverse skills and expertise necessary for the successful launch of new businesses" has the lowest mean score of 2.88 and a standard deviation of 1.53. Therefore, based on the above analysis, collaboration affects the emergence of new businesses.

Table 3: Multiple linear regression model summary of relationship between transfer of technology and collaboration does affect the emergence of new business.

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|----------|----------------|----------|-------------------|----------------------------|---------------|
| 1 | .895a | .801 | .799 | .835 | 2.258 |
| Model | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | 1109.640 | 4 | 277.410 | 397.421 | .000b |
| Residual | 275.720 | 395 | .698 | | |
| Total | 1385.360 | 399 | | | |

Table 4: Coefficient analysis of the relationship between Transfer of technology, collaboration, knowledge and skill strengthening on the emergence of new business.

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B | |
|------------------------|-----------------------------|------------|---------------------------|--------|------|---------------------------------|-------------|
| | B | Std. Error | Beta | | | Lower Bound | Upper Bound |
| (Constant) | 4.905 | .334 | | 14.690 | .000 | 4.249 | 5.562 |
| Transfer of technology | -.080 | .253 | -.045 | 3.17 | .751 | -.577 | .417 |
| collaboration | 1.069 | .346 | .622 | 3.086 | .002 | .388 | 1.749 |

Based on tables 3 and 4, a standard multiple regression was performed between Transfer of technology, collaboration, knowledge, and skill strengthening do not significantly affect the emergence of new businesses. The multiple correlation coefficient ($R = .897$) was significantly different from zero, $DF (4, 374) = 385.036$, with $p = 0.000$, $p 0.05$, and 80 percent of the variation in the dependent variable as explained by the set of independent

variables. The value of Durbin Watson (DW) of 2.259 is greater than the adjusted R square of .803. Hence, the result was significant. The result therefore means that the transfer of technology, collaboration, knowledge, and skill strengthening significantly affects the emergence of new businesses.

Conclusion

In view of the foregoing presentation, it can be observed that business clustering and the emergence of new businesses have played a major role in reducing unemployment and creating employment in Akwa Ibom State. Business is when an organisation or enterprising entity engages in commercial, industrial, or professional activities. New businesses identify an innovation to seize an opportunity, mobilise money and management skills, and take calculated risks to open markets for new products, processes, and services. It is advisable for new businesses to set their goals, make constructive plans, have a savings account, and be socially independent, as this will help them expand and establish new products.

Recommendations

The following recommendations were made based on the findings of the study, which, if implemented, will go a long way in promoting new business.

Business clustering should set business goals and objectives. Goal is the object or aim of an action". The author contended that people's performances can be improved through specific hard goals, or "stretched" goals.

Business clusters should make a constructive business plan before starting a new business. A business plan is a detailed written statement that describes the nature of the business. The target market, the advantages the business will have in relation to competition, and the resources and qualifications of the owners".

Business clustering should be socially independent. Sometimes a new small-scale enterprise is said to be a firm that is independently owned and operated and is not dominant in its field of operation. In general, we should recognise that a small business must have few employees, limited capital investment, and a small scale operation.

References

- Aina, O.C (2017) The role of SME's in poverty alleviation in Nigeria. Vol. 3(1) Mechanical Engineering Department, University of Lagos, Press.
- Aremu, M. A, and Adeyemi, S. L (2021) Small and Medium Scale Enterprises as A Survival Strategy for Employment Generation in Nigeria. Journal of Sustainable Development Vol. 4(1)
- Akingunola, R. O (2021) Small and Medium Scale Enterprises and Economic Growth in Nigeria: An Assessment of Financing Options. Pakistan Journal of Business and Economic Review. Volume 2 (1)
- Amatori, A. (2016) Regional advantage: Culture and competition in Silicon Valley and Route 128, Massachusetts: Harvard University Press.

- Adelaja, A.O. (2012) The Importance of Small and Medium Scale Industries in a Developing/Underdeveloped Economy: Nigeria Case Study. Nigeria. Mechanical Engineering Department, University of Lagos, Press
- Chukwuemeke, I. L. (2014). Problem of Financing Small Scale Business in Nigeria. University of Nigeria., Nsukka. An MBA Research Publications,
- Cooke and Huggins, (2012). Business Clustering and Emergence of New Business, NJ: Princeton University Press.
- Cook, G and Pandit, NR (2016). Small Firm Rehabilitation and the Legal System: the Case of Great Britain.' Journal of Small Business Management
- Caves, R. E and Porter, M. E (2017). From Entry Business: Conjectural Decisions and Contrived Deterrence to New Competition. Quarterly Journal of Economics
- CBN,(2011). Micro Finance Policy, Regulatory and Supervisory Framework for Nigeria. A Publication of Central Bank of Nigeria, Abuja, Nigeria.
- Delgado, Porter, & Stern, (2012), Cluster analysis and cluster-based policy making in OECD countries: an introduction to the theme, Chapter One in: OECD Boosting Innovation: the cluster approach, (1999), Paris: OECD, 9-23.
- David Barkeley (2020), The dynamics of industrial clustering: International comparisons in computing and biotechnology, Oxford: Oxford University Press.
- Dominic and Lundmark, (2014). Business Cluster and regional industrial integration. R&D Management, Vol.25, No. 13, pp. 1212.
- Ekot, G. E. (2020). Small Business Ownership and Management in Uyo Metropolis, Akwa Ibom State, Nigeria: Problems and Prospects. International Journal of Economic Development Research and Investment Vol. 1, (1).
- Gulani, M.G and Usman, A. (2022). Financing Small and Medium Scale Enterprises (SMEs): A Challenge for Entrepreneurial Development In Gombe State. Asian Journal of Business and Management Sciences. Vol. 2 (9).
- General Statistics Office. (2007). Small and Medium Enterprises in Nigeria. Mba, O. A and Emeti, C. I. (2014) Issues, Challenges and Prospects of Small and Medium Scale Enterprises (SMEs) in Port-Harcourt City, Nigeria. European Journal of Sustainable Development, vol 3(1)
- Machirori & Fatoki, (2018) Principles and practice of management in Nigeria. Onitsha: Africana-Fep Publishers Limited Nigeria
- Schon C. (2017). Introduction to research methodology. Onitsha: Africana First Publishers.
- Swaminathan, Moorman (2019). Economic Geography Rewritten, The Business Economist, 30(1): 2338.
- Porter, M. (2018), Clusters and the New Economics of Competition, Harvard.

- Romer, P.M. (2020), Endogenous technological change, *Journal of Political Economy*, Vol. 98: S71-S102.
- Rosenfield, S.A. (2017). Bringing Business Clusters into the Mainstream of Economic Development. *European Planning Studies*, 53-23.
- Scott, S. (2020). "Prior knowledge and the discovery of entrepreneurial opportunities", *Organization Science*, Vol.11, no. 4, July-August.
- Shaw, E (2013). Small Firms, Innovation and Networks, in: *Research at the Marketing /Entrepreneurship Interface*, 2000, Edited by Hills, G.E. and Singh, R.P., Chicago: University of Illinois at Chicago.