American Journal of Social Sciences
2015; 3(3): 62-68
Published online June 10, 2015 (http://www.openscienceonline.com/journal/ajss)

Industrialization: The Key to Nigerian's Developmental Questions

Kayode Asaju

Department of Political Science, Faculty of Humanities, Management and Social Sciences, Federal University, Wukari, Nigeria

Email address

asajuk@gmail.com

To cite this article

Kayode Asaju. Industrialization: The Key to Nigerian's Developmental Questions. *American Journal of Social Sciences*. Vol. 3, No. 3, 2015, pp. 62-68.

Abstract

Successive administrations in Nigeria have initiated one policy or the other aimed at advancing the economy through industrialization. In spite of these industrialization policies, Nigeria is still at the bottom rung of development ladder as the industrial sector which was at a time contributing about 13 per cent to the GDP, and second largest employer of labour is now in comatose. Currently the productive sector is contributing only 4 per cent to the nation's GDP. Many industries are collapsing largely due to defective trade policies, poor infrastructures, corruption, and pressure of globalization on Nigerian economy among others. The paper is aimed at re-emphasizing the important role of industrialization in achieving developmental policies, especially Vision20:2020.data collected was derived from documents and were analysed using the content analysis method. This paper is premised on the fact that the active labour force and the abundance natural resources which are keys to industrialization are underutilized. Many Asian countries popularly referred to as Asian-Tigers that are revered today attained such status through industrialization by encouraging their local –home grown cottage industries. The paper contends that if Nigeria must attain real economic development, then there is the need to fundamentally redefine her industrialization efforts and policies. Thus, the paper believes that what is required is a genuine political-will to fight corruption. There is also the need to improve the physical infrastructures in other to create an enabling environment that will encourage both large scale industries and SMEs to grow among others.

Keywords

Development, Economic Development, Industrial Development, Industrialization

1. Introduction

Right from 1960, when Nigeria got her independence from the colonial political domination and economic exploitations, the nation's challenges has been relatively shifted from colonialism to that of development. Hence, the leaders embarked on setting developmental goals, agendas, developmental plans and projections such as Vision 2000, 2010, 2015, 2020 among several others. Besides, there were several other steps taken by successive administrations (military and civilian) to put Nigeria on the pedestal of economic growth and development, but the development questions seems to remain perpetually unanswered.

A scholarly attempt to answer these development questions simply reveals economic backwardness or imbalance, despite the availability of abundant human and natural/mineral resources. These resources are more than enough to put Nigeria as number one in Africa and top ten-most-developed economies globally, if they were effectively harnessed and judiciously utilized. However, these visions or plans cannot be realized in the face of primitive technology and gross underutilization of the enormous human and natural resources. Even though industrialization was recognized as a means to that ends, the level of industrialization in Nigeria is very low. Also, achieving industrialization in the 1970s through various policies such as the Import Substitution Industrialization Policy, Indigenization Policy etc were haphazardly implemented, neglected or abandoned. In view of this, the contribution of the industrial sub-sectors over the years to the economy has been unsteady and very minimal and insignificant. Beside, the advanced western nations of Europe and America, Singapore, China, Indonesia and other countries that are revered today as Asian Tigers reached the peak of their current developmental stance through industrialization and by encouraging home grown local cottage and other industrial subsectors.

There was a period in Nigerian history when one heard of The Kaduna Textiles Ltd, The Ajaokuta Steel Company Limited (ASCOL), The Dunlop Nigeria Plc., Michelin, Atlantic Textile Mill, Lagos, Intercontinental Textile Industry, Lagos and many other companies in the industrial sub-sectors. Today, their existence is just like historical monuments. The question is why has the industrial sector fallen? Why are companies situated in Nigeria collapsing or relocating to neighboring countries? These are questions that beg for answer. Using qualitative approach and content analysis, the paper examines the trends in Nigeria industrialization policies, in order to identify those factors that have necessitated the disappearance of our industries and turned Nigeria into a dumping ground for substandard foreign goods. The implications of low industrialization and its collapse on the Nigerian economy were also examined.

2. Conceptual Issues

2.1. Industrialization

In basic economics, industry relates to those economic activities which involve transformation of inputs (basic or semis-processed) into new products. They include manufacturing, construction, mining, electricity generation and so on (Udu and Agu, 2005). Yantumaki (2009) defines industrialization as a process in which economic production gradually moves away from animate to inanimate system. It is also the systematic replacement of human labour with machinery in the production of goods and services. It is a process of manufacturing which involves transformation or processing of raw materials into new products. As man progresses in stages, he discovers new ways of solving problems (i.e. skills), ideas, and new knowledge). With this new problem-solving skills, production increases in quantity and sophistication. Using sophisticated tools also affect man's choice and consumption pattern. This necessitates the quest to industrialize his economy.

To industrialize an economy is to develop industrial sub-sectors of a country or region on a wider scale. This implies the presence of mechanical and technical skills required for mass or large scale production that brings about socio-economic changes in the society, as against manual/unskilled human labour in agrarian society. Industrialization as a phenomenon is central to national development (Yantumaki, 2009).

Industrialized economy is characterized by relatively large manufacturing sector and highly developed technology both of which are applied to the development of other sectors of the economy such as agriculture, commerce, mining, construction and services. As a result, a large part of the labour force is committed into manufacturing, processing and service industry as against the agricultural sector which is usually inefficient. As Udu and Agu (2005) posit, the occupational structure of any economy is a reflection of the degree of industrialization. Hence, the more a country is industrialized, the greater the labour force will be concentrated in industries and commerce. Therefore, it is imperative to note that industrialization is sine-qua-non to development.

2.2. Development

The concept of development is multifaceted and multidimensional as it defies a single most acceptable definition. Rodney (1972) observed that development is a many sided process, and he categorized it into two levels: the individual level and that of society. At the individual level, development implies increased skills and capacity, greater freedom, creativity, self-discipline, responsibility, and material well being. At the level of social groups, development implies increased capacity to regulate both internal and external relations. Development means progress or improvement in the living condition of individual and the society in general. This progress results from man's interaction with his natural environment and efficient utilization of the resources in his environment. This was captured by Rodney (1972) who contend, that a society develops economically as its members increase jointly their capacity for dealing with the environment. This capacity is dependent on the extent to which they understand the law of nature (science), the extent to which they put that understanding into practice by devising tools (technology) and the nature in which work is being organized (Yantumaki, 2009).

It is against this backdrop that Seer (1969) reported in Rafindadi (2009) raised three questions which stand as criteria for measuring development in any country. These are; what has been happening to poverty? What has been happening to Unemployment? And what has been happening to inequality? If there is a decline in any or all of these areas in any society, then there is development in that society. But, if any or all of these indices is/are on the increase, then there is no development even if the per-capita income (GDP) is double within that period.

National Development on the other hand is the ability of a nation to progress or transit from lower quality or standard of life to a higher, better and more qualitative one, for the greater majority of its citizens. National development is not automatic. It is a process that involves a concerted effort of a nation/country to harness, coordinate and effectively utilize available human and material resources for the improvement of the living conditions of a vast majority of its citizens.

3. Theoretical Framework

There are considerable number of theoretical attempts to explain the origin, development and effects of industrialization in different societies. But the empirical relevance of these theories in Nigeria remains problematic. Adoghe (2010) rightly observed that many situations in Nigeria defy conventional models and ignore globally accepted norms to such a degree that they have become a travesty. This explains why several well-intentioned policies often end up unimplemented or their implementation ended up in such a way that their original purposes become a mirage. The Nigeria situation however, cannot defy the relevance of some theories that gave rise to some trade and economic policies whose application have successfully transformed many societies. Hence, the paper adopts Import Substitution Industrialization (ISI) which is often associated with Dependency theory, to explain the rise and fall of industrialization in Nigeria.

This theory was proposed and theoretically organized by Raul Prebisch, Hans Singer, Celso Furtado and other structural economies. The premise of ISI was that a country should attempt to reduce its foreign dependency through the local production of industrialized products. The theorists suggested state-induced industrialization through government intervention and spending.

Although ISI is a development theory, its political implementation is rooted in trade theory (Wikipedia, 2014). It has been argued that some or virtually all nations that have industrialized have followed import substitution industrialization. For instance, the Mercantilist economic theory of the 16th, 17th, and 18th century frequently advocated building up domestic manufacturing and import substitution.

Furthermore, the Korean economist Ha-Joon Chang also argues, based on economic history that all major developed countries – including the United Kingdom – used interventionist economic policies to promote industrialization and protected national companies until they had reached a level of development in which they were able to compete favorable in the global market (Wikipedia, 2014). Most Nigerian writers, experts and industrialists have argued in the same vein. Momoh (2005) argues that countries such as Indonesia, Taiwan, Singapore and South Korea hailed today as Asian Tigers, in their formative stage as industrial and manufacturing centers and up till now, imposed certain restrictions in their countries in order to allow their own industries grow… and that "their local industries were protected, subsidized and pampered by their own home governments". He posits that if Nigeria really wants to grow industrially, that is how government should go about it (Chigbo et al, 2011).

BishwanathGoldar, in his paper 'Import Substitution, Industrial Concentration and Productivity Growth in Indian Manufacturing' observes that "earlier studies on productivity for the industrial sector of developing countries have indicated that increase in total factor productivity, (TFP) are an important source of industrial growth". The principal concept underlying ISI, can be summarily described as an attempt to reduce foreign dependency of a country's economy through local production of industrialized products whether through national or foreign investment, for domestic or foreign consumption. It is very essential to note here that import substitution does not mean import eliminations as a country industrializes. According to Singer-Prebisch Thesis, a nation implementing ISI begins to import new materials that become necessary for its industries, such as chemicals, petroleum, and other raw materials it may have formerly lacked (Wikipedia 2014).

Nigeria's first industrial policy after independent was christened as Import Substitution Industrialization Strategy in 1961, but relying on foreign raw materials and technology, couple with some other factors led to the failure of ISI in Nigeria. However, other policies that follow – 1972 and 1977 indigenization policy were based on ISI theory

4. Industrial Development in Nigeria

4.1. Trends in Industrial Development in Nigeria

The centrality of industrializing a developing economy for the overall societal development has been well acknowledged in literatures. The recognition of this significance has informed a number of policies geared towards making Nigeria an industrialized nation (Ogaboh and Odu, 2013). Ikporukpo (2002) observes that in spite of the fact that Nigeria's economy was basically primary production based, manufacturing (industrial activities) became significant since the 1950s. He further argues that, it was the processing of agricultural forestry and mining products that formed the basis of industrialization at the early period before the 1950s. Such processing, involved improving the purity of such goods as raw materials for several industries both those located in Nigeria, which were then completely foreign-owned, and those overseas. The system was then lopsidedly structured to increase the profit in favour of the global north - Europe, through the explorative commercial activities of the colonialists. Adoghe (2010) observes that "little thought was given to industrialization of the process that yielded the primary products. He further reveals that, instead, huge department stores with finished products were introduced in a one-way street batter that saw Africans and Nigerians in particular consuming finished products for which they had little or no understanding of their production process". Adogboh (2010) agrees with Famade (2009) who observes that the first industrial strategy embarked upon by Nigeria, christened as import substitution industrialization policy, which was launched in 1961, with the aim of reducing over-dependence on foreign trade and save foreign exchange by encouraging the production of goods that were formerly imported. This policy was intended to save the country from being a dumping ground for surplus goods from advanced economies (Ogaboh and Odu 2013). Beside the problem of poor implementation, the policy formulators did not envisage the flaws of substituting foreign imports with local production while clearly relying on foreign raw materials and technology, hence the failure.

Consequently, the highly celebrated indigenization policy was designed in 1972 to give Nigerians increased involvement in the ownership, control and management of the industrial sectors of the country's economy. This policy was considered to be a product of pan-nationalists strategy and government response to the negative impact of globalization in Nigeria since the impact was to reduce the overbearing influence of foreign interest in the industrial sector.

Being perceived as a pan-nationalist and anti-West, the indigenization policy was criticized by the liberalists, and was jettisoned in the 1980s. The government was lured (by World Bank and IMF) into accepting Structural Adjustment Programme (SAP) in 1986 and the Trade and Financial Liberalization Policy in 1989. Aluko (2006) describes it as neo-liberal policy and instrument of globalization. The SAP was to promote investment and foster private sector economy (Ogaboh and Odu, 2013). Adogeh (2010) adds that SAP was meant to accelerate the country past dependency on foreign imports and technology into localized self-sufficiency in materials, technology, and industrial development but some conditionality of SAP as revealed by Aluko (2006) were not favourable for the country whose economy was carefully structured to continually depends on the British and other western economies. These conditions include privatization, trade and capital liberalization, deregulation, and removal of subsidies. The implications of these conditions on industrial sector of Nigeria economy are tremendous.

For instance, trade liberalization results in flooding of the domestic markets with imported goods and services at relatively cheaper rates. Secondly, free trade policy gives room for unlimited dumping of goods, which are doing great harm to local industries. The massive devaluation of currency, removal of tariffs and non-tariff barriers in the country result to the rise in the cost of raw materials beyond the reach of local manufacturers, who subsequently fall back on local raw materials that have become exorbitant due to removal of subsidies. The consequence is high cost of production of comparatively disadvantaged products by local firms resulting in low patronage (see Aluko 2006:332), and the defective privatization ostensibly facilitated "the transfer of ownership of most domestic companies to foreign hands" (Ogaboh and Odu, 2013).

Further step was taken to draft another strategic industrial and trade policy whose thrust was to deepening the self-reliance of manufacturing process of private concerns while reducing government interest, boosting local technology expertise and promoting small scale industries. Adogeh (2010) underscores the significance of the core elements of the 1990 industrial cum trade policy as still being retained in newer policies but reshaped to meet the need of the changing global economic environment.

The establishment of the Bank of Industry (BOI) Policy in 2000, which was formally Nigeria Industrial Development Bank (NIDB) Limited incorporated in 1964; with a mandate of providing financial assistance for establishment of large, medium and small projects as well as expansion, diversification and modernization of existing enterprises; and rehabilitation of ailing ones, was another good step by government to promote industrial development in the country. However, bureaucratic bottlenecks have limited the local firms' access to the funds, and as a result, they could not compete favourably with their mufti-national counterparts.

The history is now taking another dimension with the New Automotive Policy. The "key objective of the new policy was to make new cars affordable to more Nigerians, and the only way to reduce the preponderance of second-hand cars on our roads is to produce good quality cars with affordable pricing locally" David (2014). This implies that soon, Nigerians will be manufacturing cars – made-in Nigeria cars. This is a well intentioned policy that is assumed to contribute greatly to the national economic development through industrialization but its real implementation and sustainability is still in doubt with the current insincerity of the Nigerian government.

On one hand, the new policy, if faithfully implemented is deemed to create jobs for the teaming youth; reduce pressure in the foreign exchange market by seeking to reverse or preferably stop the massive vehicle importation to start manufacturing or assembling vehicles locally, and make the price of cars lower and affordable for Nigerians. On the other hands however, the policy infers that some key projects such as Ajaokuta Steel Company, and those in Itakpe that are meant to supply iron and other raw materials for car manufacturing in Nigeria, may never be revisited. Invariably, the large reserved deposits of iron ore will remain untapped because this new policy will only bring about assembling plants beginning with Nissan - a Japanese company and other potential foreign car producers. It is important to acknowledge the gains of car assembling on Nigerian soil, but the concession that allows Nissan to bring in totally knocked down parts at 0 per cent tax tariff and other tax incentives will not move Nigeria out of inglorious status of being a dumping ground. This desperate attempt to attract foreign investment will in no distance time 'cannibalize' indigenous car manufacturing companies like INNOSON Vehicle Manufacturing Company and other potential local industries. More so, Orovwuye and Odigie (2014) contends that these so called tax incentives are monies that would have gone into financing government spending on social provision as part of the fight against poverty and inequality.

Deduced from the above trends, there were so many good intentioned policies formulated to move the industrial sector forward to raise its contribution to Nigeria economic growth and development. The problem has to do with the political-will to implement these policies.

4.2. Factors Militating Against Industrialization in Nigeria

There are several problems that impede industrialization in Nigeria and the ineffective operation of the existing ones. Most significant among them are discussed below:

i. Defective Trade Policies

There are discernible defects in the various government plans and policies intended to advance the Nigerian manufacturing sectors forward into a sustainable industrial base. Adoghe (2013) rightly observes that Nigerian government was never proactive in terms of policy formulation until it is forced. That "most industrial development plans are no more than counter measures to correct perceived deficiencies in the economic in the economic sphere". He further contends that such knee-jerk policies are severely limited in scope and cannot sustain a framework for serious long-term industrial development. The industrial sector was built on a dependent economy and faulty policies which explain the serious decline in the manufacturing subsector. For instance, building an industrial policy around import substitution while relying on foreign technology and raw materials to produce what Adoghe referred to as "comparatively disadvantaged products" cannot be said to be sustainable. Most Nigerian trade policies sought to protect certain sub-sectors in a short-sighted and uncoordinated manner without thinking through some other true competitive advantages in an increasingly open and globalised world (Kimer, 2011).

ii. Infrastructural decay: The relevance of available and effective infrastructural facilities required for effective manufacturing operations can never be overemphasized. There is apparent derelict infrastructure such as electricity, telecommunication, port facilities, road networks, water supply, etc. All these constitute a serious challenge to both initial and subsequent operating cost of production for most industries thereby reducing their viability. Productivity at higher costs and the resultant low patronage led to the closures of a lot of manufacturing industries in Nigeria. The Manufactures Association of Nigeria (MAN) disclosed an "unrelenting free fall in its membership due to unsteady and inadequate power supply, dilapidate road network and absence of a defined master plan for railway development (Kolade-Otitoju (2009). The report gave instance of how some companies like Dunlop Nigeria plc which was a dominant manufacturing enterprise in the country had been shutting shops; Michelin, a tyre manufacturing company followed suit and the last surviving textile mill in Kaduna – the United Textile Mill (UNT) plc has been shut down for long. The result of this can be seen in sky-rocketed figure of unemployment in Nigeria. The United Nations Industrial Development Organization (UNIDO) statistics indicates that over 170 textile companies have closed shop on account of poor power and water supply, high cost of fuel etc. (Asaju et al, 2014).

iiiCorruption – corruption is a multidimensional factor that has impedes all developmental polices in this country. The industrial sector is not an exception. Analysts observe that some projects that could serves as vital component for industrialization have been subverted as conduits to siphon money from the public coffers. Orovwuje&Odigie (2014) lament that the New National Automotive Policy is a reflection of the usual deal by public officials "fronting for foreign business as partners and getting paid 10% while the country lose millions". Similarly Adoghe (2010) also laments that "the incestuous tripartite relationship among government, business moguls, and ethnic considerations in formulating the indigenization policy has been very troubling". The negative impact of this bureaucratic corruption is still here with us. Adoghe posits further that such ethnical consideration and bureaucratic corruption explains why the Ajaokuta steel plant, has been gestating for more than three decades despite the billions of Naira invested, while similar projects have been completed in three to five years in other climes.

vi. Lack of political-will to implement industrialization polices. There was hardly any administration that comes on board without virgin plan professionally packaged to industrialize the Nigerian economy. This is the usual political gimmick that is characteristic of Nigerian politicians or 'leaders'. They do these to raise the hope of the citizens, but all the plans and policies always ended up in a deadlock. They repeatedly go unimplemented as the administration quickly returns to the business as usual - rent collecting (Adoghe 2010, Asaju et al 2014). Overtly or covertly, Nigerian government lacks real vision to industrialize the nation. It is only expressing emotion. How can a government explain the importation of about 100 high capacity SURE-P buses, all from India for the Federal Capital City at the same time it is claiming to encourage local car manufacturing? This shows that the New National Automotive Policy without local content may go like its predecessors. This is an indication of lack of government political-will to implement the automotive policy

This lack of political-will manifests in many ways; there are instances where government uses industrial policies to play some political games. Kolade-Otitoju (2009) reveals that few days to the end of Obasanjo administration, government indicates its readiness to revive the textile industries through the proposed N70 billion Textile Revival Fund but the operators were not able to access the fund before the expiration of the tenure. The successive Yar'adua's administration also characteristically played games with the fund. The fund, according to the textile workers union was too small to bail out the textile sub-sector and insisted that there was a need to increase the proposed fund to N200 billion to save the sector. The same lip-service and bureaucratic battle necks which limits the access of the Bank of Industry (BOI) fund impede the realization of savings intent of the Textile Revival Fund and many other steps to revive the local manufacturing industries.

Much has been said on how the Nigerian government denigrates the knowledge and skill sectors which is key to sustainable industrialization. From the treacherous military era to the present political dispensation, governments have neglected the education sector which is meant to develop the Manpower needed to drive a sustainable industrial sector and other aspects of national development. The last ASUU, ASUP and COEASU strikes are pointers to the sheer lack of vision and real political–will to build and improve human capacity to drive a serious long term industrial development.

v. The process and effects of globalization is another serious impediment to industrialization in Nigeria. Experts have observed that the process of globalization which allows foreign private capital investment in Nigerian economy is daunting. Globalization as a dynamic process only benefits the stronger members of the world economy while the weaker ones find themselves further marginalized (Aluko. 2006). To (Aluko. 2006), Nigerian economy "was carefully developed to rely on the British and other western economies". For example, British companies as well as other companies from metropolitan countries of France, Italy, Netherland, USA and recently China, invested in the Nigerian economy, especially in the petroleum, banking and insurance. These metropolitan countries established multinational corporations as reveal by Agba in Ogaboh&Odu (2013) and Offiong (1995) include the dominant players in the oil sector like the Exxon Mobil Unlimited, Agip Petroleum Company, ELF Nigeria Limited, Total, Oando Oil, African Petroleum (AP), Chevron, Shell Petroleum Development Company (SPCD), Unilever, Julius Berger, Dumez, Leventis among others.

Ukaebu in Ogaboh&Odu (opt cit) posit that these companies operate with total neglect of local contents or indigenous techniques and centralized their research and development facilities in their corporate headquarters outside Nigeria. This could hardly encourage the transfer of genuine technology to the country. These multinational corporations have the capital and technological know-how which made them too strong for any indigenous company to compete favourably with. Unfortunately it is obvious that only these multinational companies flourish at woeful expense of Nigerian owned firms.

More so, trade liberation or free trade policy result in flooding of domestic market with imported goods and services at relatively cheaper rates, hence Nigeria becomes a dumping ground of goods, which are doing great harm to local industries. That result in the closure of a lot of manufacturing firms in Nigeria (Aluko, 2006; Ogaboh and Odu, 2013; Asaju et al. 2014). Although the presence of multinational companies in the telecommunication sector contribute relatively to the development of other sectors of the economy, but the extent of their destruction are incalculable.

There are so many other factors that impede industrialization in Nigeria. They include poor management culture, lack of capital accumulation, technological backwardness, brain drain among many others.

4.3. Implications of Industrialization or De-Industrialization on the Nigerian Economy

From historical perspectives, it is vivid that throughout the world, industrialization is the key to economic development. The economic breakthroughs recorded in the 18th, 19th and 20th countries in Europe, USA, and especially in emerging economic such as China, as well as the four Asian Tiger: Singapore, Hong Kong, South Korea and Taiwan results from a viral industrial sector. The telltale markers could serve as invaluable keys to fine-tuning the industrial development strategies of the developing economics like Nigeria especially in the area of industrial policy formulation.

Industrializing Nigerian economy has multiplier effects ranging from creating employment/job opportunities, which will invariably increase its contribution to the nation's GDP. For instance, in 1959 the manufacturing sector was the second largest employer of labour after agricultural sector and contributed 4.4 percent of the GDP. In 1970, it had risen to 9.4 percent. During the oil boom in 1973 it fell back to 7% but later rose to 13 percent in 1980 at the height of second oil boom. The contribution of the manufacturing sector to the economy is now staggering around only 4 percent (Onuba, 2014, Kimer 2011) compare with some of the tell tale markers like China, the manufacturing sector contributed about 46.8 to the GDP in 2010.

In terms of job creation, just within the last decade, the manufacturing sector employed more than 2.8 million people directly in 2002 but the number woefully fell to 1.5 million by 2009. This is as a result of policy reversal that led to the closure of 834 factories and nearly 80,000 jobs were lost (Onuba, 2014). This trend continues as the environment is unfavourable for the remaining companies struggling to survive. The result of this trend is that many firms are now operating below the installed capacity.

Industrializing an economy generates higher savings and capital accumulation and as well enhances balance of payment and favourable terms of trade. When commodities are processed locally it saves foreign exchange, reduces capital flight from Nigeria. Kimer (2011) posits that central to the transformation of countries is the growth and size of the manufacturing sectors because most successful countries have strong manufacturing base. He contends that growth in manufacturing value added has significant positive effects on employment creation, sustained increases in per capita income, technological innovation and adoption, competitiveness and economic growth of a country. Hence, industrializing Nigeria's economy becomes necessary.

5. Conclusion and Recommendations

5.1. Conclusion

Industrialization is very essential to economic development. It stimulates the development of other sectors of the economy. This paper examines several steps taken by successive administration to transform the industrial sector. The study shows that defective policies, inefficient physical infrastructures such as power supply, water, poor railway system and road network; processes and effects of globalization among others pose serious challenges to the growth of industrialization in Nigeria. The implication of this trend of industrial backwardness in Nigeria is raising the rate of unemployment, poverty and inequality in the country. The paper recommends a stringent home-grown industrial and trade policies that is internally consistent to protect Nigerian firms and the harnessing the country's enormous human and material resources to build strong economic industrial base before launching into the global market. Finally, it must be determined to fight corruption and as well encourage education and research which is the engine-room for national development.

5.2. Recommendations

The government has recently launched the National Industrial Revolution (NIRP) and the National Enterprise Development Programme (NEDEP) with the hope of transforming the nation's industrial landscape so as to increase the contribution of the manufacturing sector to the GDP from the current four (4) per cent to more than ten (10) per cent. This is realizable only if the right steps are taken at the right time.

The first step to improve the industrial sub-sectors must begin with getting the policies right. There is need for proactive industrial framework backed by real and passionate political will-power to implement such policies. Government must move from formulating industrial policies that remain academic in nature to those that are internally relevant and practicable. Policy that will protect the local industries and deepen local production and consumption to encourage local manufacturers by patronage of made in Nigeria products.

The importance of effective and efficient physical infrastructures cannot be overemphasized. Poor infrastructures, especially unsteady and inadequate power supply, dilapidated road network and absence of effective railway have forced many industries to either close down, reduce operations or relocate. Government must decisively improve power supply and other social infrastructures to ensure that there is favorable climate for sustainable industrialization and Small and Medium Enterprises to grow.

One cannot overlook the place of funding. Nigerian banks must remove all the bureaucratic bottlenecks that have made access to the claimed intervention funds difficult for manufacturers. Moreover, they must increase credit flow at lower interest rates for SMEs and local manufacturers.

There must be concerted effort to fight all forms of corruption that have impeded the implementation of development plans and programmes over the years. Some unpatriotic business moguls who benefit from commerce (importation of foreign substandard goods) are determined to frustrate any policy intended to boost local production to replace imports. They achieve this unpatriotic aims with the aid of their partners in public offices. Example can be seen in the smuggling of rice despite the relative ban on foreign rice to boost local production and consumption.

Government also needs to consciously move from spending on education to investing in education, research and development. Nigeria is currently facing the challenge of deficient human capital. This deficiency is undermining adequate utilization of the teaming labour force. Government and employers of labour should prioritize manpower development.

The process of globalization is irreversible, and it is only countries that are able to harness their human and material resources to build a strong economic base that benefit from this process. Nigeria has the potentials given the abundant human and material resources. These resources should be used to build a coherent and self-sustaining economic base that can favourably compete in the world market so as to grab the opportunities offered by globalization for economic development.

References

[1] Adoghe, E. (2010). Industrialization: the Nigerian way. Retrieved from www.nigeriavillagesquare.com/articles/guestarticles/industrialization-the-nigeria-way.html

[2] Aluko, Y.O. (2006). Globalisation: Concepts and Dimensions. In Ogunbameru, K.A. &Rotimi, W.R. (eds) *Man and his social environment*. Ibadan: Spectrum Books Limited.

[3] Asaju, K., Samuel, A., &Anyio, S.F. (2014). The Rising Rate of Unemployment in Nigeria: The Socio-Economic and Political Implications. *Global Business and Economic Research Journal, 3(2), 12-32.*

[4] Daniel, B. (2014). New Automotive Policy will reduce Presence of Second Hand Cars on Nigerian Roads. Internet retrieved from www.informationng.com/2014/01/new-automotive-policy-will-reduce-presence-of-second-hand-cars-on-nigerian-roads-jonathan.html on 08/07/2014

[5] Famade, O.O. (2009). Industrial Policies and Incentives in Nigeria over Time. Retrieved from http://www.com.ng/silent=pay-ab&hl=&source=hp&qindigenization

[6] Ikporukpo, C. (2002). Energy, Mines and Industries in Africa Atlas. Paris-France: Les EditioncJ.A.

[7] Kimer, J. (2011). Silent Factories and Empty Warehouse. Retrieved from www.nigeriaintel.com**on** /2011/10/07/ Silent-factories-empty-warehouse

[8] Kolade-Otitoju, B. (2009, June 29). President UmaruYar'Adua's Mid-Term Report Card is an Unflattering Mix of Broken Promises and Outright Failures, which has Sown Disillusionment in the Heart of many Citizens. *The NEWS, 4-14* .

[9] Ogaboh, A.M.&Odu, E. (2013). Globalization and the Challenge of Industrialization in Developing Nations: The Nigeria Experience. IOSR*Journal of Humanities and Social Sciences, 12(4), 41-47.*

[10] Onuba, I. (2014, February 12). FG Sets N5tn Revenue Target for Manufacturing Sector. *The Punch, 8-9.*

[11] Orovwuje, S.A. &Odigie, J.A. (2014).Nigeria Industrialization and the New National Automotive Policy. Retrieved from saharareporters.com/2014/04/17/nigeria-industrialization-and-the-new-national-automotive-policy

[12] Rafindadi, S.M. (2009). Development and Problem of Mondern Science and Technology. In Areo, P.A&Odo, R.C (eds) *Social Studies for Nation Building*. Zaria: ABU Press.

[13] Rodney, W. (1972). *How Europe Underdeveloped Africa*. Washington DC: A.U.P Ltd.

[14] Udu, E. &Agu, G.A. (2005).*New system Economics.* Onitsha: Africana First Publishers Ltd.

[15] Wikipedia (2014). Import Substitution Industrialization. Internet retrieved from en.m.wikipedia.org/wiki/Import_substitution_industrialization

[16] Yantumaki, I.S. (2009). Issues, Processes and Problems of Development. In Areo, P.A&Odo, R.C (eds) *Social Studies for Nation Building*. Zaria: ABU Press.