



IMPERATIVE OF INDUSTRIAL DEVELOPMENT IN NIGERIA.

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Abstract: While some countries have attained industrial development and working hard to maintain their status, several others are striving to attain the same feat. Nigeria ranks among countries working towards the attainment of industrial development. The issue of industrial development in Nigeria has attracted a large volume of quantitative examination. However, limited studies are focusing on a qualitative investigation of industrial development in Nigeria. The lack of qualitative studies on Nigerian industrial development constitutes a gap. Hence, this study became necessary, so, as to address the gap. The study's adopted methodology was an exploratory approach, whereby secondary sources constituted the prime retrieval avenue. Findings from the qualitative investigation indicated that the benefits associated with industrial development are enormous which includes a structural shift in the economy in favour of the industry. The study concludes that industrial development is a necessity. The recommendations that arose from the investigation include a concentric revisit of the industrial development policy in Nigeria. More so, a close monitoring of the proper implementation of industrial policy will serve a concrete purpose. In addition, improving the ease of doing business, enhancing security, and promoting innovation and research can contribute to the growth and competitiveness of Nigerian industries. Businesses must conduct feasibility studies to assess the suitability of potential sites. The optimal location should align with the industry's specific needs, objectives, and growth strategies while considering the broader economic, social, and regulatory context accordingly. If the suggestions provided above are implemented articulately, industrial development is imminent.

Keywords: Qualitative; Investigation; Industrial; Development; Nigeria

INTRODUCTION

There are existing probes into industrial development in Nigeria; however, many grey aspects still need to be uncovered such as insecurity, energy shortages, skills gap, and poor-quality control among others. Hence, the prime objective of this study is to dig deeper and more so, clarify some topical issues relating to industrial development in Nigeria in the literature. Accordingly, this study is investigative, and structured to offer some clarifications. The first dimension of clarification is why industries are vital for the development of a country's economy. The second focus has to do with the roles of industries in job creation, income generation, and technology advancement within a nation, and provide examples of their impact on

development. Third attention involves how industries affect other key sectors, such as agriculture, education, and healthcare, and how the interconnectedness contributes to holistic development. The fourth consideration dwells on challenges and obstacles confronting industries in Nigeria, and how such problems hinder the growth and development of Nigerian industries. Fifth concern centres on how infrastructure, policy, and regulatory issues generate impact on the industrial landscape in Nigeria, and the specific areas that require attention and reform. The sixth reflection deals with the roles that access to finance, skilled labour, and technology play in addressing the problems of industries in Nigeria. Lastly, though not least, places emphasis on familiarization with the critical factors that influence the decision of where to locate industries in a country, and how the factors affect the efficiency and sustainability of industrial development.

LITERATURE REVIEW

Otalu and Anderu (2015) assert that diverse national accomplishments typically connected to political administration, particularly in Nigeria, comprise industrial development. On the other hand, Aiyedogbon and Anyawu (2015) compare Nigeria's industrial development to a process that needs budgetary commitment and effective execution. More so, Ajayi (2007) postulates that industrial development consists of trends and patterns, particularly in Nigeria. Singh and Kumar (2021) contend in their study that government expenditures on R&D and industrial production are typically associated with industrial development, especially in Singapore. In the work of Adebayo, Adebusi and Ishola (2014), industrial development entails an econometric analysis of the impact of public expenditure on industrial growth in Nigeria. Furthermore, Aniche and Nwosuji (2018) opine that industrial development is that which requires social work invention.

In addition, Iweriebor, Egharevba and Adegboye (2015) define industrial development as that which consists of government spending. More so, Nwanne, (2015) postulates that industrial development is a consequence of government capital expenditure, especially on the manufacturing sector in Nigeria. Similarly, Tawose (2012) argues that in the case of Nigeria, the emergence of the industrial sector and the productivity thereof are the outcomes of public expenditure. Moreover, industrialization is a result of technology, according to Ikonne and Nwogwugwu (2020), and Nigeria cannot be an exception in the twenty-first century. According to Effiong (2022), globalization has made industrial development and performance in Nigeria feasible.

According to Adeoti (2010), industrial development, for instance as relating to the mustering of export potentials, is usually the making of consistent investment in technology. Particularly, in the Southern and Western regions of Nigeria. In the illuminations offered by the Central Bank of Nigeria (2000), industrial development is what usually follows the proper structuring of an economy. As such, appropriate restructuring of the Nigerian economy, is being consistently advocated, to enhance Nigeria's attainment of desired industrial development with time. Furthermore, Chete, Adeoti, Adeyinka and Ogundele (2016) postulate that industrial development in Nigeria is ordinarily a creation of industrial policy. However, building some strength for optimal utilization of available opportunities in the environment is very vital. The authors equally argue that Nigeria is a resource-rich country.

According to Oyelaran-Oyeyinka (1997), industrial development is realistic when both industrial technology policy and adequate implementation processes are set in motion. The author argues that the foregoing is highly needful in Nigeria. Similarly, the same author, Oyelaran-Oyeyinka (2004), opines that industrialization is a product of the systematic implementation of networking and technical changes. More so, Oyelaran-Oyeyinka (2011) argues that industrial development in Nigeria is a yearning, hopefully realizable in future. Similarly, Perez and Soete (1988), contend that industrial development is a term for describing economies that have secured technology competency.

Industrial development has remained a concern in Nigeria. Literature disclosed that both KPMG (2024) and PwC (2024) projected related outlook for 2024. KPMG indicated concern that there were gridlocks ahead, PwC came up with similar view and further highlighted the need for efficient implementation of certain policy direction.

QUALITATIVE INVESTIGATION

Importance of Industries in Development

Industries play a crucial role in the development of the Nigerian economy. Among their importance are:

- i. **Economic Growth:** Industries contribute significantly to economic growth by creating jobs, generating income, and stimulating investment. They contribute to the gross domestic product (GDP) of Nigeria, providing a source of revenue for the government and fostering overall economic expansion.
- ii. **Job Creation:** Industrial sectors such as manufacturing, construction, and mining offer employment opportunities to a large segment of the population. Job creation in industries helps reduce unemployment and underemployment, alleviating poverty and improving the standard of living.
- iii. **Foreign Exchange Earnings:** Industries that produce goods for export, such as oil and gas, solid minerals, and manufactured products, contribute to Nigeria's foreign exchange earnings. This revenue is vital for financing imports, repaying foreign debt, and maintaining foreign currency reserves.
- iv. **Economic Diversification:** Industries provide a means to diversify the economy away from overreliance on a single sector, such as oil and gas. A diversified economy is more resilient to external shocks, reduces vulnerability to commodity price fluctuations, and promotes long-term sustainability.
- v. **Technological Advancement:** Investment in industries often leads to technological advancements. By adopting modern production methods and technologies, Nigerian industries can increase efficiency, productivity, and competitiveness on the global stage.
- vi. **Value Addition:** Industries add value to raw materials and natural resources, transforming them into finished goods. This value addition not only increases the economic worth of these resources but also creates opportunities for higher-skilled jobs and greater revenue.
- vii. **Infrastructure Development:** Industrialization often necessitates the development of essential infrastructure, such as roads, railways, power plants, and telecommunications networks. These infrastructure projects benefit not only industries but also the broader economy by improving connectivity and accessibility.
- viii. **Supply Chain Development:** The growth of industries fosters the development of supply chains, including suppliers, distributors, and service providers. This interconnected network of businesses generates additional economic activity and promotes economic linkages.
- ix. **Urbanization and Regional Development:** The concentration of industries in specific regions can lead to urbanization and regional development. It can attract workers and businesses, stimulating growth in urban centres and creating opportunities for infrastructure development in previously underserved areas.
- x. **Tax Revenue:** Industries contribute to government revenue through taxes and other levies. This revenue has good usage in public services, infrastructure, and social programs, further promoting economic development.
- xi. **Export Promotion:** Export-oriented industries contribute to trade balance by earning foreign exchange through the sale of goods and services abroad. This helps stabilize the exchange rate and supports the overall balance of payments.
- xii. **Skills Development:** Industries often require a skilled workforce. As the industrial base expands, there is a greater demand for skilled workers, which can lead to investments in education and training programs, benefiting human capital development.

- xiii. ***Innovation and Research:*** Industrialization encourages research and development activities, fostering innovation and creativity. This can lead to the development of new products, technologies, and solutions that benefit various sectors of the economy.
- xiv. ***Competitiveness:*** A robust industrial sector can enhance the competitiveness of a nation's economy on a global scale. By producing high-quality goods and services, Nigeria can compete effectively in international markets, attracting foreign investments and buyers.

Problems of Industries in Nigeria

Nigeria faces several challenges and problems in its industrial sector, which have hindered the growth and development of industries in the country. Some of the key problems include:

- i. ***Infrastructure Deficit:*** Inadequate and unreliable infrastructure, including power supply, transportation networks, and telecommunications, poses a significant challenge to industries in Nigeria. Frequent power outages, poor road conditions, and limited access to modern ports increase production costs and disrupt supply chains.
- ii. ***Energy Shortages:*** Inconsistent and insufficient power supply is a major problem for industries. Many companies rely on expensive alternative power sources, such as generators, which drive up production costs. The lack of affordable and reliable energy hampers industrial productivity.
- iii. ***Policy Inconsistencies:*** Frequent changes in government policies, regulations, and tax regimes have created uncertainty for businesses. Industries need stable and predictable policies to make long-term investments and plans.
- iv. ***Inadequate Access to Finance:*** Access to affordable financing remains a challenge for industries, particularly for small and medium-sized enterprises (SMEs). High-interest rates, limited access to credit, and a lack of venture capital hinder business expansion and investment.
- v. ***Bureaucracy and Red Tape:*** Complex and time-consuming bureaucratic processes for permits, licenses, and approvals can discourage investment and hinder the ease of doing business. Corruption and rent-seeking behaviours within the bureaucracy also pose challenges.
- vi. ***Insecurity:*** Security challenges, including militancy, kidnapping, and communal violence, have disrupted industrial activities, particularly in certain regions of Nigeria. This insecurity disrupts supply chains, discourages investment, and increases operational risks.
- vii. ***Poor Quality Control:*** The lack of stringent quality control standards and enforcement mechanisms can lead to substandard products. This hampers the competitiveness of Nigerian industries in both domestic and international markets.
- viii. ***Skills Gap:*** Industries often struggle to find skilled and technically competent workers. A misalignment between the skills of the workforce and industry needs contributes to reduced productivity.
- ix. ***Import Dependency:*** Many industries in Nigeria are heavily reliant on imported raw materials and machinery. Exchange rate fluctuations and import restrictions can affect the cost of production and create supply chain disruptions.
- x. ***Environmental Challenges:*** Some industries in Nigeria have faced criticism for their environmental practices, such as pollution and deforestation. These issues can lead to conflicts with local communities and regulatory challenges.
- xi. ***Lack of Research and Development (R&D):*** Insufficient investment in research and development hinders innovation and technological advancement within industries. This limits the ability to compete in global markets and improve product quality.
- xii. ***Inadequate Access to Market Information:*** Many industries lack access to up-to-date market information, hindering their ability to identify trends, consumer preferences, and potential export opportunities.
- xiii. ***Global Economic Factors:*** Nigeria's industries are vulnerable to global economic factors such as fluctuations in oil prices, which upset government revenues and foreign exchange reserves, affecting industries' access to foreign currency.

- xiv. ***Infrastructure Theft and Vandalism:*** Acts of sabotage, theft, and vandalism of critical infrastructure, such as pipelines and telecommunications facilities, disrupt industrial operations and lead to financial losses.

FINDINGS

Findings reveal that the siting of industries in Nigeria, like in any other country, depends on various vital factors that influence the decision-making process of businesses. These factors are critical for determining the location of industrial facilities and can significantly interrupt the success and sustainability of these industries. Some of the vital factors for the siting of industries in Nigeria include:

- i. ***Infrastructure Support:*** The availability of industrial parks, industrial estates, and supportive infrastructure like sewage systems, waste disposal facilities, and telecommunications services can attract industries to specific areas.
- ii. ***Skilled Labour Force:*** Access to a skilled and trainable labour force is essential for industries to meet their workforce requirements. Proximity to educational institutions, technical and vocational training centres, and a pool of skilled workers can be attractive to industries.
- iii. ***Energy Supply:*** A reliable and affordable energy supply is critical for industrial operations. Industries require access to electricity and, in some cases, other forms of energy such as natural gas. Siting near energy sources or regions with stable power supply is advantageous.
- iv. ***Infrastructure Theft and Vandalism:*** Some industries may consider the prevalence of infrastructure theft and vandalism in certain regions, as these issues can disrupt operations and increase security costs.
- v. ***Transportation and Infrastructure:*** Adequate transportation infrastructure, including roads, railways, ports, and airports, is essential for the movement of goods and materials. Industries often prefer locations with well-developed transportation networks to facilitate distribution and logistics.
- vi. ***Access to Finance:*** Industries require access to financial institutions for capital investment and working capital. Siting industries near financial centres or regions with a developed financial sector can facilitate access to finance.
- vii. ***Market Access:*** Industries need access to both domestic and international markets. Proximity to target markets can reduce transportation costs and facilitate the distribution of products. The size and purchasing power of the local market are important considerations.
- viii. ***Proximity to Raw Materials:*** Access to raw materials is a crucial consideration for industries, especially those involved in manufacturing and processing. The availability of essential inputs in the vicinity can reduce transportation costs and ensure a steady supply of resources.
- ix. ***Market Access:*** Industries need access to both domestic and international markets. Proximity to target markets can reduce transportation costs and facilitate the distribution of products. The size and purchasing power of the local market are important considerations.
- x. ***Government Policies and Incentives:*** Favourable government policies, tax incentives, and regulatory conditions can influence the siting of industries. Governments may offer incentives such as tax breaks, subsidies, or grants to attract industries to specific regions.
- xi. ***Security and Stability:*** A stable and secure environment is crucial for industrial operations. Industries may avoid areas with a history of insecurity, conflict, or social unrest that could disrupt business activities.
- xii. ***Environmental Considerations:*** Industries need to adhere to environmental regulations and minimize their impact on the environment. Siting industries away from ecologically sensitive areas and ensuring compliance with environmental standards is essential.
- xiii. ***Water Supply:*** Adequate access to clean and reliable water is necessary for industrial processes, cooling, and sanitation. Industries may consider locations with a dependable water supply source.

- xiv. ***Proximity to Suppliers and Service Providers:*** Being close to suppliers of equipment, spare parts, and services can reduce lead times and maintenance costs. Industries often choose locations with a network of suppliers and service providers.
- xv. ***Cost of Land and Real Estate:*** Land and real estate costs can significantly disrupt the decision to site an industry. Affordable land prices and rental rates constitute decision variables that businesses consider.
- xvi. ***Local Regulations and Compliance:*** Compliance with local regulations, zoning laws, and land-use policies is necessary. Industries need to ensure that their operations align with the legal and regulatory framework of the chosen location.
- xvii. ***Cultural and Social Factors:*** Cultural factors, including language, customs, and social dynamics, can influence the choice of location. Industries may consider areas where they can establish positive relationships with local communities.
- xviii. ***Infrastructure Theft and Vandalism:*** Some industries may consider the prevalence of infrastructure theft and vandalism in certain regions, as these issues can disrupt operations and increase security costs.
- xix. ***Competitive Landscape:*** Industries may analyse the competitive landscape in a particular region, taking into account the presence of competing businesses and potential collaborators or partners.

CONCLUSION AND RECOMMENDATIONS

In conclusion, industries are instrumental in driving economic development in Nigeria by creating jobs, contributing to GDP, promoting economic diversification, and fostering technological advancements. A vibrant industrial sector not only strengthens the economy but also supports social progress and poverty reduction. Therefore, promoting the growth and sustainability of industries remains a critical goal for Nigeria's economic development. Attaining the goal requires concerted efforts by the government, private sector, and other stakeholders. The choice of location for industries in Nigeria depends on a careful evaluation of vital factors.

A string of recommendations emanates from this investigation. For instance, policies that promote infrastructure development; provide access to finance, ensure policy stability, and support skills development are essential for revitalizing and sustaining Nigeria's industrial sector should be developed. Additionally, improving the ease of doing business, enhancing security, and promoting innovation and research can contribute to the growth and competitiveness of Nigerian industries. Businesses must conduct feasibility studies to assess the suitability of potential sites. The optimal location should align with the industry's specific needs, objectives, and growth strategies while considering the broader economic, social, and regulatory context.

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