

Analysis of Industrial Development and Security Challenges in Nigeria: A Call for an Integrated Policy Framework

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Abstract This study examines the reciprocal relationship between industrial stagnation and escalating security challenges in Nigeria, with emphasis on the manufacturing sector and its socio-economic implications. A qualitative descriptive approach was adopted using secondary data from the National Bureau of Statistics (NBS), Central Bank of Nigeria (CBN), and peer-reviewed literature published between 2015 and 2025. The study employed systematic thematic analysis, data triangulation, and cross-validation of statistical sources to enhance analytical reliability and reduce interpretive bias. Findings reveal a self-reinforcing cycle in which policy instability, infrastructural deficits, and declining industrial output intensify unemployment and poverty, thereby heightening social unrest and criminal activities. In turn, insecurity disrupts production processes, discourages investment, weakens workforce stability, and inflates operational costs. The study advances contemporary understanding of the industrial–security nexus by synthesizing economic and human-security perspectives within a unified analytical framework. It concludes that isolated policy interventions are insufficient and advocates for an integrated policy architecture that simultaneously addresses industrial revitalization and national security sustainability.

Index Terms- Industrialization, Manufacturing Sector, Economic Security, Insecurity, Development Policy, Nigeria.

Plain Language Summary

This study explains how Nigeria's weak industrial growth is closely connected to rising insecurity. When industries fail to expand, unemployment and poverty increase, creating frustration and making

crime and violence more likely. At the same time, insecurity discourages investors and disrupts factory operations, further weakening industrial progress. The research shows that solving industrial and security problems separately is ineffective; both must be addressed together through coordinated national policies.

I. INTRODUCTION

Industrialization remains a critical engine of structural economic transformation, enabling societies to shift from primary production to technology-driven and value-added activities (Szirmai, 2012). For developing nations such as Nigeria, a vibrant manufacturing sector has historically been associated with employment generation, skill acquisition, export diversification, and resilience against commodity price fluctuations (Cramer, Sender & Oqubay, 2020). Since independence, successive Nigerian governments have adopted industrialization as a central pillar of national development planning.

Despite these aspirations, Nigeria's industrial sector particularly manufacturing has experienced prolonged stagnation and a declining contribution to Gross Domestic Product (GDP) (World Bank, 2022). Persistent challenges such as erratic power supply, limited access to finance, infrastructural decay, foreign exchange volatility, and policy inconsistency continue to constrain productivity (Edwards & Ogbu, 2024). Concurrently, Nigeria faces multifaceted security challenges, including terrorism, banditry,

kidnapping, and communal conflicts, all of which carry severe socio-economic consequences (International Crisis Group, 2023).

Emerging scholarship suggests that industrial decline and insecurity are not isolated phenomena but mutually reinforcing crises (Onwuka & Achebe, 2025; Adekoya et al., 2025). While prior studies often examine these issues independently, limited empirical synthesis exists on their bidirectional interaction within a unified policy framework. This study addresses this analytical gap by investigating the industrial–security nexus and proposing integrative policy responses.

II. LITERATURE REVIEW

2.1 Trajectory and Constraints of Industrialization in Nigeria

Scholarly assessments frequently describe Nigeria’s industrialization journey as cyclical—characterized by periods of optimism followed by structural setbacks. Although early post-independence decades witnessed moderate growth, the sector has struggled with de-industrialization since the late 1980s (Chete et al., 2014). Recent studies by Agri et al. (2023) and Obasan et al. (2024) highlight macroeconomic instability, exchange-rate volatility, inflation, and excessive import dependence as critical constraints. Reports from the Manufacturers Association of Nigeria (2023) consistently identify insecurity, unreliable electricity, and multiple taxation as leading operational challenges.

2.2 Economic and Social Dimensions of Insecurity

Contemporary literature increasingly emphasizes the economic implications of insecurity beyond its humanitarian costs. Empirical findings indicate that insecurity reduces GDP growth, discourages foreign direct investment (FDI), and raises the cost of doing business through insurance premiums and private security expenditure (Adekoya et al., 2025; Eme & Anazodo, 2022). At the micro-economic level, insecurity contributes to labour migration, absenteeism, disrupted logistics, and declining firm productivity (Onwuka & Achebe, 2025; Nworgu, 2025).

2.3 Conceptualizing the Industrial–Security Nexus

The interrelationship between development and security is well established in political economy discourse (Buzan, Wæver & de Wilde, 1998). The “conflict trap” thesis posits that poor economic performance heightens conflict risk, which in turn undermines economic prospects (Collier, 2007). In Nigeria, youth unemployment—often linked to limited industrial absorption capacity—has been identified as a significant driver of criminal recruitment and social unrest (Ibrahim, 2021). Collectively, existing studies reveal correlation but offer limited coordinated policy pathways, a gap this research seeks to address.

III. METHODOLOGY

This study adopted a qualitative descriptive research design to provide an integrative understanding of industrial performance and security dynamics in Nigeria. The approach was selected for its suitability in synthesizing economic indicators with socio-political trends.

3.1 Data Sources

Secondary data were obtained from:

- National Bureau of Statistics (NBS) reports on GDP, unemployment, and manufacturing output (2015–2023).
- Central Bank of Nigeria (CBN) Statistical Bulletins and Annual Reports.
- Peer-reviewed journal articles, policy briefs, and institutional reports published between 2015 and 2025.

3.2 Analytical Procedure

A systematic thematic analysis was conducted through the following stages:

1. Data Familiarization: Review of statistical and textual sources.
2. Coding: Identification of recurring themes relating to industrial constraints and security impacts.

3. Theme Categorization: Grouping codes into economic drivers, governance factors, and security outcomes.
4. Triangulation: Cross-verification of findings across multiple data sources to enhance validity.
5. Reliability Assurance: Cross-validation of statistical reports and peer-reviewed literature minimized interpretive bias and ensured analytical consistency.

This methodological combination strengthened credibility and improved the robustness of inferential interpretations.

IV. DISCUSSION OF FINDINGS

Findings indicate that Nigeria's manufacturing sector continues to operate below optimal capacity, with average capacity utilization estimated at 56.7% between 2019 and 2023 (CBN, 2023). This underperformance contributes to elevated unemployment levels, estimated at 33.3%, and poverty rates exceeding 40% (NBS, 2023; World Bank, 2022). Economic marginalization, particularly among youth populations, increases susceptibility to criminal activities and social unrest (Ibrahim, 2021).

Insecurity functions as an indirect economic tax on industrial productivity. Case evidence from the North-East, North-West, and Niger Delta regions reveals frequent operational disruptions, forced closures, and heightened expenditure on logistics and private security (Manufacturers Association of Nigeria, 2023; Nworgu, 2025). Kidnapping threats have significantly reduced workforce mobility and discouraged expatriate expertise, undermining technical efficiency and project execution (Onwuka & Achebe, 2025).

The study identifies a cyclical causal pathway:

Industrial Decline → Unemployment/Poverty → Social Grievance & Criminality → Heightened Insecurity → Disinvestment & Disruption → Further Industrial Decline.

Governance weaknesses—particularly policy inconsistency and limited corporate social accountability—further intensify this cycle by eroding public trust and community cooperation (Golley & Ejairu, 2019).

V. CONCLUSION AND RECOMMENDATIONS

The study concludes that industrial underdevelopment and insecurity in Nigeria are intrinsically interconnected in a mutually reinforcing cycle that constrains sustainable national progress. Addressing either dimension in isolation produces limited and short-lived outcomes. Industrial revitalization requires a secure environment, while enduring security depends on inclusive economic growth driven by productive industries.

This research contributes to policy scholarship by proposing a synchronized industrial–security model adaptable to other emerging economies facing similar structural constraints.

Recommendations

1. Integrated Industrial–Security Zones (IISZs): Establish pilot economic zones with embedded community-based security systems.
2. National Youth Industrial Employment (NYIE) Scheme: Provide fiscal incentives for industries employing youths from high-risk regions.
3. Strategic Infrastructure Fund (SIF): Guarantee transparent financing for power, rail, and port infrastructure.
4. Corporate–Community Security Partnerships (CCSPs): Encourage structured corporate social investment in host communities.
5. National Data Council on Economic Security: Promote real-time data sharing among industrial planners and security agencies.

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sources.

Ethics: Based solely on secondary data; no human or animal subjects involved.

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