

# Reforms To Abort Problems of Industrialization in Nigeria

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**Abstract-** *Industrialization is a major factor in the development and economic growth of any nation. Nigeria as a case study, a plethora of policies, strategies and programs have been developed towards the advancement of industrialization process since its independence in 1960. One of the key considerations for these industrial policies in Nigeria is gained from the acquittal that the growth of industries would render the approach for employment of labour, thereby reducing poverty to the lowest level. These policies have proved abortive due to incessant power outages, multiple government taxations, lack of finance/capital and insecurity including infinite of challenges. This study, therefore, aims to highlight the challenges of industrialization in Nigeria, and ways of aborting it through creation of a business-enabling environment. It recommends that government should speculate and adopt policies that would encourage entrepreneurship, self-reliance local manufacturing and trade performance among citizens as well as industrial advancement to further economic growth. Industrialization facilitates economic growth through the innovative activities of entrepreneurs, finances should be available to same and medium scale enterprises (SMEs) Research and Development entrepreneurs should be dilated to enable them to continue their role in investment, employment growth and innovation. There is also a very epochal need for the non-government organizations to aid the Nation to industrialize and promote the manufacturing systems.*

**Index Terms-** *Small and medium scale enterprise, Research and Development, Economy, Industrialization Manufacturing.*

## I. INTRODUCTION

Industrialization is an economic development driver. It can be defined as a change in a country's form of production and work force towards producing or underage industries and also relates to different income levels acquirement in which nations can be classified such as high-income, lower upper income,

higher middle income, lowers middle income higher upper income and the low-income countries. It concerns the introduction, growth and development of industries and several sectors of the economy, such as construction, manufacturing, communication, building, real estate, banking and public utilities in different parts of the country. The level of industrialization of a country facilitates its arable ability to make the essential goods and services available, saves time and labor, stimulate other sectors of the economy, enable self-reliance reduce poverty, improve living standard, increase the earning power of the populace, balance of payment stability, development of skilled manpower, minimize social tension by creating more employment opportunities, and sustain economic growth and development.

## II. LITERATURE REVIEW

Nigeria, as a country has not fully utilized its opportunities and resources in the industrial sector to its advantage, as its realization has been hindered by a countless of challenges and limitations that faced the abortive and unsuccessful attempts at industrialization process. However, while they are commonly used, their services are far from being satisfactory, as their attitude towards advancing credit facilities to industrialists, especially the SMEs is just too unacceptable and ineffective. As the World Bank observes, SMEs and entrepreneurs are less liable to be able to obtain loans, than innovative, large, and fast-growing firms and companies with a higher risk-return profile. The issue lies on the inability to gather and make vast amounts of money available for large development projects that can actually spark off industrial and overall economic development. This is particularly the case with most national development banks that are totally or exclusively funded by

national governments. The resultant effects of inadequate credit facilities include the non-affordability of the economic quantity of raw materials, accommodation problems and accumulated rents payment of poor workers' salaries leading to workers being disgruntled and ineffective, credit purchases, and sub-standard packaging of products. Lack of Technological Capacity. However, the current infrastructure base in Nigeria is grossly inadequate in terms of capacity and quality and is not capable of catering for the anticipated industrial development. The country lacks facilities such as good road network, water and rail transport facilities, electricity supply despite government investments, communication facilities, and, most importantly. The absence of these infrastructure, no doubt, contributes to the non-competitiveness of goods produced in Nigeria, and thus make imported products cheaper. Government Taxations in most cases are multiple, and often illegal, industrial taxation demanded by purported state government tax officials. (Dictionary.Cambridge, 2021) although tax remittance is a significant source of revenue generation that helps the government to meet its statutory obligations, its numerosity and duplication by government agencies has turned it into a clog in the wheel of progress for micro, small and medium scale businesses. Some entrepreneurs who fail to pay them are intimidated to the extent of being dragged to court or have their business shut down. Undoubtedly, this deter industrialization and create a handicapping, far from an industrially friendly business environment. Illiteracy and Inadequate Skilled Manpower Education causation the technical know-how and managerial competence of industrialists, such as SMEs operators. However, in Nigeria, the illiteracy rate is high and it is worsened by the lack of adequate technical education in secondary schools and universities. On the part of skilled manpower, what is required for high industrial growth is gross inadequate in Nigeria. For instance; during the 1970s industrial development, the significant limitation was not so much that of finance but dearth of human capital including an skills required for initiating and techno-managerial capabilities, implementing, and managing industrial projects (Harley,2011) It was evident by the fact that project preparation, feasibility studies, erection, engineering drawings and designs including construction, and commissioning, relied

heavily on foreign technical skills and services. Political instability & Insecurity and corruption is the cog in the Nigerian wheel of progress and development. The causes of corruption in Nigeria have been identified to include social insecurity and over-centralization of resources at the centre. As a result, Nigeria ranks highly in the Corruption Perception Index. This has tremendous effect for investment and foreign Direct Investment (FDI) flows into the country (Arize, 2023).

#### Industrial Reforms

The industrial revolution was a period lasting from the mid-18th century to the mid-19th century that saw the development and popularization of mechanized means of production as a replacement for hand production; the Industrial Revolution led to unprecedented expansion in wealth and financial wellbeing for some (History.com, 2021). It also led to accrued labor specialization and allowed cities to support larger populations, motivating a rapid demographic shift. People left rural areas in large numbers, seeking potential fortunes in undeveloped industries. The revolution quickly spread beyond Britain, with manufacturing centers being established in continental Europe and the United States (investopedia.com, 2021).

### III. INDUSTRIALIZATION AND ITS CHARACTERISTICS

Industrialization is the historic period of social and economic change that transforms a human group from an agrarian society into an industrial society, involving the extensive re-organization of an economy for the purpose of manufacturing (O'Sullivan and *Sheffrin*, 2003). Industrialization is part of a process where people adopt easier and cheaper ways to make things.



Figure 1 Samples of Industrialization

Through automation, it becomes possible to produce more goods in a shorter amount of time. More things can be produced by fewer people (Maddison, 2007). As industrial workers' incomes rise, markets for consumer goods and services of all kinds tend to grow and provide a further stimulus to industrial investment and growth, (O'Sullivan and *Sheffrin*, 2003). Characteristics of industrialization include economic growth, more efficient division of labor, and the use of technological innovation to solve problems as opposed to dependency on conditions outside human control (investopedia.com, 2021).

In this study, the researcher tends to focus on means and solution to only two major industrial problems.

#### Industrialization Problems and Solutions

In Nigeria, the two major Industrial Problems that eat deep in manufacturing and industrializations are;

- Energy
- Capital
- Government Policies
- Research and Development

#### Energy Generation or Power Generation

Energy generation, one of the major problem of industries and industrialization in Nigeria since the ages and existence of the country. Lack of adequate power or energy generation in the Country has back slides, stopped-up and eliminates several Public Liability Companies and small and Medium Scale Industries. It has also radically diminished the existence of several industries and industrialization of Nigeria as a Country. Improper energy generated and apportioned in the Country influence significantly the existing Industries productivity, increase their

material wastes and causes frequent damage of their industrial machines due to lack of constant supply of the energy generated. These problems cause the industries to run at a very high risk and cost to manufacture any goods which however, influence the marketability of the products and services of the industries. It also involves more financial power and labor force to run the industrial system in the country. The energy sector in any country, is the back bone of the country economic growth.

#### Resolution to Energy Generation for Industrial Use

The industries are firstly tasked with their practicability studies. A detailed and well-designed feasibility studies will aid the industry or industries to realize the best location for their industrialization activities. It will help to recommend the best alternative energy generation to be adopted in the industry and the best location or source to harness the energy for industrial usage and consumption.

Industries must not depend solely on Nigerian energy generation; they need alternative source of energy or power.

In industrialization, industries should have their mini hydropower generation source for their industrial consumption. Furthermore, a mini hydro energy system can help the industries to ensure a steady power generation to ensure constant use of energy.

Solar Energy generation is third best energy generation in the world can also be adopted for use in industries.

Biofuel can also be an alternative to energy generation in the industries power generation system. It's a recycling process of bio material as an option to energy generation for industrialization usage. It is a very nice source of energy generated using bio materials. Biomaterials are degradable material.

Wind energy generation system is also an alternate for energy generation which can be generated for industrialization and for industries usage. Industries can also utilization wind energy generation as an alternative to Nigerian power generation system.

It's an excellent source of energy generation that can take very good care of industries power usage. Turbines are used for generating energy in the industrial sectors will eliminate the problem of insufficient energy generation in the industrial system. If they wish to generate more energy that can serve more than their industrial sector. The industry can deal the energy within its locality to generate some financial investment to their industrial system.

Introduction of nuclear energy generates a means of generating energy in the industrial sectors. If the industries can have the financial muscle to establish the nuclear energy system, it will eliminate the problem of industrial energy generation and its effects and consequences of constant power or energy failure in the industrial system; it promotes continuous improvement in the industrial sectors. It will also help to produce the best goods from the industries and gives a smooth running and the efficiency of the industrial products will improve. This will be a boost to the industries and it will help the industries to compete in the market.

The energy generation will promote industrialization of mass production of goods. This requires more labor to achieve. And so would lead to employment of capable hands in the production process. However, as the country industrialize; more people would be employed to keep up with the production rate.

As employment is generated while the number of unemployed reduces. This goes to reduce poverty in the country. However, it will increase industrial product means that the masses now have variety of goods to choose from at affordable prices. This equally goes to improve the living standards of the populace.

Industrialization leads massive production of goods. Some of these goods may not be needed for local consumption. Thus, they are exported. This generates foreign exchange for the country, improve the countries balance of payment and ultimately stimulate economic growth. Also, it leads to the conservation of foreign exchange. Funds that would

have been used to purchase foreign goods are reserved, since such goods are made locally.

#### Capitalization of Industrial Sectors

In industries one of the major problems of any industry is the finance or the capital to establish and run the company smoothly. Nigeria, assess to industrial loans from the Federal Government and the Non-Governmental Organizations in the country is almost infeasible due to the Nigerian system of Government, too much corruption in the system, as man know man in the system and ethnicity problems in the Country.

Lack of capital in the industrial system leads to lack of basic infrastructures in the system and in the country.

The high rate of the country's exchange rate eats deep into industrial financial power or capital and influence the industrial productivity in a high negative way.

However, deficiencies of capital to industrialization or the industrial system in the Country has leads to the Country's diminish to economic development and development of the Country. This leads to high rate of unemployment to the society, lack of basic infrastructures, lack of manpower training, lack of social activities and social security, lack of entertainment and deficiencies in labor force and productivity rate in the industrial system.

There is an urgent need to hone the problem of capital in industrial system because it is the life wire of industrialization and always a life wire to the growth and development of any Country's economy.

#### Resolution to Capital for Industrial Sectors.

Federal Government should make assess to industrial loans very easy and simple especially for the small and medium scale industries in the Country without the influence of corruption or as man know man or even ethnicity in the process of collecting the industrial loans. Process and methods of collecting the industrial loans should be advertised to the public for the awareness of the

public. Industries will be trained on how to obtain the Federal Government industrial loans and they should also help the industries in acquiring the loans.

Non-Governmental Organizations (NGO's), like the World Bank, International Monetary Fund (IMF) and others, should ally with the industrial sectors for monetary funding of the industries. As a means of assessing the Non- Governmental Organizations loans should be made public to the industrial system and the Nigerian Government also has a role to play in other to ensure that the industrial sectors has an easy access to the Non-Governmental Organizations loans; this will This will grow the industrial sectors within the Country.

The Nigerian Government should evolve a means of stabilizing the country's exchange rate for the industrial sectors. This will help the industries to assure just in time production and with the expected cost of production. It will help the industries to coordinate their daily production action without any financial turbulence in the production of their goods and purchasing of their raw materials within and outside the Country.

The government and the industries should work towards developing the manpower training system in industrialization system. Technical courses should be acquaint into the manpower training curriculum, with more emphasis on practical than theories. Industrial sectors can also adopt the strategy of sponsoring eligible students to go to more technologically precocious countries to acquire technical knowledge that would be invaluable to the country.

Government should make policies approving to the capital improvement of industrial sectors. Policies like tax holidays, excise duty reduction and tariff protection. Government should also aid special loans to encourage export of locally made goods to help the industrialization sectors to improve their financial power.

The government should provide adequate infrastructure like electricity, a perfect rail way system round the nation, good road network and

water transport facilities, improved communication infrastructures and promotes any means of basic infrastructures development by any industry and beyond. All these would facilitate the production and movement of goods within and outside the country. It will aid the growth of the industrialization capital and the growth of the economy (Blessing, 2023).

Government should minimize the constant change of economic policies. Adequate measures should be employed to gear the security problems in various regions of the country, especially, the Boko Haram insurgence in the North. The problem of militancy should urgently address. The problem of Fulani's herdsmen should be addressed urgently.

Government and the industrial sectors should form allies for the improvement of industrial capitalization which will enable to the growth and development of industrialization in the Country. When the capitalization of industrial sector has grown, the Federal Government and the Non-Governmental Organizations assist in industrial loans by making it easier, cheap and less interest rate to the industrialists, the economy of the Country will grow. If it can be achieved it will lead to massive employment to the masses, enhancement of entertainment industries, availability of basic infrastructural amenities, improvement of social activities and social security, growth and development of the country's economy.

#### Government Economic Policies

Government policies and its economic policies are one of the tough policies that influence the industrialization and manufacturing systems of the country. The government has no enhanced and modern policies that will appraise the industrial policies of the country. The government often allows the control of a business because of ethnic or religious or selfish interests.

#### Resolution to Government Economic Policies for Industrialization

Economic Policy is a government policy that reflects the rules and regulations for how the economy will function is referred to as economic policy. Introducing the gold standard and

eliminating the silver standard was one form of economic policy.

Industrial Policy is the strategic effort by the state to encourage the development and growth of a sector of the economy.

Technology policy is a form of 'active industrial policy', and effectively argues, based on the empirical facts of technological development as observed across various societies, industries and time periods, that markets rarely decide industrial fortunes in and of their own and state-intervention or support is required to overcome standard cases of market-failure.

The stimulation of these policies to its full force ensures the growth and development of industrialization in the country.

Copyright: Copyright is the exclusive right given to the creator of a fanciful work to reproduce the work, usually for a limited time. The core of such right is to encourage the industrialist or the producer to reap the dividend of its work.

These policies govern by the government bodies helps to grow and develop the economy through industrialization and manufacturing.

#### Research and Development

Deficiencies and lack of encouragement in research and development by the industrialization sectors and government aggravate the industrialization sectors and manufacturing systems and also the country's economy.

#### Resolution to Research and Development for Industrialization

Government should encourage research and development which is the key to innovation and creation of new products for productivity. Government should encourage industrialization sectors, manufacturing systems and other economic sectors to partner with research and development centers and research and development institutions to further best and optimization of industrial utilities and manufacturing systems. Research and

development will enhance products continuous improvement. It will ensure invention and creations of new industrial utilities and manufacturing systems. Research and development is the key to industrial revolution and economic growth and development. Governments should create research and development centers and support the public to participate in the research. Government and industrial sectors should encourage institutions in building and promoting research and development in the country. The growth and development of the industrial systems and industrial sectors is the growth and development of the country and its economy. Finally, the Nigerian Government should be highly mindful of industrial capitalization, for improvement of industrialization system financially is the improvement and growth of the Country's economy.

#### IV. CONCLUSION AND RECOMMENDATION

Nigeria is still under develop, due to lack of industrialization. This is visible when enabling environment is created and enforce for appropriate and adequate implementation of the industrialization policies, otherwise it will fail to meet the expected industrialization target. Nigerian governments have neglected the need to establish industries that are most suitable for their environment, this would have facilitated and promote economic growth. Nigerian industrial sector has a weak base which makes it difficult to compete favorably with her foreign counterparts. Nigeria government should formulate and adopt policies that would encourage entrepreneurship, trade performance, local manufacturing and self-reliance among citizens as well as industrial advancement to promote economic growth. Automated mechanized agriculture should be implemented to support the manufacturing and industrial sectors. Industrialization will help to create employment opportunities for the labour force, which will reduce unemployment and contribute to the economy growth of the country. Government should encourage industrialization since it will facilitate economic growth through the innovative activities of entrepreneurs. Nigerian Government should collaborate with some financial institutions and Non-Governmental Organizations to urgently address the problem of industrial sectors especially the energy

generation (or electricity generation) which is very crucial to industrial growth and capitalization of the nation's industrialization. If these two major problems are addressed, the nation's industrialization and the nation's economy will have a rapid growth and development in few years to come.

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