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Strategies for Enhancing the Growth and Development of the Nigerian Industrial System

By

REAGAN N. ROBINSON

*Department of Technical Education,
Ignatius Ajuru University of Education,
Rumuolumeni, Port Harcourt,
Rivers State.*

And

OKECHUKWU AMADIKE

*Department of Electrical/Electronic Technology,
Federal College of Education (Technical),
Omoku.
Rivers State.*

Abstract

This paper is centered on the strategies that will enhance the growth and development of the Nigerian industrial system. A good look on the industrial system in Nigeria was given through which an encompassing definition was derived. It was seen from the paper that the Nigerian industrial system needs enhancement. As a result, some strategies were given which are; Power Supply, Government Policies, Access to Raw Material, Youths Restiveness and Import and Export challenges. The paper concluded by making certain recommendations like Dramatic improvements should be made by deploying existing expertise at the level of individual businesses and relying on foreign technology alone to make the industrial system sustainable is a trap that must be avoided, hence the Local technologies should be built, encouraged and improved.

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According to Badiru (2005), industrial system is the process of production of goods in a factory. This involves the use of raw materials to produce products. A good look at the developmental stride going on in the world presently, shows that industrial system had a major influence in the economy of developed nations. This is obviously seen in China which is gradually topping the world best economy through the means of industrial system growth and development. Industrial system differs from nation to nation, depending on the extent of attention given to it. Experts observed that growth and development of industrial system accounts for more than 60% of the economic growth of developed nations. This invariably means that, growth and development of industrial system has direct relationship with nation building.

According to Badiru (2005), developed nations got to where they are, because they consistently grew and developed their industrial system to the extent that they were making high foreign earnings that have enhanced their economy to a developed state. He expressed further that, to grow an industrial system means to increase the size of factories and goods. Similarly, to develop an industrial system means to introduce new idea or products into the system. It therefore brings to mind that, developed nations earned that name because they increased the size of factories and goods in the society, and introduced innovative ideas, products, policies and laws into the system. For instance, they have constant power supply, good government policies, easy access to raw materials, absence of youth restiveness and a well-controlled import and export means. All these and other factors contributed to the enhancement of the industrial system of developed nations like USA, Great Britain, Russia and France; which today has earned them great economy.

However, in developing countries like Nigeria, industrial system is yet to create the expected impact. This is because its growth and development is yet to be enhanced since most of the products in Nigeria are still imported. This has affected the nation's economy adversely, and hence has thrown the growth and development of industrial system into a big challenge (Teubal, 1973). This confronting challenge is as a result of poor enhancement on the growth and development of the industrial system in the country. Enhancement in this context means improvement. According to Ugwoke, (2012), less than 5% of the existing industries in Nigeria have growing and developing products to commercial levels due to poor enhancements. As a result of this challenge, government, businessmen and consumers are all disturbed and reacting seriously on the challenge with complex views; making it difficult in chatting out workable means of solution. The workable means of solution as it suits the Nigerian economy is the focus of this paper. The paper will make effort to point out some strategies that will enhance the growth and development of the Nigerian industrial system.

The Concept of Industrial System

From Collins electronic dictionary, Industry is defined as the work and process involved in collecting raw materials and making them into products in factory. Taking a good look at this definition and a collection of instances from the dictionary, Industrial System can be defined as the network of the people and activities involved in using raw materials to provide a particular product in a factory or company.

The economic growth of a nation can be determined by the growth and development of her industrial system (Smathers, 2011). This encompasses how the production of goods and services affect her national income and standard of living of the citizens. Smathers went further to state that a strong economic growth requires strong domestic industry integrated to foreign relations. As shown by developed nations throughout human history, availability of natural resources, technological innovations, and a productive workforce are all ingredients of industrial system which contribute to economic growth. In the 18th century, Great Britain's Industrial Revolution provided a historical example of unprecedented economic growth and certain factors were harnessed which are still seen globally today, and Nigeria cannot be an exception. Certain strategies must be harnessed to enhance the industrial system of Nigeria. These strategies are as follows:

Power Supply

Electric power supply is the most important commodity for national development (Abdullahi, 2011). This invariably means that power supply is an inevitable ingredient for the success of any industrial system. With electrical energy, the people are empowered to work from the domestic level and the cottage industries, through the small-scale and medium industries to employment in large-scale manufacturing complexes. In this dispensation, depriving people of electric power is tantamount to castration.

In Nigeria, the power supply system is run with a shortfall where demand exceeds supply. Power generation, transmission and distribution involve flow of currents with heat losses in conductors. Heat losses can be minimized through better design, construction and maintenance. Wastages, resulting from lack of control, misuse, abuse, negligence or ignorance are part of the challenges hindering power supply and in turn affecting the Nigerian industrial system. A complete elimination of all these through effective education and public enlightenment can be achieved to enhance the growth and development of industrial system. Diversions, as well as willful and fraudulent practices, like illegal connections and official thefts, may be stopped by legislation, regulation, supervision and prosecution of offenders.

Alternative power source through the use of power generators is a common sight in many homes in Nigeria. Across the length and breadth of the country, Nigerians are wont to tell anybody that cares to listen that it is the source of power that appears reliable once you have your money to purchase a generator and fuel it. The use of power generators as an alternative source of power for domestic, industrial or commercial purposes has made every Nigerian home or business outfit a power generating center like the Power Holding Company of Nigeria (PHCN) even with the rising risk. However, this should not be the case, since industrial system in any country needs constant power supply (Salvendy, 2001).

The resort to generators as an alternative source of power in the country began some years back when the then National Electric Power Authority (NEPA) was beginning to fail in its duties to generate and distribute enough megawatts of electricity across the country, in line with then requirements. Nigeria, to be precise, has always failed to meet its target of megawatts of electricity whether under the military era or the civilian era.

Use of private generators to supplement external supply or cutting down demand (by load shedding or closing shop), to reduce shortfall, is not only inimical to social, economic and technological development but verging on criminality. The low distribution voltages and disruptions due to frequent switching off and on are deleterious to sensitive equipment in some technical industries, especially those with moving parts. That the Nigerian power sector has persistently been erratic and frustrating industries with a shortfall, in spite of heavy funding and despite the availability of abundant coal, natural gas, hydro power and inexhaustible solar power, remains not only a challenge but a shame to the Nigerian scientists, engineers and technologists. The only solution is to completely overhaul the power sector to enhance the industrial system of the nation.

Government Policies

Just like any other nation, Nigeria has the power to make policies that can encourage or discourage her industrial system. These policies cut across both local and international affairs as it affects the industrial system. For instance, Nigeria's foreign policy was soon tested in the 1970s after the country emerged united from its own civil war and quickly committed itself to the liberation struggles going on in the Southern Africa sub-region. Though Nigeria never sent an expeditionary force in that struggle, it offered more than rhetoric to the African National Congress (ANC) by taking a committed tough line with regards to the racist regime and their incursions in Southern Africa, in addition to expediting large sums to aid anti-colonial struggles. This created a good relationship between Nigeria and South Africa and encouraged industrialization in both countries. Today MTN being a South African company, is doing very well. It

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portrays the fact that, a better industrial relationship can enhance the growth and development of its industrial system.

Nigeria was also a founding member of the Organization for African Unity (now the African Union), and has tremendous influence in West Africa and Africa on the whole. Nigeria has additionally founded regional cooperative efforts in West Africa, functioning as standard-bearer for the Economic Community of West African States (ECOWAS) and ECOMOG, economic and military organizations respectively. All these encouraged investment as long as the policies are there to accommodate them. However, unfortunately, most of these countries are developing nations. Nigeria needs the sufficient presence of developed nations to establish big industries like electronic system manufacturing. This can be enhanced by good and convincing government policies on businesses which are absent. Nigeria needs to formulate policies that will attract developed nations into the establishment of manufacturing industries for computers and automobiles.

Nigeria's foreign economic policies revolve around its role in supplying the world economy with oil and natural gas, even as the country seeks to diversify its exports, harmonize tariffs in line with a potential customs union sought by the Economic Community of West African States (ECOWAS), and encourage inflows of foreign portfolio and direct investment. In October 2005, Nigeria implemented the ECOWAS common external tariff, which reduced the number of tariff bands. Prior to this revision, tariffs constituted Nigeria's second largest source of revenue after oil exports. In 2005 Nigeria achieved a major breakthrough when it reached an agreement with the Paris Club to eliminate its bilateral debt through a combination of write-downs and buybacks. Nigeria joined the Organization of the Petroleum Exporting Countries in July 1971 and the World Trade Organization in January 1995.

Unfortunately, Nigerian policies have not been able to woo developed nation into heavy industrialization. After the June 12, 1993, Nigerian presidential election was annulled, and in the light of human rights abuses and the failure to embark on a meaningful democratic transition, the United States imposed numerous sanctions on Nigeria. These sanctions included the imposition of Section 212(f) of the Immigration and Nationality Act to refuse entry into the United States of senior government officials and others who formulated, implemented, or benefited from policies impeding Nigeria's transition to democracy; suspension of all military assistance; and a ban on the sale and repair of military goods and refinery services to Nigeria. The U.S. Ambassador was recalled for consultations for four months after the execution of the Ogoni Nine on November 10, 1995. Up till now, U.S. and Nigerian relationship has not been very flexible as expected. Then how can the U.S. assist the Nigerian industrial system?

Another area where the Nigerian policy is too weak to enhance the industrial system is in piracy. Experts have highlighted that one major snag to development of the industrial system is piracy. It has ripped off many producers, artists, marketers and stakeholders. It has prevented several industries from rapid financial growth and advancement in major areas, due to low income from their intellectual material. One begins to wonder who these pirates are. Where they live? Some allege they are the marketers, others say the cartel are domicile in Alaba International market, Lagos. Of late, some pastors have had their messages and books pirated and sold in large quantities to unknown worshippers. Some even sensitized their members to be wary of church products they purchase. But could this be the solution?

December 2007, Nigerian Copyright Commission (NCC) in a statement said that the film industry loses an estimated N4, 200,000,000 annually to illegal digital duplication, on-line piracy and unauthorized rental of video works within the country. A report by the Nigerian Television Authority (NTA) in August, 2008, estimated the total annual loss of the content industries (Music, Software, books and Video) within the nation to be well over N100, 000,000,000. This is a great loss, no doubt. Also in January 2008, Filmmakers Association of Nigeria (FAN), reported that the country loses an estimate of 4 million naira to international piracy of Nigerian movies in America, Canada and Europe. FAN suggested that there is an urgent need to organize marketing and distribution strategy internationally to eliminate piracy and repatriate money and efforts back into the Nigerian economy.

It should be stated here that various efforts made by industry players against piracy, have not produced needed results. It requires strong measures and policies from the government to curb this inimical attitude. Software developers lose millions of naira annually to software thefts. In Nigeria, software pirating is a huge computer industry killer, the bulk of which occur at Alaba International Market, Lagos. A software company AutoDesk, reported; they are fighting software piracy in Nigeria because it is also affecting Nigeria's economy negatively especially the industrial system. The only solution is to make policies and laws that will give offenders death sentences.

Access to Raw Materials

A raw material is the basic material from which a product is manufactured or made, frequently used with an extended meaning. For example, the term is used to denote materials that come from nature and is in an unprocessed or minimally processed state. Latex, iron ore, and logs, are examples.

In Marxian economics and some industries, the term is used in the sense of raw material that is 'subject of labor', in other words, something that will be worked on by labor or that has already undergone some alteration by labor. Therefore, it does not

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apply exclusively to materials in their entirely unprocessed state, for instance lumber, glass and steel are also raw materials.

A material can be anything: a finished product in its own right or an unprocessed raw material. Raw materials are first harvested from the earth and divided into a form that can be easily transported and stored, then processed to produce semi-finished materials. These can be input into a new cycle of production and finishing processes to create finished materials, ready for distribution, construction, and consumption.

Companies interested in long-term investment and joint ventures, especially those that use locally available raw materials, will find opportunities in the large national market if the raw materials are freely accessed. However, to improve prospects for success in the industrial system, potential investors look forward to obtaining a great access to raw materials extensively from both local and international market. This will establish good local industries with appropriate location, since virtually every State in Nigeria is blessed with natural resources that can be harnessed (Onimajesin, 2005). The Nigerian government should be keen in sustaining industrial principles, by enhancing security for life and property and rebuilding and maintaining raw materials location that are necessary for the country to attract foreign investment. No doubt; the availability and easy access to raw materials will attract foreigners for industrialization.

An example of a raw material is cotton which is harvested from plants. Cotton can be found and processed into rope (also considered a raw material), which can then be woven into cloth, a semi-finished material. Cutting and sewing the fabric turns it into a garment, which is a finished product. Nigeria presently grows cotton in the middle belt region of the nation. All what is needed is to give full blown access to countries with high technology in the industry for commercial level production. This, for sure, will give birth to other sub industries that will greatly enhance the Nigerian industrial system and in turn, boost economic development of the nation. However, if the cotton Nigeria has is not so adequate for commercial purpose, then government should make it easy for industrialist to import it in large quantities for production since so many other industries are tied to it. According to (Abdullahi, 2011), the problem of raw materials in Nigerian industrial system is a licensed access to the raw materials.

Steel is another essential example of raw material that needs full blown access for industrialization in Nigeria. The raw material is in the form of ore which are mined, refined and processed into steel, a semi-finished material. Steel is then used as an input in many other industries to make finished products. The challenge is the access to the raw materials either locally or internationally which will enhance steel industry in Nigeria.

Youths Restiveness

Frank (2000) noted that over the years, vigilant groups have emerged in communities and cities across the country in different guise and acronyms. The most prominent ones include the Onitsha Marked Amalgamated Traders' Association (OMATA) in Anambra State, the Bakassi Boys of Aba in Abia State, the Oodua Peoples' Congress (OPC) in the South-Western States, the operation ZakiZaki in most parts of the north-east, and the Egbesu Boys of the Niger Delta. These groups are constituted mainly of youths who were formed ostensibly to deal with the rising level of crime which the police had failed to curb because it was ill-funded, understaffed, ill equipped, ill-trained and ill motivated. The high level of unemployment and social crises that characterized the last years of military rule in Nigeria also led to corresponding increase in violent crimes. The situation degenerated to a point such that the military administrators had to create a special task force comprising members of the armed forces, to fight crime. The military personnel in these special units returned to barracks when the nation returned to democracy, thus leaving the police in a worse situation than before.

Criminals have exploited the lack of preparedness of the police, and citizens have therefore, resorted to youth groups and ethnic militias who have been credited with a high level of success even though they often act arbitrarily and employ violence. Youth groups and ethnic militia have taken the front seat in any contemporary discourse on Nigeria and its emerging democracy. The restoration of democratic rule in Nigeria on 29 May, 1999 also signaled the emergence and continued proliferation of vigilante groups, ethnic and sectional militias as well as secessionist or separatist groups. According to Okechukwu (2003), the youth groups have degenerated to criminality that the environments are no longer safe where they are. They are so restive that they have now resorted to getting financial incentives anyhow especially through companies and industries. All these, in a large scale, have affected the growth and development of the Nigerian industrial system adversely.

In the South-West, due to violence allegedly being perpetrated by the OPC members the Federal Authorities threatened to declare a state of emergency in Lagos state. Precisely, President Obasanjo stated in his letter dated January 13, 2000 sent to the Lagos state government that a "Stronger order" had been given to the Lagos state Police Command "to do everything in its power to seek out, arrest and bring to justice, any lawless and criminal person who parades himself as a member of OPC or any similar body". Since then, thousands of Nigerians resident or visiting Lagos have been subjected to unprecedented brutality in the hands of the special squad of MOPOL. These have affected the growth and development of the Nigerian industrial system negatively. Similarly, in November, 1999, President Obasanjo had ordered the police to shoot OPC members on sight over the bloody clash that occurred at Mile 12 between

traders of Hausa and Yoruba extractions. It is interesting to know that there is not a single member of the OPC in the list of 23 persons that were charged to court for murder in respect of the Mile 12 incidents.

Furthermore, it is pertinent to mention that this new wave of youth restiveness is not limited to the south west alone. The tale of the Niger Delta region has always been a tale of sorrow and woes. More recently, members of some youth groups, also known as the Egbesu Boys, Niger Delta Vigilante (NDV) and Niger Delta People's Volunteer Force (NDPVF) have been fighting against authorities in the Niger Delta in response to environmental and other problems caused by oil exploitation, and lack of investment of oil revenue in the local economy. The activities of these groups resulted to some levels of terrorism and kidnapping in the region to the extent that industries were greatly obstructed. Existing industries were closed down while new ones could not start.

Economically, the series of crises and counter attacks from the government is enough to scare away would-be investors especially the foreign ones from the country since they would not be willing to invest their resources in areas without peace. Even the local investors or those already on the ground would want to relocate to areas where they feel their investments are safe or there is relative peace. Normalcy usually returns when government engages the youths in trainings and employment. This invariably, means that curbing youth restiveness would go a long way to enhance the Nigerian industrial system.

Import and Export Challenges

Import and Export services consist of all the buying and selling transactions rendered by individuals, companies and government resident in a particular country to another country. In 2007, Nigeria received a net inflow of US\$6.1 billion of foreign direct investment (FDI), much of which came from Nigerians in the diaspora (Onimajesin, 2005). Most FDI is directed toward the energy and banking sectors. This is despite some obstruction received in the import and export services in that year. In recent years, challenges of importing and exporting is becoming more difficult due to excess fares and hence affecting industrial system which is a fulcrum of economic development. One key problem is what industrial investors see as high ocean freight charges by the international shipping community. According to Ugwoke (2012), it boils down to the lack of trust in the Nigerian import and export services. He went further to state that the international community asserted that corruption is highly prevalent in the import and export services. Of course this is a sad remark that is capable of affecting industrial investment. Ugwoke also pointed out inefficient Customs administrations and the failure of importers to comply with tedious import procedures through too many middle menas other challenges of the import and export services. These challenges

don't only delay trade, it also frustrate the industrial system of the nation. The service needs a complete overhauling in which industries can easily buy or sell products to other countries.

Managing Director of NPA, Engr. Omar Suleiman, in 2011, expressed concern over the several challenges the Port is facing and its impact on trade. Omar, in an interview with THISDAY, identified piracy as one the factors contributing to rising cost of business in the ports. With 22 armed attacks on ships in Nigeria and Benin Republic in the first quarter of the year 2012, the Bight of Benin now ranks next to the Gulf of Aden in terms of piracy (Ugwoke, 2012).

There has been palpable apprehension among ship owners engaged in trade with the country over the increasing activities of pirates within Nigeria's coast in the past few years. Already, Nigeria and its neighbor, Benin, are being fingered as second to Somalia in terms of piracy attacks. This follows a report that while there were 58 piracy attacks on ships within the nation's coastal waters in 2011, there was 22 attacks so far in the first quarter in 2012 on ships trading in the Bight of Benin, a development that has caught the attention of the international shipping community (Toju, 2012).

While the International Maritime Bureau (IMB), an arm of the United Nations has warned ship owners about the dangers of piracy in Nigeria, Lloyd's Maritime Association, a high profile group of shipping insurers with headquarters in the United Kingdom, is considering imposing some new import charges on goods heading to Nigeria.

Curiously, Nigerian authorities appear helpless over the situation, which is coming at a time when efforts are being made by the federal government to boost shipping activities in the Niger Delta with the approval of N9.406 billion for the rehabilitation of the old Warri Port. The port was abandoned for over two decades for a number of reasons including hostilities. Piracy is a global issue which has attracted the attention of the world apex maritime organisation, the International Maritime Organisation (IMO). However, with country like Nigeria cooperating with IMO, the menace of piracy can be curtailed to a standstill. This will definitely enhance the growth and development of the Nigerian industrial system.

Conclusion

The present industrial system in Nigeria is passing through a bewildered situation and needs attention. The required attention if given, will go a long way to enhance its growth and development. Teachers and researchers, consumers and producers, and practitioners and policy-makers all have the opportunity to shape the industrial system. What such a system will look like in the future will not just be an

envy of other nation only; it will be a point of attraction. This paper does not provide all the factors but offers a platform for informed attention. Besides, the factors highlighted present the possibilities of changing industrial practice that illustrate the scale of potential improvement.

Recommendations

Considering the necessary strategies seen to enhance the growth and development of industrial system in Nigeria, the following recommendations are made;

1. Dramatic improvements should be made by deploying existing expertise at the level of individual businesses
2. Relying on foreign technology alone to make the industrial system sustainable is a trap we must avoid. Local technologies should be built, encouraged and improved.
3. Collaborative engagement of academics is essential to tackle the challenge of reorganising the industrial system.
4. Local raw materials should be sort and harnessed in order to replace foreign ones which are becoming very expensive.
5. Government should ensure that youths are engaged as early as possible in order to avoid their involvement into restiveness.
6. Continental regions like West Africa should cooperatively fight the menace of piracy before it becomes insurmountable.

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