



# Industrialization Strategies and Policies in Local Economic Environment for Economic Development

**Irokpunwo Prisciila WORLU**  
Department of Educational Management  
Ignatius Ajuru University of Education, Nigeria

**Otekenari David ELISHA**  
Department of Economics  
Ignatius Ajuru University of Education, Nigeria

**Jane ODILA**  
Department of Economics  
Ignatius Ajuru University of Education, Nigeria

---

## ABSTRACT

The structure of the local Nigerian economy is characterized as a monoculture country which has oil and gas sector as its economic mainstay that dominate the gross domestic product accounting. The economic transformation agenda applauded the industrialization strategies to develop the local economic environment of the country. It is this principals factors, that motivate this study. The study is therefore focused on examining the local economic environment and its benefits; the objectives, policies, impact and strategies of industrialization in Nigeria. The study also attempted to critically assess the status of Nigeria local economic environment development and highlights challenges of both development and industrialization strategies of the Nigeria local economic environment; corruption, high interest rate, faulty foreign exchange policy, poor power supply and so forth. Finally, few way forwards were highlighted on how to improve the industrialization strategies in Nigeria. They include the following; fixed interest rate, sustainable power supply, reduction in cost of governance, etc.

**Keywords:** Industrialization, Strategies, Local Economic, Environment, Economic Development.

Reference to this paper should be made as follows:

Worlu, I. P., Elisha, O. D., & Odila J. (2019). Industrialization Strategies and Policies in Local Economic Environment for Economic Development. *International Journal of Institutional Leadership, Policy and Management*, 1(1), 160-175.

## INTRODUCTION

The world is now closely knit than ever before. This process is conceptualized as globalization which is concerned with international integration in the area of products, trade, ideas and culture, among other areas, especially through Information and Communications Technology (ICT). Globalization has promoted development in the industrial sector and other economy sectors like; transportation, communication, banking and cultural influences. This paper discusses industrialization strategies in a global economic environment. Industrial strategies are based on local environmental factors that could enhance economies of scale and put countries at an advantage over the other countries. Nations now have opportunities to operate on the basis of competitive advantage.

Growth on general term could be defined as increase in output. This indicates an increase in gratuity of output per unit of input. Development implies increase in output with a change in technical and institutional arrangement by which production takes places. In regard to less developed countries, it implies changes from traditional techniques which keep output at subsistence level to modern techniques, which carry the output above the subsistence level (Olajide, 2007). According to Adelman (2000), growth is an expansion of the system in one or more dimensions without a change in its structure and development as an innovative process leading to the structural transformation of social system. In examining concept and focus on the definition of economic growth and development, we need to examine traditional economic measure and new economic view of development.

In economic terms, development implies the capacity of a national economy whose initial economic condition has been growing or less static for a long time, to generate and sustain an annual increase in its gross national income (GNI) at rates of 5% or more. A common alternative economic index of development has been the use of rates of growth of income per capita to take into account the ability of a nation to expand its population. Levels and rates of growth of income per capita to take into account the ability of a nation to expand its output at a rates of growth of GNI per capita minus the rate of inflation are normally used to measure the overall economic well-being of a population and how much of real goods and services is available to the average citizen for consumption and investment. Nouriel (2010) see economic development in the past has been typically view in terms of its planned alteration of the structure of production and employment where agriculture contribution of both has declines while that of manufacturing and service industries increases. The economic strategies focused on rapid industrialization at the expense of agricultural and rural development.

Besides, there are new economic views of development targeted at examining the levels of the living of the masses of the people. The new epoch, attempt to look how poverty of the people are to be dealt with. A number of developing countries experienced relatively high rates of growth of per capital income during 1960s to 1970s economic development came to be redefined in term of the reduction or eradication of poverty, inequality, and unemployment within the context of a growing economy. Redistribution from growth becomes a common slogan. Based on above, we can insinuate that economic development can be conceived as multidimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of poverty. Development and growth must include the whole extent of change by which an entire social system turned to the diverse basic needs and desires of individual and social groups within that system.

## **CONCEPT OF LOCAL ECONOMY**

The term local economy refers to a market and networking system that is part of a specific community (El-Zeind, 2012). For example, a typical local economy may have residents within the community who purchase their meat from the local butcher who in turn buys his meat from the local slaughterhouse. The economic system and range of economic activity in a local area that serves a local population. Our local economy is being developing, expanding and creating more employment which is what the local area needs. In the current local economic environmental, it is assumed that industrialization would increase the economy of any locality or nation of the world through transnational economic activities. In order to have an even ground for comparing these economies, they are usually being judged in its standard of living, rate of per capital income, availability of purchasing power of the local currency in terms of naira and so forth.

### **Characteristics of Local Economy**

A local economy is characterized by a unified market for all goods and services produced within a particular nation. The following are some of the characteristics of the local economy;

- It gives local producers the opportunity to export their goods and services to other countries.
- Promotion of locally made goods/ products and services (e.g #Made-in-Najia).
- A local economy tends to be centered on a certain city or small geographical area. This implies that goods and service across the nation would be produced to meet both local and international standards, since buyers have no choice of foreign producers/products.
- The local economy is characterized by absence in the level of tariffs and quotas under the new World Trade Organizations restrictions. Goods and service can now flow within a country, better than in the past.
- The local economy is seeing more of national corporations in different area within a country. Products such as Aba Made cloths, manufacturing company such as INNOSON motors, etc.
- Income distribution among the populace of a nation through local economy.
- The local economic environment provides the conditions for raising local productivity and consequently, the standards of living at a local scale.
- A local economy leads to movement of jobs from one region/state to the region/state; especially in regions/states with many resources or market, such as Lagos, Port Harcourt, Abuja, Kaduna, etc. This is oftentimes referred as outsourcing which implicitly leads to exploitation of workers in a particular region/state.

### **Economic Environment**

Now that you understand what local economy is all about, you will now proceed to know what economic environment means. The whole world operates in a political, economic, social, technological and cultural environment. The term economic environment refers to all the external economic factors that influence the consumption pattern of consumers and economics activities and therefore affect the performance of a local economy (Kurulla, 2008). These factors

are often beyond a country's control, and may be either large-scale (macro) or small-scale (micro). The economic environment as expressed by (Michael, 2009), is one of these, which encompasses economic factors which have effects on national economy performance. Such economic factors include; government policies; the type of economy (mixed, capitalistic or socialist), economic resources, level of income, distribution of income and wealth as well as purchasing power. The economic environment like all other environment is never static, it is dynamic and complex.

### **Components of Economic Environment**

Economic environment refers to all the economic surrounding that influence organizational activities and the most significant of all the environmental forces, which includes; Inflation, interest rate and unemployment are the crucial components of economic environment.

#### ***Inflation***

Inflation is the most crucial component of economic environment. Inflation is the increase in the prices of goods and services over time. It is an economic term that means you have to spend more to fill your gas tank, buy a gallon of milk, or get a haircut. Inflation increases local cost of living. Inflation reduces the purchasing power of each unit of a local currency. It affects overall economic system of the local economy. During the time of inflation, the locals pay more for resources and must raise its price to cover the higher costs.

#### ***Interest rate***

Interest rate is another important component of economic environment. An interest rate is the amount of interest due per period, as a proportion of the amount lent, deposited or borrowed. The total interest on an amount lent or borrowed depends on the principal sum, the interest rate, the compounding frequency, and the length of time over which it is lent, deposited or borrowed. It is the cost of money. When interest rates are high, consumers are less willing to borrow money and the company itself must pay more when it borrows.

#### ***Unemployment***

Unemployment is another important component of economic environment. Unemployment is a term referring to individuals who are employable and seeking a job but are unable to find a job. Furthermore, it is those people in the workforce or pool of people who are available for work that does not have a job. When unemployment is high consumers buying may decline fewer people are working.



Figure 1: Local Economic Environment

Figure 1 shows the local economic environment activities which include, its local resources, free entrepreneur and private investors, local production and the domestication of the products to serve the locale and drive the local economy.

Five main components of the National Environment are:

- National economic conditions
- National economic system
- National economic policies
- International economic environment
- National economic legislations.

**National Economic conditions:** These refer to the present state of the economy in a country or region. Economic conditions are considered to be sound or positive when an economy is expanding and are seen as adverse or negative when an economy is contracting

**National Economic system:** This may be defined as a framework of rules, goal and incentives that control economic relations in a country. The economic system could be described as:

- Capitalism: an economic system in which business units or factors of production are privately owned and governed.
- Socialism: a system where all economic activities of the country are controlled and regulated by the government in the interest of the public as was in the case in the Soviet Russia.

- Democratic socialism: is a system where all economic activities are controlled and regulated by the government but the people have freedom of choice of occupation and consumption.
- Totalitarian socialism: is a system known as communism where people are obliged to work under the directions of government.
- Mixed economy: a system in which both public and private sectors co-exist. Factors of production are owned by both government and the people, and there is freedom of choice of occupation and consumption.

**National Economic Policies:** These are policies that are aimed at managing an economy and factors of production. These include monetary, fiscal, foreign, trade, foreign investment and industrial policies. Monetary policies are usually formulated by the Central Bank of a country to control the supply of money and interest rates. Fiscal policies are used as an instrument of economic and social growth of a country through taxation, government expenditures, borrowings, deficit budgeting, among others. Local trade policies are aimed at protecting the local economy from foreign competition. Local investment policies are related to policies to guide both local and foreign investors in a country. Industrial policies promote and regulate industrialization in a country.

**National Economic Environment:** It refers to all the external economic factors such as; government policies; the type of economy (mixed, capitalistic or socialist), economic resources, level of income, distribution of income and wealth as well as purchasing power that influence the consumption pattern of consumers and economic activities and therefore affect the performance of a local economy.

**National Economic Legislation:** These are legislation by government of a particular country to guide and control business activities.

### **Status of Nigeria Local Economic Environment**

Current local economy refers to the current trends in the local economy over a period of time. The current local economy has become a level playing field for both domestic and other countries on account of the effect of international trading (World Bank, 2008). Healthy interaction between the developed and the developing countries in the field of trade and the exchange of technological know-how has helped the global economy prosper remarkably. There has been a significant growth of real Gross Domestic Product (GDP) in most countries of the world and a consequent rise in the global income levels. Globalization has made it possible for domestic producers to expand and emerge on the international scene. Therefore it has been possible for consumers to choose from a wide range of local and imported commodities.

The following are some of the important features observed from the Nigeria local economy (Economy Watch, 2010):

The Nigeria economy is relatively dynamic with most African countries economies; such as Rwanda showing an upward growth trend in recent years. Rwanda economy raised to 6.1 percent in 2017, the real GDP growth. An average of 8.6 percent in the first half of 2018, consistent with the projected end-year growth rate of 7.2 percent in 2018, (Redifer, 2018).

However, this rate of growth was still affected due to risk of debt distress remains low, low inflation and the exchange rate. The idea to increase investment (from 23.4% of GDP in 2017 to 25.3% in 2018) and reduced grants, despite strong tax collection driven mainly by improved tax compliance and the introduction of an electronic tax payment system. Public sector debt increased to 41.1% of GDP in 2018 from 35.6% in 2016 help to boost the economy.

The United Kingdom remains Nigeria's largest trading partner, followed by the United States. Nigeria tends to command the advantage in these relationships due to its oil exports, but a large portion of US exports to Nigeria may go unreported due to importers seeking to avoid Nigeria's excessive tariffs. The Nigerian economy has enjoyed sustained economic growth for more than a decade, with annual increases in GDP estimated around 7 percent. The non-oil sectors have led this growth, with services finally reaching 57 percent of the nation's GDP in 2014 (Aregbesola, 2015). Thus, the economy is finally reaching a level of diversity that should continue to spur growth.

Between 2006 and 2016, Nigeria's gross domestic product (GDP) grew at an average rate of 5.7% per year, as volatile oil prices drove growth to a high of 8% in 2006 and to a low of -1.5% in 2016. While Nigeria's economy has performed much better in recent years than it did during previous boom-bust oil-price cycles, such as in the late 1970s or mid-1980s, oil prices continue to dominate the country's growth pattern. While growth has slowed slightly since the global recession, recognition in large part of Nigeria's reliance on exports, analysts still predict a growth rate of 5 percent by the end of 2015 and an increase to 6 percent for 2016.

Moreover, the volatility of Nigeria's growth continues to impose substantial welfare costs on Nigerian households. The inception of the oil price shock in mid-2014 confronted the government with the pivotal challenge of building an institutional and policy framework capable of managing the volatility of the oil sector and supporting the sustained growth of the non-oil economy. Nigeria emerged from recession in 2017, with a growth rate of 0.8%, driven mainly by the oil sector. Growth was higher in 2018 (at 1.9%) and more broad-based; however, it still fell below the population growth rate, government projections and pre-recession levels. The oil and gas sector reverted to contraction from the second quarter of the year and the non-oil economy was thus the main driver of growth in 2018. While agriculture slowed down significantly due to conflict and weather events, non-oil, non-agricultural growth, which remained negative up to the third quarter of 2017 strengthened through 2018 but remained weak with services (primarily information and communications technology) resuming as the key driver (Aregbesola, 2015).

As the oil sector is not labor-intensive, and the non-oil economy was still relatively weak, nearly a quarter of the work force was unemployed in 2018; and another 20 percent under-employed. With 3.9 million net entrants into the labor force (now 90.5 million people) during 2018 (up to September), but virtually no growth in the stock of jobs, unemployment rose by 2.7 percentage points since end-2017, and more than doubled compared to the pre-recession levels (9.9% in Q3 of 2015).

According to Chima, (2016), economic growth is expected to increase just above 2% in 2019 and over the medium term. The oil sector is likely to stagnate in the face of regulatory uncertainty, limiting investments in the sector. Agriculture may remain affected by conflicts and climate and weather events; and the non-oil and non-agriculture will likely continue to struggle in the face of sluggish demand and constrained private sector growth.

Swift focus on macroeconomic and structural reform priorities articulated in the country's Economic Recovery and Growth Plan (ERGP 2017-2020) by the renewed government

administration and acceleration of their implementation could immediately promote needed economic resilience and can be expected to strengthen growth further than current projections.

The Nigeria's development history reveal that, over the years as mention in Ademola, (1998), the government of Nigeria has implemented various policies geared towards industrializing the country. Some of these policies have been integral parts of Nigeria's National Development Plans. Key among such policies were the Import Substitution Industrialization (ISI) Strategy, and Export Promotion Industrialization (EPI) Strategy (Lai & Kenkyujo, 1992). ISI was enshrined in Nigeria's First National Development Plan of 1962-1968. The strategy was inward-looking and focused on the economic self-sufficiency of the country. Under ISI, Nigeria chose to promote domestic production of manufactured goods that were hitherto imported.

However, one of the many reasons for the failure of this policy was that it led to the designing of foreign plants for the manufacturing of foreign products in Nigeria, rather than building indigenous manufacturing industries that produced made-in-Nigeria goods. Another reason the policy failed was that it required a great deal of foreign capital. Unfortunately, the government did not show enough political will to support the industries with access to domestic capital. The failure of ISI led the Nigerian government to institute the EPI strategy or Export-Led Industrialization (ELI). Unlike the former, the ELI strategy had an outward orientation and it sought to promote development by working within, rather than in isolation from the global economic system. ELI had been adopted in the 1960s and 1970s by several developing countries, particularly the newly industrialized countries (NICs) of South East Asia, such as South Korea, Singapore, and others.

As part of this strategy, these countries gave substantial financial support to firms for the purpose of exporting their products. Also, by undervaluing their currencies, these countries' exports were made cheap, while imports were costly. In less than two generations, these countries transformed into industrialized nations. It was the success of this policy in the NICs that led several other developing nations like Nigeria to adopt it. Unfortunately, the policy failed to make any impact in Nigeria.

## **Industrialization Strategy**

Generally, relations between agriculture and industry exist in a framework either of an industrialization strategy with an internal dynamic directed toward economic self-development, or a strategy with an external dynamic, tending to integrate the economy into the international capitalist system (Lai & Kenkyujo, 1992). Industrialization is the process by which an economy is transformed from primarily agricultural to one based on the manufacturing of goods. Individual manual labor is often replaced by mechanized mass production, and craftsmen are replaced by assembly lines. Lai and Kenkyujo (1992) further added that the industrialization strategy is aims at achieving greater global competitiveness in the production of processed and manufactured goods by linking industrial activity with primary sector activity, domestic and foreign trade, and service activity. The strategy was inward-looking and focused on the economic self-sufficiency of the country. Under ISI, Nigeria chose to promote domestic production of manufactured goods that were hitherto imported. The failure of ISI led the Nigerian government to institute the EPI strategy or Export-Led Industrialization (ELI).

The Nigeria vision 20:2020 industrialization strategy aims at achieving greater global competitiveness in the production of manufactured goods by linking industrial activity with primary sector activity, domestic and foreign trade, and service activity. A key component is the

promotion of a comprehensive policy of cluster development in the manufacturing and processing industries. This includes the development of industrial parks, industrial clusters and enterprise zones, and incubator facilities. Industrial parks, aimed at large manufacturers, are expected to cover areas of more than 3,050 km<sup>2</sup>. The parks will be based on the comparative and competitive advantage of each geographical zone.

The following business activities have been identified for each of the zones (Nigeria Vision 20:2020).

- North East: agriculture and solid minerals e.g. gypsum, biomass, ethanol, biodiesel, tropical fruits, etc.;
- North West: gum arabic, livestock and meat processing, tanneries, biofuel, etc.;
- North Central: fruit processing, cotton, quarries, furniture and minerals, boards, plastic processing, leather goods, garments, etc.;
- South East: palm oil-refining and palm tree-processing into biomass particle boards, plastic processing, leather goods, and garments;
- South West: manufacturing (especially garments, methanol, etc.), distributive trade, general goods, plastic, etc.;
- South South: petrochemicals, manufacturing (plastic, fertilizer, and fabrications, etc.), oil services, and distributive trade (TINAPA).

The industrial sector, which will be established with the participation and assistance of states and local governments, will cover areas between 100 and 1,000 ha. They will be exclusively devoted to the organized private sector. The location of the clusters will take into account access to roads, railways, sea ports, cargo airports, and proximity to a city, and management will be through a private cluster company. Industrial incentives similar to those in industrial parks will also be provided, while each cluster will have a skill acquisition/training centre.

Free trade zones are platforms of 5-30 ha, targeted at incorporating the informal sector into the organized private sector. Located in state capitals and local government areas, they will enable farmers and SMEs to feed their products into the value chain of large-scale industries. These centers will accommodate mechanics, block makers, small-scale furniture manufacturers, timber merchants, and other vocational workers who constitute over 70 per cent of Nigeria's private sector. Skills acquisition/training centers will also be located in each free trade zone, while management will be handled by the private sector.

The local economy will be start-up ground for new and inexperienced entrepreneurs, graduates of tertiary institutions, investors, and vocational workers wishing to set up their own businesses (Nwadinobi, 2016). In these local economy prospective start-up companies will be equipped with entrepreneurial skills and resources aimed at nurturing them from formation to maturity.

## **THE MAJOR INDUSTRIAL POLICIES IN NIGERIA SINCE 1960-2010**

### **Import Substitution Industrialization Policy (Isi, 1960).**

Achieving sustainable growth in industrial production has been a key pillar of Nigeria's economic reforms. In the early 1960s up to late 1970s, the country pursued an inward-looking. In the early 1960s up to late 1970s, industrial policies in the country were inward-looking. The

major policies that come to mind include the ISI strategy and the indigenization policy. The former, ISI, was directed at increasing local production of manufactured goods, generation of employment, preservation of the country's foreign exchange and expansion of the country's domestic market for goods locally manufactured. One thing is, however, obvious. Industrial production experienced a tremendous boost as the index of industrial production rose from 41.3 in 1970 to 120.3 in 1979 (CBN, 2005). This was the first Industrial strategy embarked upon by the Nigeria government immediately after attaining independence.

It has the following aims and objectives;

- Increasing local production of manufactured goods.
- Generation of employment.
- Preservation of the country's foreign exchange.
- Expansion of the country's domestic market for goods locally manufactured.
- To lessen over-dependence on foreign trade.
- To save foreign exchange by producing those items that was formerly imported.

### **Export-Oriented Industrialization Policy (EOI)**

Export oriented industrialization (EOI) sometimes called export substitution industrialization (ESI), export led industrialization (ELI) or export led growth is a trade and economic policy aiming to speed up the industrialization process of a country by exporting goods for which the nation has a comparative advantage (Chahda, 2007). Export promotion has been defined as those public policy measures which actually or potentially enhance exporting activity at the company, industry, or national level. Export Promotion strategy promotes only the industries that have potential for developing and competing with foreign rivals.

Export promotion measures are public policy measures taken by the government of a country to potentially enhance the exporting activities and employment of that country. Export-led growth is a policy strategy and a process by which a country aims at accelerating its rate of economic growth by relying upon an expansion of its exports. In this strategy, a country tries to specialize in those products in which its factor endowment imparts it a comparative advantage (Chahda, 2007).

The main objective of the Export-Oriented Industrialization (EOI)

The aim of the Export-Oriented Industrialization is the promotion of economic efficiency, diversification of production and better utilization of skilled and unskilled manpower. The development of the economy's export sector to become a vital sector in the achievement of the plan's social and economic goals of the local economy.

### **Determinants of Nigeria Local Economic Growth**

It must be observed that, the less developed and developing nations like Nigeria are aware of factor restraining their development and growth. We can now discuss some of these factors as follows:

### ***Natural Resources Endowment***

The pace of economic growth of a country depends on natural endowment the nation is blessed with. This includes both physical and human resources. They have significant role to play in the process of economic development of a country. Physical examples include, black gold, gold, copper, fertile land, water resources. These resources can go nowhere if they are not properly harnessed and utilized by man. The sizes, quality of labour force are critical in determining the productive capacity of a country. The human resources include the size of labour force and the managerial and the technical skills acquired by the labour force.

### ***Rate of Capital Formation***

Another factor that can stimulate economic growth is the rate of capital formation that is the rate of investment in human and physical capital in the political economy. The rate at which both physical and human resource is growing can have effects on economic growth capital formation; can stimulate economic growth through modern methods in technological growth and skills available in the society. Capital formation is important in stimulating economic growth because modern production methods involve the use of modern technology, a physical capital and human skill to manage it. Therefore, the ability of less developed countries to use these modern methods in terms of technology and skill will go a long way to determine their growth and largely depend on the level of capital formatted in its equality.

### ***Volume of Capital-Output Ratio***

Another factor that can determine economic growth is capital-output ratio in an economy. This means the amount of capital used to produce certain level of output. It measures the efficiency of capital i.e. the rate at which output grows as a result of a given volume of capital investment. In less develop countries; capital output ratio is very high because appropriate investment in both social and economic sector has not been made. We must observe that there is always more investment in economic sector than social sector, thereby, resulting in used capacity in the economic sector especially in the industries. The rate at which national output grows is determined by the capital – output ratio. The lower it is, the lower the capital output ratio will be.

### ***Technological Advancement***

There is a symbiotic relationship between capital formation and technological progress. The two help in stimulating growth of an economy. The source of their relationship can be highlighted by referring to the sources of technical changes, which requires capital as their prerequisite. An improved technology cannot be concretized except in the shape of capital equipment; also, increase in capital must accompany technical change so that it becomes increasingly more fruitful.

Technological progress refers to the development of new and improved method of doing traditional task. When there is technological progress, there will be an effective use of the stock of resources in an economy; new ones could also be discovered. The so called Industrial and Agricultural revolutions in the present developed countries were as a result of technological innovations cum progress. So the less developed countries should find a way of developing their

technology. Importing foreign technology in its entirety may not do the trick but ability to adapt it to local environment. This brings in the importance of skilled manpower to fix the technology. Japan immediately after the Second World War adapted technology from Africa, to their environment through skilled man-power and today Japan is a force to reckon with technologically. So less developed countries should find ways of developing their own technology if they find adapting imported ones expensive so as to have a long lasting growth. This is because technological progress has direct impact on productivity of factors of production.

### ***Appropriate Population Policy***

For developing country like Nigeria to grow, it need an appropriate population policy. This is borne out of the dire consequences of rapid population growth. Though, it is not a crime to have a high population growth, as it will create necessary market in the economy that would also stimulate growth. A rapid population growth will require a much higher rate of growth of national output in order to raise per capita output; hence, this will be falling thereby signaling poor economic situation. With recent improved health facilities in most less developed countries (courtesy of WHO and UNICEF), there is increased survival rate of children at birth, this results in large proportion of children in the population of third world countries.

This large proportion raises the dependency ratio which registers its effect on the productive capacity of the economy. Having the right disposition in the population composition is what will help the less developed countries to grow. Thus, the essence of appropriate population policy, which the country can develop, that will be beneficial to their growth should be embraced. For example, more vigorous efforts are required to reduce population growth in Nigeria, with an urgent need to strengthen programmes of family planning, female illiteracy, fertility reduction, maternal and child health care. This is more important now than ever going by the world demographic report, which shows that the share of the Nigeria population which has grown by 2.6 % in 2018.

### ***Innovative and Dynamic Free Trade (Risk Bearers)***

Dynamic entrepreneurs who can take risk in productive industries rather than commence will also play a major role in promoting economic growth. Besides their traditional roles of coordinating, organizing, planning and directing function as a factor of production, a creative entrepreneur should try new method of production to increase his profit share. As a result, these entrepreneurs will have to take new risk and be pace setters with the hope of maximizing profit. The extent he can risk, the higher the profit and this will equally reflect in growth of National output.

### **Functional Institutions and Approach**

Besides the aforementioned factors, it is also a matter of necessity that there is the availability of appropriate institutions, such as banks that could mobilize available savings and change it into investments. The land holding methods where the whole land ownership is fragmented needs be looked into. The attitude of not allowing women to work or seen outside their domain which is common mostly with the Muslim sect should be revisited and reviewed. Everybody has what he

or she can contribute to the development of the country. Development should be seen as a collective responsibility. People's attitude to getting rich at all cost should be changed.

Apart from those economic factors that were mentioned above, Nurkse (1953) also assert that Economic development has much to do with human endowments, social attitudes, political conditions and historical accidents. In less developed countries, political and administrative framework. If these could be addressed i.e. giving room for political stability, efficient and effective, upright and good governance, economic development will be ensured. Retrogressive culture, social attitudes, values, virtues and over sentimentality of religion that predominate less developed countries should be equally addressed, to give room for growth.

### **The Benefits of Local Economies**

In a local economy, economics are often independent, owned by private, groups or group of individuals. The unique characteristic though is that these people are also part of the local country. They are people that participate in the day-to-day economy activities of that particular country. The interactions and interrelationships of private business owners and residents of that country create a cherished relationship between the citizens or members of that nation. This generates a better understanding of the needs and demands of the local economy and leads to a higher level of social capital.

- In building social capital local economies help to create and support local system. For example, a local grocer is more likely to buy their vegetable and fruit stock from a nearby farm, than a huge multinational supermarket. This benefits the seller as transportation costs are minimized, and in turn, can reduce the costs for the consumer. Nonetheless, reduced transportation has added benefits to the local environment.
- Local economies also benefit employment. For example, in comparing large scale fisheries with small ones, the amount of workers, large fisheries employ for fewer people than small ones, but generate five times more money. So in terms of equity and increased employment, local economies often perform better and are more sustainable than diversified economies.
- A circular flow of money is generated, money spent with the local producer or the farmer circulates and often returns to the local economy in exchange for other services. In fact, it has been revealed that the amount of money circulates within a local economy will determine the economic position of that particular economy.

### **Challenges of Industrialization Strategies and Policies in Nigeria Local Economic Environment**

- **Corruption:** Corruption is a big cankerworm that has really eaten deep into the fabric of our nation. The malaise of corruption is a threat to the survival of the Nigeria economy, no doubt. The political, socio-cultural and economic crisis the country is witnessing today is borne out of a system influenced by bad or ineffective leadership and corruption. While the various policies and programmes of successive government have become the source of deprivation, frustration, poverty and hunger to the poor majority, the few ones in government leadership positions channel resources meant for the provision of basic facilities and services like good roads, water, health, education etc. into their private

pockets. Transparency International deemed Nigeria one of the most corrupt nations in the world, ranking as 144th in Corruption Perception Index out of the 177 countries accused.

- **High Interest Rate:** The terms and conditions attached to these rates by the Central Bank of Nigeria with a benchmark interest rate at 14 percent, is a serious bottleneck to local investors and potential investors.
- **Foreign Exchange Policy:** The new CBN's foreign exchange policy is worthy of note. However, the time taken to do the needful cannot be overlooked. Considering the dearth of foreign exchange available to manufacturers and business people, there was an urgent need to announce a flexible exchange rate regime aimed at making foreign currencies more accessible. It was a well thought out policy but the timing left a lot to be desired. Many analysts have also questioned the wisdom of announcing a major shift in policy without spelling out how to implement it (Anero, 2017).
- **Insecurity:** Nigeria is presently faced with a lot of security challenges such as the kidnappers, Farmers/herdsmen clashes, Boko haram insurgency, conflict, robbery cases and even road accident as a result of bad road. All these do not encourage investors coming into the country to invest (Aregbesola, 2015).
- **Inadequate Power Supply and Infrastructural Development in Nigeria:** This is also an issue, infrastructure may seem a trivial issue following other problems. The Nigeria power sector has been thriving to survive over the years but due to some unknown circumstances it has been mismanaged, and many workers in the electricity sector are not equipped with the proper skills or training. According to Kemi (2019), domestic production suffers in these conditions, but many foreign companies also find it difficult to conduct business in Nigeria because of frequent power failures. The problem of bad road networks has made a lot of businesses suffer in Nigeria as the roads are not dependable. This problem keeps Nigeria a Third World country from year to year (Nwadinobi, 2016).
- Lack of capacity to build a development-oriented nation state that serves the interest of its people. Indeed, such capacity cannot be built without political will.

### **Way Forward on the Industrialization Strategies of the Nigeria Local Economic Environment**

- **Reform of the educational system and developing human capital:** It is important to note here that without a large pool of well-educated citizens or adequate supply of human capital, adopting and adapting the technological innovations necessary for industrialization will be problematic.
- **Investment in Science and Technology; Research and Development (R&D):** The government should not only be cognizant of the need to structure institutions and create policies; it should also address issues of education and human resource development by investing in science and technology, research and development (R&D)
- **Reduction in Interest Rate:** There is urgent need for the Central Bank of Nigeria to reduce its interest rate to a single digit as to encourage investors and local producers to strive/stay in business
- **Development of both Private Sector and Small-Scale Businesses:** These initiatives create the condition for economic growth. The government need not be deceived on the right solutions to Nigeria's economic recession. These solutions would be valuable in shaping his economic direction and also tackle the problems of unemployment in Nigeria.

- ***A Fixed Exchange Rate:*** Fixing our exchange rate to other foreign currency will also help to encourage local investors to invest and stay in business by promoting and adding more value to our local currency.
- ***Provision of Adequate Security:*** Security will put more confidence in the mind of investors and even tourist that want to invest in the country therefore the government should increase security in the country and hire youth as security agents which will in turn reduce unemployment too.
- ***Reduction in Cost of Governance:*** The country Nigeria need to cut down its cost of governance as to discourage politicians from seeing politic as a DO or DIE affairs; money making venture (MMV); thus, reducing corruption among public office holders, which could be reinvested into the local economy.
- ***Sustainable Power Supply:*** The Nigeria state need to provide a lasting solution to the power problem in the country as to encourage industrialization and entrepreneurship in the local economy.

## CONCLUSION

Having gone through this unit, you would have realized that global economic environment is influenced by many factors which vary from one country to another. But because the world is now interconnected through Information and Communications Technology, and what happens economically in one country affects the other. The various world recessions usually starts in one country and then spread to the others due to interconnectivity in financial investments. Depending on the type of economic system, each country has specific laws and regulations to protect local industries and at the same time attract foreign direct investment. Importation and exportation of goods and services are key components of the global economic environment. Economic development is necessary to put nations into limelight if it is better harnessed. The real per capita income is necessary to actualize economic growth. There are many factors we have discussed that may determine economic growth. These include capital accumulation, capital output ratio, technological progress, population policy, creative and dynamic entrepreneurship, appropriate attitudes.

## REFERENCES

- Anero, B. (2017). Nigeria: Economic Recession-the way forward. Retrieved from <https://allafrica.com/stories/201702100340.html>.
- Adelman, A. (2000). Determinants of growth and development of the Australian economy. *Australian Journal of Economics*, 14(3), 19- 42.
- Ademola, A. (1998). Consequences of oil price shocks on the economic growth of the Nigerian economy: An econometric analysis. *Journal on Social Economics*, 3(3), 2-7.
- Aregbesola, E. (2015). Nigeria's economic crisis: The way forward. Retrieved from the guardian newspaper on 16th August 2015.
- Chahda, V. (2007). Industrial development planning. (lecture notes, course no.ed.77.04, school of environment, resources and development. Pathumthani: Asian Institute of Technology.
- Chima, A. (2016). Nigerian economy facing substantial challenges. Retrieved, IMF Article IV: from This Day News Paper on 23rd December 2016.

- Economy Watch, (2010). [http://www.economywatch.com/world\\_economy-economicindicators/global-economy/current-global-economy.htm](http://www.economywatch.com/world_economy-economicindicators/global-economy/current-global-economy.htm).
- El-Zeind, C. (2012). Defining local economies: Implications for community development and social capital. Retrieved, <https://www.sustainablebusinessstoolkit.com>
- Essays, U. K. (2018). Review the industrial development policies In Nigeria economics essay. Retrieved from <https://www.ukessays.com/essays/economics/review-the-industrial-development-policies-in-Nigeria-economics-essay>.
- Ingham, B. (2004). *International economic: A European focus*. Uk, Printscs Publisher.
- International Monetary Fund (2011). GDP Data September ([http://en.wikipedia.org/wiki/World\\_GDP](http://en.wikipedia.org/wiki/World_GDP))
- Kemi, A. O.(2019). Nigeria's economy challenges: Causes and way forward. *Journal of Economics and Finance (IOSR-JEF)* , 10(2), 78-82.
- Kurulla, R. (2008). Economic development strategies and macro and micro-level human resources policies: The case of India's outstanding industry. *Industrial & labor Relations*.
- Lai, D., & Kenkyujo, A. K. (1992). Industrialization strategies and long term resources allocation. *Economic*. Retrieved, [www.econ.ulca.edu](http://www.econ.ulca.edu).
- Michael, P. T. (2009). *Economic Development*. London, Pearson Education.
- Moore, K., & Lewis, D. C. (2009). *Origins of globalization*. New York. Routledge.
- Nouriel, O. (2010). *Current Global Economy*. [http: economic watch](http://www.economywatch.com)
- Nwadinobi, A. (2016). Nigeria Economy: The way forward retrieved from New 24 on 23rd December 2016.
- Olajide O. T. (2008). *Theories of Economic Development*. Lagos Pumarck Limited.
- Redifer, L, (2018). Rwanda IMF mission chief Report , Kigali, Rwanda.
- Ubi, E. I. (2018). Factors for successful Nigerian industrialization, Retrieved, Lagos, Nigerian institute of international affairs, Lagos.
- World Bank (2008). *Global Economic prospects*. Washington: World Bank
- World Bank (2019). *The World Bank in Nigeria*. Washington: World Bank