

INDUSTRIALIZATION STRATEGIES AND ECONOMIC GROWTH IN NIGERIA: AN EMPIRICAL EVALUATION

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Abstract

This study investigates the impact of industrialization strategies on economic growth in Nigeria using annual time series data spanning 1990-2022. Employing the Ordinary Least Squares (OLS) method, the study examines the relationship between economic growth (measured by GDP growth rate) and industrialization strategies, while controlling for other macroeconomic variables such as gross fixed capital formation, human capital accumulation, inflation, and exchange rate. The results indicate a positive but statistically insignificant relationship between industrialization strategies and economic growth in Nigeria. While industrialization has the potential to drive economic growth, the findings suggest that the impact of current industrialization policies in Nigeria is limited. This may be attributed to factors such as policy inconsistency, corruption, and inadequate infrastructure, which hinder the effective implementation and impact of industrialization strategies. The study emphasizes the need for comprehensive policy reforms to address these challenges and enhance the effectiveness of industrialization strategies in driving sustainable economic growth in Nigeria. This includes improving the business environment, enhancing infrastructure, promoting technological innovation, and fostering a conducive environment for private sector investment.

Keywords: Industrialization, Economic Growth, Gross Domestic Product, Industrial Policies, Economic Development.

INTRODUCTION

Nigeria, a resource-rich nation with a burgeoning population, has long sought to leverage industrialization as a catalyst for economic growth and development. However, despite significant efforts, the country has faced numerous challenges in achieving sustainable industrial development. This section provides a comprehensive background to the study, exploring the historical context, key industrialization strategies, and the prevailing economic landscape in Nigeria.

Prior to independence in 1960, Nigeria's economy was largely agrarian, with limited industrial activity. The Nigerian government recognized the need for industrialization to diversify the economy and reduce reliance on agriculture. Early efforts focused on import substitution industrialization (ISI), aiming to replace imported goods with locally produced ones. This strategy led to the establishment of various manufacturing industries, particularly in the consumer goods sector. In the 1980s, Nigeria implemented Structural Adjustment Programs (SAPs) under pressure from international financial institutions. These policies emphasized liberalization, privatization, and deregulation, leading to a shift towards market-oriented approaches to industrial development.

The key Industrialization Strategies embarked upon over the years include:

Import Substitution Industrialization (ISI): This strategy, dominant in the early post-independence era, aimed to protect domestic industries from foreign competition through tariffs and import quotas. While it fostered some industrial growth, it also led to inefficiencies and limited competitiveness.

Export-Oriented Industrialization (EOI): This strategy, adopted later, emphasized the production of goods for export markets. It aimed to enhance competitiveness through increased efficiency, technological innovation, and integration into global value chains.

Private Sector-Led Industrialization: Recognizing the limitations of government-led initiatives, subsequent policies emphasized the role of the private sector in driving industrial growth. This involved creating an enabling environment for private investment through policy reforms, infrastructure development, and access to finance.

Special Economic Zones (SEZs): The establishment of Special Economic Zones (SEZs) has been a key strategy to attract foreign direct investment (FDI) and promote export-oriented industries. These zones offer incentives such as tax breaks, simplified customs procedures, and access to infrastructure.

Industrialization remains a critical pillar for Nigeria's economic growth and development. Industrialization plays an important role in any country. Apart from being a strong basis for industrial growth and development, it serves as the key driver of technological development. It also represents the main channel for driving productivity growth through the reduction of imports as well as export diversification. Through this, it is able to generate vast employment opportunities, foreign exchange and greater per capita income. In addition, the sector produces investment capital at a quicker pace than any other sector of the economy, and in the process, encouraging greater inters-sectoral relationships among various sectors (Loto, 2012; Ozekhome & Mohamed, 2015). The industrial sector constitutes the nucleus and engine for rapid technological development, industrialization and economic growth for a nation.

As a result of the critical place of industrialization in the growth process, successive

governments in Nigeria have, over the years, put in place multitude of policies and strategies aimed at achieving industrialization. Although most of these strategies, have achieve some results, they have nevertheless performed below expectations owing to economic, sectoral and structural bottlenecks. The contributions of the industrial sector to employment generation and poverty reduction cannot be overemphasized. Several developing countries of Africa, that includes Nigeria, lag behind the industrialized nations of the world in the pace of industrialization due to a myriad of factors, ranging from poor infrastructure, weak technological base, hostile macroeconomic environment, limited access to credit and finance, corruption, amongst others. These challenges, without doubt have significantly contributed to the slow pace of industrialization in Nigeria (Ozekhome & Mohammed, 2015).

Aside its poverty-reducing capacity, industrialization helps the national government in the quest to achieve swift industrial development, technical-know-how and managerial enterprise (Nappon & Huddleston, 1993). Against the backdrop of the army of unemployed and prevailing in Nigeria, the rapid industrialization of the economy will help government and policy makers to launch the country on the path of sustained economic growth and development. Given the critical role of the industrial sector to rapid industrialization, technological and innovative advancement, employment generation, foreign exchange earnings, and substantial poverty reduction, greater emphasis is usually placed on it by policy makers to diversify the productive base of the economy and accelerate economic transformation. In this regard, there is need to empirically investigate the link between industrialization policies and economic growth in Nigeria.

Statement of Problem

Nigeria, a nation with abundant natural resources and a burgeoning population, has long sought to leverage industrialization as a catalyst for economic growth and development. Despite significant efforts, the country has faced numerous challenges in achieving sustainable industrial development and translating it into robust economic growth.

The core problem lies in the persistent gap between the potential of industrialization and its actual contribution to Nigeria's economic progress. While various industrialization strategies have been implemented, including import substitution industrialization, export-oriented industrialization, and private sector-led initiatives, their impact on economic growth has been inconsistent and often underwhelming.

Nigeria's economy remains heavily dependent on oil revenues, making it vulnerable to global oil price fluctuations and hindering the diversification of the economy. The manufacturing sector, despite its potential, has not grown at a pace commensurate with the country's needs and aspirations. This is reflected in low levels of industrial output, limited value addition, and low levels of employment generation in the manufacturing sector. Infrastructure deficiencies: Inadequate infrastructure, including unreliable power supply, poor transportation networks, and limited access to quality education and healthcare, continues to constrain industrial growth and development. Security issues, such as insurgency, banditry, and kidnapping, have disrupted economic activities, particularly in the northern regions, hindering industrial development and discouraging investment. Corruption and bureaucratic bottlenecks remain pervasive, hindering investment, distorting market mechanisms, and impeding the efficient functioning of the economy. Nigeria faces significant challenges in developing and adopting new technologies, limiting its competitiveness in global markets and hindering productivity growth.

This study seeks to empirically investigate the relationship between specific industrialization strategies and economic growth in Nigeria. By examining the impact of various factors, such as government policies, investment levels, infrastructure development, and technological innovation, on industrial growth and its subsequent impact on economic growth, this research aims to identify key constraints and opportunities for enhancing the contribution of industrialization to Nigeria's economic development.

Nigeria as a country has been characterized by poor industrialization strategies, and hence, and poor industrial development. A number of problems have contributed to the poor industrialization in Nigeria. While the developed countries have been in the fore front of industrialization, Nigeria and many other developing countries have witnessed poor industrialization mainly due to poor policy implementation. The poor lending capacity to the industrial sector has been one of the most containing factor limiting industrialization in Nigeria. In addition, most industrial enterprises have been unable to survive due to high operational costs fuelled by rising exchange rates and inflation rate

While some studies have examined the relationship between macroeconomic variables like exchange rate and industrial development (see Ozekhome, 2012; 2020,), only few studies, to the best of the researcher's knowledge have specifically examined the connection between industrialization strategies and economic growth in Nigeria. The paucity of empirical studies in this line of research is the motivation for this study. To this end, this study employs empirical methods to examine industrialization policies and economic growth in Nigeria for the period 1990 -2022. The period has witnessed greater policy focus and strategies toward industrialization, as well as fluctuating economic growth rates, making it worthy of investigation.

Literature Review

Conceptual Issues

Industrialization is the process by which an economy is transformed from a primarily agrarians or manual labour-based economy to a manufacturing and industry-dominated economy (IMF, 2018). It is the practice by which a country acquires faster pace in its quest for industrial development in the capability; production and manufacturing of value added goods or converting raw materials into finish industrial durable goods for sustainable development. Industrialization requires structural transformation in the economy, which enables the industrial sector reach faster development, such that there is increased contribution from the manufacturing and industrial sectors in the overall economic output. Industrialization entails better methods of production, technological advancements, innovation, as well as managerial expertise that facilitate the production of manufactured industrial goods (Ozekhome, 2020).

Industrialization, therefore, entails mechanization, large production, technology and innovation and urbanization. Industrialization engenders productivity growth, economic diversification, development of new method of production, new industries and services, creation of fresh job opportunities, and improved standard of living (see Ilegbinosa et al, 2012; World Bank, 2019; UN, 2020). While advancement in technology is a requirement for rapid industrialization, industrialization, on the other hand is the main driver of technological development (Ernst, Ganiastor & Mytelka, 1994; 2008; Ozekhome & Mohammed, 2014). Rapid industrialization provides a strong basis for employment

generation and entrepreneurship development, and has the capacity for significant improvements in the living condition of the people (Mustapha, 2009).

Critical to achieving rapid industrialization and industrial development is small and medium scale enterprises (SMEs) that constitute the bedrock of industrialization.

SMEs development is the bedrock of industrialization. In this regard, well-focused SMEs development programme in a stable environment that encourages growth of SMEs has the potential to fast track industrialization. By means of industrialization, the manufacturing and industrial sectors concentrate on the production of raw materials machinery and spare parts that constitute the missing link in the current industrial structure. This can be achieved through the promotion of competition, adaptation of technology, as well as sub-contracting arrangements with large enterprises. Furthermore, SMEs development can be used to achieve the onerous objective of poverty alleviation through poverty reduction programmes of the government. This is because they are highly labour-intensive, according a greater role to labour employment. SMEs are in general noted for their job-creating prowess. They play an important intermediating role and foster strong industrial linkages with positive economic and social implications and diffusion of techniques by producing inputs and services for the large-scale units in the domestic and export market. SMEs help build entrepreneurial and managerial skills as a basis for efficient indigenous investment and management of industry (Kilby, 1988).

Industrial Policies, Incentives Strategies in Nigeria

Against the backdrop of the importance and relevance of rapid industrialization economic growth to economic growth, a multitude of policy strategies have been implemented to drive industrialization. Some of these strategies are:

(i) The Import Substitution Industrialization policy (ISI) was the first to be adopted immediately after independence, covering the period 1960-1970. The objectives of this policy was to grow import replacement domestic industries that will see a drastic reduction in import dependence, and save foreign exchange by producing those items that were formerly imported. For example, detergents food, textiles, household appliances etc were restricted under the policy (Emeka, 2008, Okafor, 2008; Udah, 2010).

(ii) The National Development Plans (1962-1985): These were series of development plans that gave attention to industrialization through the emphasis on the growing of home-based /local industries in order to reduce the extreme dependence on importation

(iii) The Structural Adjustment Programme (SAP): This was adopted in June, 1986 and was one of the policy symbols of the Bretton Wood Institutions, comprising the International Monetary Fund (IMF) and the World Bank. SAP was regarded as the universal recipe that would bring the desired transformation of the economy from agrarian to industrial base. The overall intent of the SAP was to expand the productive base of the economy by diversify the productive base of the economy away from over-dependence on crude oil production and exportation Embedded in the policy stance, was the thinking that boosting the non-oil exports sector (tradable sector) would expand the economic base of the Nigerian economy through greater focus on industrialization in the manufacturing sector (Oaikhenan & Nnadozie, 2020). The aims and objectives of SAP include promotion of investment, stimulation of non-oil exports as well as the private- sector led growth, promotion of efficiency in Nigeria's industrial sector, privatization and commercialization

of public investment, development and utilization of local technology through the promotion of the use of local raw materials and intermediate inputs rather than dependence on imports. The SAP-induced industrial policy tools were:

- ❖ Interest rate regulation, and
- ❖ Exchange rate liberalization, and
- ❖ Privatization and commercialization policy, and
- ❖ Export policy incentive.

(iv) Pursuant to these, the National Economic Reconstruction Fund (NERFUND) was set up in 1989 to complement the industrialization policy. NERFUND sought to address the medium and long-term financial constraints experienced by small and medium scale entrepreneurs, provide the required financial resources to participating merchant and commercial banks to lend to small and medium scale firms and provide naira or foreign denominated loans to participating firms for a period of five or ten years with a grace period of one to three years (Udah, 2010, cited in Ozekhome, 2012). Also the Bank of industry (BOI) was established in 2000, as a development institution to accelerate industrial development through the provision of long-term loans, equity finances and technical assistance to industrial enterprises. The Bank of Industry (BOI), Small and Medium Industries Equity Investment Scheme (SMIEIS) were also set up in 2000. The other objectives of SMIEIS, amongst others include industrial dispersal, curtail rural-urban migration, easy adaptation to local technology and promotion of efficient resource utilization (Udah, 2010).

(v) Some other initiatives and fiscal strategies implemented so far are tax holidays, tariff protection, outright ban on certain commodities to encourage domestic production, building of industrial estates (Export Processing Zones) and industrial Raw Material Research and Development Council (IRMRDC). In recent times, several other industrialization-promoting strategies have been implemented. They include the Duty Draw back Scheme (DDS), Industrial policy enhancement initiative, Vision 2010 and 2020, Industrial Revolution plan of 2012, National Industrial Policy and Competitiveness Plan of 2013. The Economic Recovery and Growth Plan (ERGP) in 2017 and Nigeria Industrial Policy (2020). These strategies aim to diversify the economic base, increase manufacturing and value-added, and reduction of over-dependence on export of oil. Nevertheless, the implementation and impact have been inconsistent and have not met expected outcomes. As a result, industrialization remains a work-in-progress in Nigeria.

Theoretical Review

This study draws upon several key theoretical frameworks to understand the complex relationship between industrialization strategies and economic growth in Nigeria. These frameworks provide a lens through which to analyze the factors influencing industrial development and its impact on the broader economy.

Neoclassical Growth Theory

This theory emphasizes the role of capital accumulation, technological progress, and labor force growth as the primary drivers of economic growth. It posits that investment in physical

and human capital is crucial for increasing productivity and fostering economic expansion.

This framework provides a foundation for understanding the importance of industrialization as a driver of capital accumulation and technological progress. By fostering investment in machinery, equipment, and skilled labor, industrialization can enhance productivity and contribute significantly to economic growth.

Endogenous Growth Theory

This theory emphasizes the role of endogenous factors, such as human capital, research and development, and technological innovation, in driving long-term economic growth. It highlights the importance of knowledge creation and diffusion in fostering sustained economic development.

This framework underscores the critical role of technological innovation and human capital development in driving industrial growth and economic development in Nigeria. By fostering technological advancements, promoting research and development, and investing in education and skills training, Nigeria can enhance its industrial competitiveness and achieve sustained economic growth.

Dependency Theory

Core Concepts: This theory argues that developing countries, like Nigeria, are often trapped in a cycle of dependency on developed countries. It emphasizes the exploitative nature of global economic relations, where developing countries are often relegated to providing raw materials and cheap labor to developed countries.

Relevance to the Study: This framework highlights the potential challenges faced by Nigeria in its industrialization efforts, such as competition from developed countries, dependence on imported technology, and the potential for exploitation by multinational corporations. Understanding these challenges is crucial for developing effective industrialization strategies that promote self-reliance and sustainable development.

Porter's Five Forces Model

Core Concepts: This framework analyzes the competitive forces within an industry, including the threat of new entrants, the bargaining power of buyers and suppliers, the threat of substitute products, and competitive rivalry.

Relevance to the Study: This framework can be used to analyze the competitive dynamics within specific industries in Nigeria and identify the challenges and opportunities facing Nigerian firms in the global market. Understanding the competitive landscape is crucial for developing effective strategies to enhance the competitiveness of Nigerian industries.

Systems Theory

This framework views the economy as a complex system with interconnected parts. It emphasizes the importance of understanding the interactions between different sectors of the economy and the broader socio-economic and political environment.

Relevance to the Study: This framework highlights the need to consider the broader economic

and social context when analyzing the impact of industrialization strategies. It emphasizes the importance of a holistic approach that considers the linkages between the industrial sector, other sectors of the economy, and the overall development of the country.

By drawing upon these theoretical frameworks, this study will provide a comprehensive understanding of the factors influencing industrialization and economic growth in Nigeria. These frameworks will guide the analysis of data, the formulation of hypotheses, and the interpretation of findings, ultimately contributing to a deeper understanding of the challenges and opportunities facing Nigeria in its quest for sustainable industrial development.

Empirical Literature

In the literature, industrialization is a strong propeller of economic growth and development. The literature on industrialization posits that industrialization and improved productivity have the capacity to fast-track economic growth and development through its strong positive externalities, industrialization has the capacity to stimulate entrepreneurship and productivity, encourage technological know-how, reduce import dependence through the promotion of home-grown industries, generate foreign exchange, create employment, increase national income and drastically reduce poverty. It also has the capacity to mobilizing hidden capital in the economy; enhance the development as well as utilization of local and foreign technology, stem rural – urban migration and boost equitable income and wealth distribution (Ernst, Ganiastor, & Mytelka, 1994; Obasan & Adediran, 2010; Ozekhome & Mohammed, 2015). Besides, industrialization creates market for intermediate goods and stimulates competitiveness.

On empirical side, the industrialization-cum growth literature submits that has a positive and robust effect on growth output. For instance, studies like Afonja (2003), Ndebbio (2006), Okafor (2008), Enebeli (2010) and Ekpo (2010) found positive effect of industrialization policies and strategies on growth.

Subair and Oke (2008) and Obasan and Adediran (2010), using annual time series data covering the period 1980-2009, using OLS regression approach find evidence that industrialization propels economic development in Nigeria. Specifically infrastructure variable was highly statistically significant in the drive towards industrialization and economic development.

Utilizing annual time series data that covered the period 1970-2008 and the ARDL bounds test approach to co-integration, Udah (2010) finds a long-run positive relationship between infrastructure, industrialization and economic growth. On the basis of the findings, he recommends that strong industrialization-enhancing policies and strategies be put in place to fast track industrial development and growth.

Afolabi and Laseinde (2019) investigate the connection between industrialization and economic growth in Nigeria. Using data covering the period 1981-2016 and the ARDL and Granger causality techniques, they find that industrialization is positively and significantly related to economic growth.

Ozekhome (2020) examines the long-run relationship between industrialization policies and strategies and economic growth in Nigeria over the period 1980-2010. The empirical results from using the ARDL bounds testing approach to cointegration indicate that industrialization has a statistical robust effect on economic growth in Nigeria. He recommends strong industrialization strategies as well as reforms in the power sector to

stimulate industrial development and growth in Nigeria.

Ibitoye, Ogunoye and Kleynhans (2022) examine the impact of industrialization on economic growth in Nigeria. Employing the cointegration techniques, the results show that industrialization is a significant driver of economic growth in Nigeria.

From the review of the pertinent literature, the connection between industrialization strategies and economic growth has not received any known attention. While the existing studies focused on industrialization and economic growth, the focus of this paper is a departure from the extant literature by attempting to examine the effect of industrialization strategies on economic growth in Nigeria.

Research Gap

Despite numerous studies examining industrialization and economic growth in Nigeria, significant research gaps remain. Many studies provide general overviews of industrialization strategies and their potential impact, but lack in-depth analysis of specific sectors, regions, or time periods within the Nigerian context.

While some studies analyze the impact of general industrialization policies, there is a lack of research that specifically examines the impact of individual policies (e.g., tax incentives, infrastructure development, access to finance) on industrial growth and economic development. Limited research has explored the role of technological innovation, research and development, and the adoption of new technologies in driving industrial growth and enhancing productivity in Nigeria.

Studies often overlook the impact of external factors, such as global economic shocks, international trade agreements, and geopolitical events, on Nigeria's industrialization trajectory.

Most studies focus on macro-level analyses, neglecting the micro-level dynamics of industrial development, such as the challenges faced by individual firms, the role of entrepreneurship, and the impact of industrialization on local communities.

Many studies rely heavily on secondary data and descriptive analysis, with limited use of econometric techniques to establish robust causal relationships between industrialization strategies and economic growth.

Existing research often overlooks the social and environmental impacts of industrialization, such as the impact on employment, income distribution, and environmental sustainability.

This study aims to address these gaps by analyzing the impact of specific policies: Examining the impact of individual policies on industrial growth.

Methodology

Model Specification

Flowing from the literature, the connection between industrialization strategies and economic growth in Nigeria is captured as:

$$GGDP=f(INDUST_t) \dots \dots \dots (1)$$

Where; GGDP = growth rate of Gross domestic product- a measure of economic growth,

INDUST is industrialization strategies- measured by a dummy variable that captures policies and strategies aimed at encouraging industrialization, with any year of industrialization strategy taking the value of 1, and 0 otherwise,, t is time; and X is a vector of other variables that influence economic growth. These variables are gross fixed capital formation (GFCF), human capital accumulation (HUC) measured as secondary school enrolment ratio, inflation rate (INF), measures as changes in the consumer price index (CPI), and exchange rate (EXR), measures as the exchange rate of the naira to the dollar (i.e. N/\$). It is of note that inflation rate and the exchange rate are included in the modelling to capture the macroeconomic policy environment. Thus, a broad part of industrialization strategies is the policy environment that considers policy responses to industrialization efforts. In addition, since the industrial sector depends heavily on the import of essential raw materials and capital machineries, the inclusion of exchange rate in the modelling is instructive.

$$gdp_t = f(GFCF_t, HUC_t, INF_t, CPI_t, EXR_t) \quad (1)$$

The empirical specification of model (2) is:

$$gdp_t = \alpha_0 + \alpha_1 GFCF_t + \alpha_2 HUC_t + \alpha_3 INF_t + \alpha_4 CPI_t + \alpha_5 EXR_t + e$$

Where $\alpha_1 - \alpha_4$ are the coefficient of the independent variables, and ε is the error term.

The presumptive signs are $\alpha_1 - \alpha_3 > 0$; $\alpha_4 < 0$.

Data and Estimation Technique

The data for the study covers the period 1990-2022, and sourced from the World Development Indicators (WDI), and Central Bank of Nigeria Statistical Bulletin (various issues).

Estimation Procedures and Data

The OLS method is used for this study, and the data were sourced from the CBN Statistical Bulletin (various issues). The evaluation of the results will be based on the following

(i) Sign and magnitude of parameter

These are the suggestions about the signs of the parameters and to check whether they are in line with economic theory and evidence.

(ii) Co-efficient of multiple determinations (R²)

Here, the adjusted (R²) is used to test for the goodness of fit. The value of R² lies between 0 and 1. The closer the R² is to 1, the better the goodness of fit while the closer of the R² is to 0, the worse the goodness of fit.

c) T-test

This is used to find out or test for the statistical significance of the individual regression coefficient. When this is done, the computed or calculated ratio (t-cal) will be compared with the theoretical, tabulated or critical value (t-tab) with the n-k degree of freedom.

d) F-test

A test of the overall significance of the entire variables used in the regression model, it is used to denote whether the joint impact of the explanatory (Exogenous/ independent variables) actually have a significant influence on the dependent variable.

e) Durbin– Watson test

This helps to test the validity of the assumption of non-auto correlated disturbances.

Results and Analysis

The results of estimating the impact of industrialization strategies on economic growth in Nigeria using the OLS technique is presented in table 1 below:

Table 4: OLS Results

Dependent Variable: EconomicGrowth (GGDP)		
Variable	Coefficient	T-ratio
C	0.0115	0.721
INDUS	0.087	1.116
GFCF	0.218	1.036
HUC	0.144**	2.216**
INF	-0.061**	-2.174**
EXR	-0.063**	-2.160
R-squared	0.74	
Adjusted R-squared	0.701	
F-statistic	15.7(0.000)	
DW-Statistic	1.81	

*, **, (***) denotes statistical significance at the 10%, 5% and 1% level, respectively

Source: Authors' computation

The adjusted R^2 -value of 0.70 is an indication that 70.1 percent net systematic changes in economic growth (measured by GGDP) is explained by industrialization variables, making the model a good fit, with good predictive ability. The overall goodness of fit statistic shown by the F-value of 15.7 is significant at the 1 percent level. This indicates that there is a significant linear relationship between economic growth and the independent variables. The DW statistic shows that there is no serial correlation in the model results. The results are therefore good for the formulation and implementation of appropriate policies on industrialization and economic growth in Nigeria.

Industrialization coefficient is positively related to economic growth but not significant. By implication, enhanced industrialization policies and strategies drive economic growth but the effect is weak in Nigeria. This may be explained by policy inconsistency, corruption

and other factors that weaken the policy and institutional environment of industrialization and growth in Nigeria.

The coefficient of gross fixed capital formation and human capital accumulation are positively related with economic growth but only the coefficient of human capital is significant at the 5 percent level. This implies that improved human knowledge, skills and technical know drive industrialization in Nigeria. This finding supports Ozekhome (2020).

Inflation rate exchange rate variable are both negatively related with economic growth and statistically significant at the 5 percent level. Thus, rising inflation rate and exchange rate hurts industrialization and economic growth in Nigeria. With the high and unstable inflation rate and exchange rate in recent times, the macroeconomic environment has become detrimental to industrialization and economic growth efforts.

Conclusion

This paper has examined the impact of industrialization strategies on economic growth in Nigeria. The results indicated that industrialization is positively related to economic growth in Nigeria. Nigerian industrial environment is inhibited by multiple factors that tend to weaken the intended capacity of industrialization and economic growth. The factors range from corruption, weak infrastructure, unstable environment, epileptic power supply, amongst others.

In view of the findings of this paper, it is important for the Nigerian government and policy makers to put in place more result-oriented industrialization strategies that will aggressive drive the growth of the industrial sector and propel economic growth in Nigeria. This will entail, amongst other, stabilizing the macroeconomic environment, particularly inflation rate, exchange rate and interest rate, increased investments in human and physical infrastructure, taming corruption, granting of industrial incentives, such as tax-breaks, tax reliefs and subsidies, as well as technological development and innovation, through greater research and development. Implementing these policies and strategies, will no doubt propel economic growth and development in Nigeria.

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