

Nigeria's political economy and the survival strategy of Nnewi manufacturers

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Abstract

Given the poor state of the Nigerian economy and the adverse effect of poor implementation of economic policies, many businesses and manufacturing ventures had suffered greatly and many are already out of business. Despite this challenge, a good number of businesses and manufacturing ventures in the industrial hub at Nnewi have survived and remained afloat. Here, light would be thrown on the survival strategy employed by the businesses and manufacturing ventures in Nnewi in the midst of Nigeria's poor political economy, which has enabled them to achieve the degree of success they have attained. A historical assessment of the economic policies in Nigeria and their impacts on industrial development would also be done; it would focus on the period shortly before the end of colonialism up to the early 2000s. A number of recommendations would be made as a suggestion on how to make Nigeria's business environment more conducive for economic activities to thrive.

Keywords: Policies, Economy, Nigeria, Nnewi, Manufacturing

Introduction

According to Collinson (2003), political economy analysis deals with the interface between political as well as economic procedures in a given state or society. It involves the sharing process of resources among various stakeholders, and the procedures that put them in place, maintain and evolve these connections with time. Thus, political economy has to do with how political forces impact the economy and economic systems. Also, on the other hand political economy is concerned with the impact of economic activities on political activities. Thus, it is by economic activity that resources are generated to pursue political activity, for instance, election campaign expenditures. Still, while policy could bring about the prosperity of some economic activities, this success in itself can generate a political constituency geared towards maintaining the same economic activities, because many are now benefiting from it. But the focus here will be on the influence of political forces on the economy.

Hence an important aspect of political economy is the assessment of the effect of policies made by the policy makers (political officeholders) on the economy. Here a historical assessment of the economic policies in Nigeria and their effects on industrial development would be done; it would focus on the period shortly before the end of colonialism up to the early 2000s. It will also highlight the survival strategy employed by Nnewi manufacturers to navigate the hurdles brought about by the adverse effects of the policies made by policymakers in Nigeria. A few recommendations would be proffered as well.

Objectives of the Study

Thus the objective of this study is to-

- a. Highlight on the challenges faced by Nnewi Industrialist
- b. Give a historical assessment of Nigeria's political economy
- c. Highlight and analyze the survival strategy of Nnewi manufacturers in the harsh economic environment obtainable in Nigeria

- d. Make recommendations on how Nigeria's political economy could be properly handled so as to create an enabling environment for economic advancement in Nigeria

Research Methodology

This study involved a descriptive analysis of data collected from journals, theses and published works. In the course of this study, library research and internet investigation/desktop research for vital information were conducted. Hence qualitative and descriptive methods of analysis were employed in this study. The study used discrete analysis of materials to achieve the desired goal of the research.

Literature Review

The role of the government in bringing about economic development and industrialization is very key. Nwugo (2007), in assessing the economic development in eight high performing Asian economies of Japan, Hong Kong, South Korea, Singapore, Taiwan-China, Malaysia, Indonesia and Thailand points out that in these countries the political leaders got the basics right. Macroeconomic management was good and performance was stable, which favoured private investment. Policies were adopted which increased the integrity of the banking system, made it more attractive to non-traditional saves, and raised the levels of financial saving for investment. Educational policies which targeted primary and secondary education rapidly increased the labour force's ability to perform. Prices were controlled and foreign ideas and technology accepted. Government intervention in several areas helped to keep the economy moving forward.

According to Adegboyo, Keji and Fasina (2021), the insufficient and the nature of public goods such as infrastructure and utility services hugely rely on the rate of government spending, which affect both the nature and condition of the macroeconomic framework and fiscal sustainability in any small open economy. Idris *et al*, (2017), notes that fiscal policy, monetary policy and trade policy in Nigeria are characterized by profligacy, poor financial framework, which is strengthened by poor management of huge oil revenue that pose a threat to macroeconomic stability. Also, Nwosa *et al*, (2020), has noted that policy makers in Nigeria have implemented series of trade policies through various objectives, for example the export promotion strategy in 1981; exchange rate liberalization and trade liberalization in 1986; creation of Nigerian Export-Import in 1991; and several trade bilateral and multilateral agreements with different countries among others. These policies unfortunately have not materialized to the economic advancement of businesses and investments in Nigeria. In the meantime, Idris and Ahmad (2017), posit that the continuous show of fiscal deficit in Nigeria may be connected to over-dependency on gains from oil coupled with external borrowings. It is worth agreeing with the position of Khattry and Rao (2002), which state that trade policy improves fiscal balances through rise in tax revenue. And this is expected to increase the size of government revenue that could be channeled to various productive sectors via government spending on infrastructure.

It has to be noted that, the Nigeria government has performed poorly in terms of making good policies to encourage entrepreneurs. According to Mama (2016), one of the major issues bedeviling the manufacturing sector in Nigeria is bad policy. He points out that the business environment is simply unfriendly; manufacturers are left to fend for themselves on many issues and in the provision of social amenities that should be easily created by government. The notoriously bad policy here includes multiple taxations. Schatz (1977) referred to Nigeria's economic development strategy as "nurture capitalism", and so the to promote the wellbeing

of the creative and industrial area of the economy became the job of the private sector, on the other hand the job of the government was to take care of the capitalist sector as a whole and to support home-grown businesses in specifically. But so far the government has not really performed its role properly.

A Historical Assessment of Nigeria's Political Economy since the 1960s

Indeed industrialization is essential for economic development. Possibly, what is debatable is the effectiveness of industrial policies in bringing about the needed development. Indeed a good number of developed countries in the world are industrialized. As Iwuagwu (2011) noted, industrialization is mostly achieved when the political class are passionately committed to it, in other words it necessary for there to be a sustained organizational capacity geared towards harmonizing of the needed political will to achieve clear goals which has the capacity to move a nation to becoming an industrial state. Nigeria of course had always had several policies for industrial activities. What most times are lacking include political will, stability as well as the eagerness of those at the helm of affairs, which results in the abandonment of the policies halfway. According to Anyanwu et al (1997), industrialization refers to the accumulation of a country's ability to transform crude substances into refined commodities needed for further manufacturing or for utilization.

It has to be noted that the nationalist while mounting political pressure for independence actually joined it with commensurate pressure for economic independence and as a result the colonial government passed the Aid to Pioneer Industries Ordinance in 1952. This brought about very generous tax concessions, and in 1958, it was overtaken by the Industrial Development (Income Tax Relief), which stretched the time frame for claiming tax holidays and worked out the process for obtaining pioneer certificates. Its other aspects has to do with accelerated capital depreciation, import duties relief, custom duties drawback regulations, the establishment of industrial estates, and guarantees for the repatriation of profits and dividends. The summative outcome of these measures was the establishment of a number of light consumer industries such as food canning, beer, soft drinks, cigarettes, etc.

After independence the initial assignment of the post-independence administration had to do with the pursuit of the transformation of the country into a modern industrial economy with special emphasis on rapid industrialization as stipulated in the aims of the first national development plan (1962-1968). This indeed marked the beginning of the Import Substitution Strategy, which focused on the local production of commodities that were initially imported. The main reason for this was to reduce excessive reliance on foreign goods and to save foreign exchange by manufacturing these commodities locally. Of course, this strategy explains the increased number of indigenous entrepreneurs that joined in the manufacture of most consumer and intermediate goods, owing to the fact that the government was also targeting stimulating indigenous ownership and management of industries. The idea was to boost the capacity of the pioneer mills. Many business outfits are involved in producing mainly consumables and essential commodities. Consumer goods industries therefore became the prevailing commodities being manufactured and responsible for over 70 percent of additional value and job creation in the productive sector respectively. To accomplish this, local industries were heavily protected by industrial policy which provided for low tariffs on imported inputs and high tariffs on imported finished goods. Up to this point, the government's effort was consistent and indeed yielded positive results, according to Iwuagwu (2011) the medium and large-scale industrial plants in Nigeria increased from 150 plants at independence to 380 by 1965, he

further stated that manufacturing share of the GDP increased from 4.2 percent at independence to 6.1 percent in 1964.

Regrettably, these supports in the form of tariff and quota protection were not followed by adequate discipline such that it boosted the persistent focus on the same limited expertise utility commodity manufacturing. Conversely, the locally produced goods were not able to compete favorably with imported goods with regards to worth, originality, availability, as well as price irrespective of the variety of incentives. This according to Duru (2012) was largely as a result of gross inefficiency and supply bottlenecks in the management and utilization of inputs. For instance Duru (2012) noted that these plants were to a great extent import-dependent for capital inputs, and the low level management of the logistics involved meant that most of these factories did produced below installed capacity. Hence these were exogenous factors of which there effects were not from onset factored into the policies made by the government. Thus, it is clearly obvious that the First National Development Plan failed to accomplish much, because its key aims were not properly implemented. Even the little that was achieved was damaged by the Nigerian-Biafran war.

After the Nigerian-Biafran war in 1970, the plan of Nigerian authority targeted at reconciliation, rehabilitation and reconstruction. The rationale for this plan/agenda was very obvious to be interrogated. This period as well coincided with the oil boom era. So, under the Second National Development Plan 1970–1974, industrial development concentrated on promoting equal development and ensuring that industries were fairly distributed in the various regions of the country, to see to it that the manufacturing sector rapidly expands and diversified, to raise incomes realized from manufacturing activities, to ensure that employment opportunities are created, to promote the establishment of heavy industries in strategic sectors that can bring in foreign currencies, to ensure the continuity programme of import-substitution, to set off home-grown labour source advancement plans in the manufacturing sector, and to increase the rate of home-grown rights of manufacturing enterprises. Indeed these objectives were quite robust, and seemed achievable, given the fact that for the foremost instance the nation had sufficient revenue from the oil boom. Unfortunately, this coincided with the period of prolonged military rule till 1979 which was characterized by a lack of proper economic planning, transparency and accountability. This period was also characterized by massive government interferences as a major part of the economy was taken over by the government, to achieve the objectives enumerated above, government activities were geared towards spending much money key industries whose locations were intermittently predicated on the aim to promote equal advancement as well as good spread of production sites rather than on economic considerations. Ikpeze et al, (2004) notes that the abysmal display of these ventures which continually siphoned cash, the unparalleled liking of foreign goods as against home-grown ones, as well as the abrupt fall in oil prices put the federal government in a lot of debts.

According to Ikpeze et al, (2004), the supreme development of this era was, probably, the indigenization policy which was introduced as stipulated in the Nigerian Enterprises Promotion Decree of 1972, keeping some class of manufacturing works, mainly services as well as manufacturing, for Nigerians. It was promulgated to handle the problem created by the domination of manufacturing ventures in Nigeria by foreigners. The objective of the decree was to compel foreign enterprises in many areas to hand over control fully or partially to private Nigerian investors and businessmen. Kirk-Green (1981) highlighted that the Decree at first grouped enterprises into two plans, plan 1 has to do with ventures meant only for Nigerians on the other hand plan 2 has to do with ventures where Nigerians must possess not less than 40

percent share. Furthermore, by the 1977 amendment, ventures were re-categorized to be 100 percent, 60 percent and 40 percent equity involvement by Nigerians in plans 1, 2 and 3, respectively. Along the same line, the Nigerian Enterprises Promotion Board was established to administer the decree, while the Bank of Commerce and Industry (a public-sector bank) was established to give leveraged buyout-typed financing for Nigerian purchasers. Astonishingly, the indigenization policy scarcely changed the control of either the companies or the relationship with their parent companies. In fact, the foreign owners continued to occupy almost all the strategic positions except, perhaps, the head of the board, seen to be merely a ceremonial position. Again, according to Iwuagwu (2011), the unexpected fall of oil prices in the international market also had a demoralizing effect on the industries especially as they mainly depend on imported inputs, and it became necessary for government to reasonably apportion its scarce resources and foreign exchange as the oil revenue were diminishing. Import licensing which was widespread as well as exchange rate controls led to serious deficiencies in the availability of components which had a bad effect on production. The buying and selling of licenses for the importation business became very lucrative.

Hence during the 1980s, because of its interferences in various manufacturing as well as profit-oriented ventures and given the excessive control of the financial system, the government was becoming handicapped and unable to do its basic responsibility of making the milieu conducive to a traditional economic structure which was what was operational. Starting in 1982, it became clear that basic changes were crucial to bring about a turnaround in the economy. Within that year still economic stabilization act was decreed, by which modifications in exchange control, as well as fiscal and monetary policies, Dagogo (1999), states that these policies include- the reversion to inspecting before shipment for spare parts and raw materials, stopping the bringing in from other countries of some commodities like frozen chicken from general license to specific import license, import duties were introduced and the rates on 49 import items were increased, among others. According to Iwuagwu (2011), this laid the background for the Structural Adjustment Programme (SAP) to be introduced in 1986. Indeed, SAP was brought during a depressing background of mounting external debt, unhealthy investment and the failure of the regime of stringent trade and exchange controls, which had been pursued in the previous two decades. Furthermore Iwuagwu (2011), notes that SAP was intended to be an arrangement for economic modification which was to be for two years, and for the manufacturing subdivision specifically, it was targeted among other things at stimulating the utilization of indigenous unprocessed substances for manufacturing, give confidence to the advancement of indigenous technical know-how, support in the enlargement of value-added of industrial ventures, uphold export orientation, generate employment through active private sector participation, remove constraints that hamper industrial development including deficiencies in infrastructures, manpower and administration, and relax the powers to aid home-grown and foreign investment (FRN, 1986). It was aimed at putting in place a vibrant economy. Thus, individual ownership as well as relaxation of certain parts of profitable ventures was followed, and on the other hand the import licensing system was stopped. Also manufacturing ventures were stimulated to get their unprocessed materials and components from within the country.

The industrial policy of 1988 was the first policy that was quite different from the country's general economic development policy, it was titled, Industrial Policy of Nigeria: Policies, Incentives, Guidelines and Institutional Framework, according to the Federal Ministry of Information (1988), it was targeted at making the industrial sector the key mover of economic development. Its objectives were: to create more employment opportunities through industry;

to raise the sale of locally produced commodities abroad, facilitate the spreading of industries, develop technological know-how and capability obtainable in the country, increase local content, attract foreign capital, and, raise private sector involvement in the production sector, (FMI, 1988). This would be achieved by applying some techniques such as: encouraging enlarged involvement of the private sector in the manufacturing subdivision, allowing individual owners as well as making government establishments more profit-oriented, encouraging the building of novel and important manufacturing firms, making available as well as develop infrastructures, improve the regulatory environment, improve the investment climate, set-up a clear set of industrial priorities; and, synchronize industrial policies in all the tiers of government, (FMI, 1988).

It has to be noted at this point that in spite of the various policies made by the Nigerian government over the years to boost the economy of the nation through industrialization, some factors has greatly hindered it. They include the politics of ethnicity and religion.

The politicization and manipulation of ethnicity in Nigeria has posed a great problem. Iyanga, (2018) affirms that multi-ethnic states are often prone to conflictual and competitive relationships as different communities struggle to control political power and other economic resources of the state and this constitutes an impediment to political and socio-economic development. Therefore, ethnicity provides the platform whereby different individuals mobilize primarily to actualize economic goals. This explanation is relevant in the African context and Nigeria in particular where different groups cry about marginalization with regards to the distribution of national resources (Ebegbulem, 2011). The Nigerian state has been weak in acting as an impartial actor in protecting the interests of its diverse population as equal citizens; ensuring equitable distribution of national resources; promoting national integration and unity and actualizing national development goals. Its inability to act as an independent force standing above society and effectively mediating between competing interests in society creates a gap which is then bridged by the diverse ethnic groups and their organizations to mobilize for equal distribution of economic resources (Iyanga, 2018).

According to Emoghene and Okolie (2020), since Nigeria attained independence, several problems experienced in the state include those concerned with state creation; revenue allocation; lack of trust among constituent units; election rigging, restiveness/militancy, Boko Haram insurgency, ethno-religious violence, inter-ethnic violence, inability of some ethnic groups to attain certain political offices and political instability (Jiboku & Jiboku, 2018), these constitute an impediment to national development. On the other hand, religion in Nigeria has functioned as a means for the perpetration of violence, fuelling ethnic consciences and solidarity, acquisition of power and socio- economic gains, massive killings and the wanton destruction of lives and vandalizing of property of those considered infidels or who pay allegiance to other religions. This is traced to the acrimony between the two dominant religious-Islam and Christianity which had often resulted in the struggle for power and supremacy, bitter feud and wanton destruction of lives and properties (Ngele, 2008).

Some religious activities have deterred the spare of political and national development in Nigeria. This supports the assertion of Ajaegbu (2012) who posits that religious terrorism in Nigeria posses a significant threat to national development as it is evident in Northern Nigeria where economic and social activities in some of the highly volatile states (Yobe and Borno) have almost been grounded by the stream of killings, destruction of basic means of livelihood

of the people and truncating of foreign and local investments; thereby becoming a cock on the wheel of development of the states and Nigeria at large.

According to Adegbami and Uche (2015), politics of ethnicity and religion has made it difficult for Nigeria to have the right leaders in its political sojourn over sixty-two years of independence, except for a very few of her leaders who have demonstrated total commitment to the nation's development. Ethnic politics has been a clog in the wheel of political advancement of the nation such that, there has never been a leader with national outlook that has emerged in Nigeria. The election of candidates so far, has been based on 'where the candidates came from rather than on the right candidates for the election' (Umezina, 2012).

The consequence of which 'political dealers' instead 'leaders' have been emerging in the nation's political activities. These so called leaders are without the interest of the nation at heart. They emerge to political limelight through ethnic sentiments, but end up in disappointing their so call ethnic group; this is evident in almost all parts of the nation where none of the ethnic nation is developed. One would have expected that owing to the way many of these politicians came to power via ethnic sympathy, they would satisfy the ethnic group that supported them to power, but as soon as they emerge, they neglect their people. Many of them who are at Abuja the Federal Capital Territory refused to go back to see their people at home again.

Also according to Adegbami and Uche (2015), the issue of the federal character is another political arrangement that is troubling the political advancement of the nation. Although the motive behind the enshrinement of the principle is to enhance equality and fairness among the component ethnic groups in Nigeria, with a view to bringing sense of belonging into different citizens of Nigeria as well as to prevent or resist fears of domination of one region or ethnic group over the others. The plausibility of the principle notwithstanding, it brings about the reigning of mediocrity into the governmental activities in the name of equity and fairness among the component states. Given the fact that merit has been overruled as a criterion for serving the nation, it is not surprising that all manners of people have been appointed to hold public offices in which they neither had the training nor the experience. Thus, in a situation like this, there is no way any progress could be achieved in the nation building and economic advancement of the country (Umezina, 2012).

Nnewi Town

Nnewi is one of the prominent commercial towns in Nigeria. This is because products from Nnewi factories are seen in major markets of the African continent and its people who travel all over the world mostly engaged in auto spare parts business.

Nnewi is the headquarters of Nnewi North Local Government Area of Anambra State. It was the headquarters of the former Nnewi local government before the creation of Nnewi south with headquarters at Ukpok. The town, during the colonial administration in Nigeria, was the headquarters of Onitsha Southern County Council. The Council comprised 22 towns and had a population of 186,000 according to the 1953 census, (Okonkwo, 1961).

Nnewi town is about 24 kilometres from Onitsha if one travels through the old Onitsha/Oba/Ojoto road, but through the Onitsha/Oba/Okigwe new road, it is about 20 kilometres from the Onitsha end of the River Niger to the Nkwu triangle regarded as the centre of the town, (Ugochukwu, 2000).

How Industrial activities started

According to Nnewi Chamber of Commerce, Industry, Mines and Agriculture (NCCIMA), Nnewi's prominence in vehicle and motorcycle spare parts arose from a historical background. Down the road of history, Nnewi people and their neighbours have been great travelers to different places in Nigeria and the world. And wherever they found themselves they are always industrious, making meaningful economic contributions. At the end of the Nigerian-Biafran war they learnt a lesson from the losses they incurred, which is that investing at home is better than investing outside.

Barring any formal agreement, a good number of Nnewi people made up their mind remain in Nnewi, invest and establish their businesses. This decision thus paid a great as the market in Nnewi now booms in trade not just of vehicle and motorcycle parts but other goods and commodities too. And as time went on they moved on from trading to manufacturing. It thus paid off now as the old Nnewi Local Government, made up of Nnewi North and South and Ekwusigo Local Government areas, is filled up with various manufacturing factories and many more are in the pipeline.

Today, Nnewi domiciles the foremost home-made car manufacturing plant in Nigeria – Innoson Vehicle Manufacturing Company. According to Ilechukwu (2018), Nnewi abinitio embraced commerce as a way of life. An average Nnewi person is actually a trader. Farming especially in the contemporary times is basically being practiced in Nnewi by a few and mostly at the subsistence level, just to keep busy and produce vegetables to eat. The profession of the Nnewi man is business.

Like earlier stated one of the factors that stimulated industrial activities in Nnewi was the Nigerian civil war, as many Nnewi people who had established and invested heavily outside Igboland had all their investments destroyed and lost. Thus they had to relocate to Nnewi to start their businesses afresh and from then on most of their investments were situated in Nnewi. Ilechukwu (2018) noted that the first major industry Nnewi embraced was the transport industry. He stated that the transport industry became prominent in Nnewi with Sir Louis Ojukwu the father of Ikemba Nnewi, Emeka Ojukwu and others like Atamuna Transport, Egwuatu Transport, Chidiebere Transport, Ekenedilichukwu Transport, Izuchukwu Transport and several other transport companies that came out of Nnewi. Thus the first major regional and national business outfit that came out of Nnewi was the transport industry. Igbokwe (2018), along the same line acknowledged as well that a key factor that inspired industrial activities in Nnewi was the establishment of transport businesses by some Nnewi indigenes like Sir Louis Ojukwu as well as Chief Ubajaku (Izuchukwu) and Chief Ilodibe (Ekenedilichukwu). He noted that these transport companies thus employed a good number of Nnewi indigenes.

Hence Ilechukwu (2018) further stated that with transport companies established, so many other things began to happen as people were then given to transport business they have to repair their vehicles and as they continued in the motor spare parts business some of the traders began to accumulate capital. Thus as time went on some of these traders began to wonder if they should always be importing the spare part products, so with that they ventured into the production of motor spare parts, thus they began to build industries where these motor spare parts are produced. Therefore, in this manner industrial activities of various forms began. People like Omata Holdings began to produce brake-pads, O.T.C industrial Ltd started producing cables, Cento industries produces both motor and motorcycle batteries as well as many other people that began to produce one thing or the other. Hence the building and

establishment of industries to produce various kinds of things began. And in doing so the Nnewi town began to enlarge and grow up to the point where they moved beyond the production of motor spare parts to the production of vehicles with Innoson motors coming on board with such Innovation. It is important to note that Innoson motors does not just assemble the vehicles, it actually manufactures the vehicle from start to finish, hence the vehicles produced bear the name “INNOSON”. Thus it is very clear that the establishment of one industry attracts another and through this Nnewi has become a city of industries.

Challenges faced by Nnewi Industrialists

Again, Iwuagwu (2011) notes that from the last part of 2006 to the first two quarters of 2007, the industrial sector in Nigeria experienced some hard times, and had to struggle with several challenges which include- low capacity utilization caused by abysmal infrastructural conditions, lack of venture capital, elevated cost of capital, abysmal macroeconomic environment (including inadequate regulation), insecurity, multiple taxation, etc. Other challenges plaguing the development of industry in Nigeria include inconsistency in the industrial policies of the government as well as fluctuations in the exchange rate. All these challenging factors worked together to make industry’s input to National GDP to be slightly above 4 percent. Of course, a hand-full of manufacturing companies had been forced to shut down, while others move to nearby countries where the business situation is considered not too hostile.

Thus regarding Nnewi, the Nnewi Chamber of Commerce, Industry, Mines and Agriculture (NCCIMA) notes that the Nnewi industrial community enjoyed a boom between 1986 and 1996, but a turning point in the fortunes of the industrial community came with a number of developments. The structural adjustment programme (SAP) and its attendant devaluation of the currency made it difficult for firms to bring in spare parts and imported raw materials, second, large-scale industrial project such as the Aluminum smelting Company Ikot Abasi, Delta Steel Company Aladja and Ajakuta Steel, upon which some of the firms were expected to rely on for raw materials and fabrication of production equipment, suffered delays and cancellation. Consequently, the firms had to rely on imported components at considerable logistic difficulties and at a higher cost. Third, following globalization, Asian firms which hitherto took orders in their home countries brought in representatives to Nnewi to take orders from traders and bring in spare parts. This practice has taken a real life form of ‘dumping’ which undercuts prices of locally manufactured products drastically.

The Survival Strategy of the Nnewi Manufacturers

In lieu of the above narrative on the nexus between fiscal policy and economic growth, or nexus between monetary policy and economic growth, or the relationship between trade policy and economic growth, it has been observed through the studies that increase in government spending and trade openness and decrease in interest rate have not transmitted to improved economic growth in Nigeria, local production and manufacturing which is supposed to be the driving force of the economy is barely surviving.

Given the poor state of the Nigerian economy and the adverse effect of poor implementation of economic policies many businesses and manufacturing ventures had suffered greatly and many are already out of business. But in spite of this challenge a good number of businesses and manufacturing ventures in the industrial hub of Nnewi have survived and remained afloat. Here light would be thrown on the survival strategy employed by the businesses and

manufacturing ventures in Nnewi in the midst of Nigeria’s poor political economy, which has enabled them to achieve the degree of success they have attained.

It has to be noted that Nnewi entrepreneurs and manufacturers right from the onset had been devising means through which they assist themselves as well as tackling the harsh economic milieu that they function. According to the Nnewi Chamber of Commerce, Industry, Mines and Agriculture (NCCIMA), what is special about Nnewi business community is that both formal and informal institutions, that is, rules and regulations and patterns of behaviour have evolved which lower transaction costs in a variety of ways. Most industrialists in Nnewi were originally traders. Many ran shops selling motor spare parts. At least half started their working lives as apprentices and then moved on to become successful motor traders and then later on switched over to manufacturing.

NCCIMA stated that in making the transition into manufacturing production, not only do Nnewi traders have a strong base of relevant knowledge and skills but they have continued to rely on a very supportive network of relationships that are cemented together by an elevated degree of confidence as well as collaboration.

There are some cultural practices that lower transaction costs in Nnewi. For example trading networks have engendered a form of cooperation which has been transferred to manufacturing. In particular, sharing of equipment and lending of skilled personnel in common. The close trust-based relationship also ensures that key information travels quickly among producers and traders.

Furthermore, Nnewi entrepreneurs have over a number of years developed close link with motor spare parts producers and wholesalers in Taiwan and other Asian countries. These links proved especially valuable when Nnewi traders began to develop their own production activities and obtain detailed advice and other technical assistance from their Asian suppliers about the type of machinery and other technologies they should acquire and the acquisition of the specific skills needed to operate efficiently. Hence in their own unique way, Nnewi entrepreneurs and manufacturers have been making efforts at managing and tackling the challenges.

Below is statistical data showing the linkages that Nnewi manufacturers/entrepreneurs had relied on under a harsh economic environment.

Table Showing, Vertical and Horizontal Linkages among Firms in the Nnewi industrial Community

COOPERATION BETWEEN FIRMS	Strong increase	Increase	Remained the Same	Decrease	Strong Decrease	Total
Exchange of Information	11.1	16.7	50.0	11.1	11.1	100.0
Quality Improvement	5.9	17.7	47.1	11.8	17.7	100.2
Joint Labour Training	11.8		58.8	11.8	17.7	100.1
Joint Marketing	6.7		60	13.3	20.0	100.0
Backward Cooperation with Sub-contractors						
Exchange of Information	13.3	20.0	60.0		6.7	100.0
Technological Upgrading	6.7	20.0	60.0		13.3	100.0
Quality Improvement	13.3	20.0	60.0		6.7	100.0
Labour Training	7.1		78.6		14.3	100.0
Joint marketing	7.1	7.1	71.4		14.3	99.9

Backward cooperation with Suppliers of input						
Exchange of Information	13.3	20.0	53.3	6.7	6.7	100.0
Quality Improvement	12.5	25.0	50.0	6.3	6.3	100.1
Speeding up Delivery	1.8	5.9	58.8	17.7	5.9	100.1
Joint Labour Training	7.1		57.1	21.4	14.3	99.9
Joint Marketing	7.1	7.1	57.1	14.3	14.3	99.9
Forward Cooperation with Buyers						
Exchange of information	27.8	22.2	38.9	5.6	5.6	100.1
Quality Improvement	16.7	55.6	16.7	5.6	5.6	100.2
Setting of Product specification	23.5	11.8	58.8		5.9	100.0
Organization of Production	5.3	15.8	57.9		21.1	100.1
Forward Cooperation with Foreign Buyers						
Exchange of Information			85.7		14.3	100.0
Quality Improvement		14.3	71.4		14.3	100.0
Joint Labour Training			85.7		14.3	100.0
Joint Marketing		14.3	71.4		14.3	100.0

Source: Nnewi Chamber of Commerce, Industry, Mines and Agriculture (2015)

Recommendations/Conclusion

Indeed there are possible ways of tackling some of the challenges being faced by businesses in Nigeria. The government should channel resources at providing the necessary amenities and infrastructures that would encourage local industries and manufacturers, infrastructures such as uninterrupted power supply and good road interconnectivity and making enabling laws to boost the local industries and manufacturers. Thus, the Nigerian government should invest correctly in the power sector to eradicate the constant outage and shortage of power supply. To achieve this both the federal and state governments should handle the power sector and as well partner with the private sector to tackle the problem of inadequate power supply. A nation cannot develop industrially if there is no adequate power supply.

Furthermore the government should make laws and policies that are business-friendly, such policies would encourage business people and manufacturers to invest and do their businesses without fear. He pointed out that these laws should include the banning of some standards of products from being imported into the country so as to encourage local manufacturers who could manufacture those products to do so without fear. He noted that products like the tricycle (keke) ought not to be imported at all into the country, as our local manufacturers have the capacity to produce enough of them. Thus, the government should encourage the people to always patronize locally manufactured goods. With this the local manufacturers would be encourage to do more.

Again, the governments should avoid multiple taxation on the manufacturers as this would stifle their efforts and as well kill the ambitions of other persons too who would desire to ventures into manufacturing, thus preventing them from investing in the Nigerian economy.

In conclusion the government should put measures in place and as well show more sincerity and willingness to provide loans facilities to manufacturers easily so as to support and help their businesses because in the long run the Nigerian economy would be better for it.

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