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# EXAMINING THE HISTORICAL BACKGROUND OF ECONOMIC GROWTH IN INDUSTRIAL LAW: NIGERIA AS A CASE STUDY

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## Abstract

With Nigeria as a case study, this paper gives a critical analysis of the historical context of economic growth in industrial law. Understanding the historical trajectory of the industrial sector is essential for informed policymaking and future advancement since it plays a significant role in the economic development of any country. Nigeria serves as a useful case study because of its varied industrial landscape and complicated socio-economic history. The study explores the development of industrial legislation in Nigeria historically, tracing its beginnings from pre-colonial times through the colonial era to the post-independence period. The study adopted a doctrinal methodology to critically analyze the institutional arrangements, institutional policies, and regulatory frameworks that have influenced the development and problems of the industrial sector over time. The study also takes a multifaceted approach, taking into account social, economic, and legal viewpoints. The result of which provides insight into the intricacies and difficulties Nigeria's industrial sector has faced over the years. These include a lack of access to money, institutional inefficiencies, inconsistent policies, and technology deficiencies. In conclusion, this study emphasizes the significance of a strong legal system that promotes an atmosphere that is favorable for business growth, innovation, and investment. Policymakers can identify lessons gained and develop evidence-based approaches to solve present issues and advance Nigeria's industrial sector toward sustainable economic growth by critically evaluating past antecedents.

**Keywords:** Economic Development, Historical context, Industrial law, Industrial sector legal system,

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## 1.0 Introduction

Understanding the evolution of a country's industrial sector requires understanding the historical

context of economic growth in industrial legislation. This critical examination takes Nigeria as a case study and provides insights into the historical development of industrial law, as well as the institutional structures, regulatory frameworks, and policies that have influenced its development and difficulties over time. Manufacturing, trade, investment, labour relations, and intellectual property are only a few examples of the many facets of industrial activity covered by industrial law. Understanding the elements that have influenced Nigeria's economic growth and industrial development requires an understanding of the historical context of industrial legislation. It allows decision-makers, academics, and practitioners to analyse historical data, draw conclusions, and create practical plans for sustainable economic growth. The analysis adopts a multifaceted strategy that incorporates perspectives from the legal, economic, and socio-political fields. The study offers useful insights into the elements that have shaped Nigeria's industrialisation journey by evaluating the legal, economic, and socio-political components. Finally, the study lays the foundation for efficient interventions and policies to strengthen Nigeria's industrial sector and promote sustainable economic growth.

## **2.0 Historical Context of Economic Growth in Nigeria**

The historical context of economic growth in Nigeria is a complex and multifaceted topic that spans several decades. Nigeria, located in West Africa, gained independence from British colonial rule in 1960.<sup>1</sup> Since then, the country has experienced periods of economic growth as well as significant challenges. In the early years following independence, Nigeria's economy was primarily agrarian, with agriculture being the mainstay of the economy.<sup>2</sup> However, the discovery of oil in commercial quantities in the late 1950s and the subsequent oil boom in the 1970s had a transformative effect on Nigeria's economy.<sup>3</sup> The oil sector rapidly became the dominant sector, contributing a significant portion of the country's revenue and foreign exchange earnings.<sup>4</sup> During the 1970s oil boom, Nigeria witnessed rapid economic growth fueled by the

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<sup>1</sup>Encyclopedia Britannica, 'Nigeria as a colony' <<https://www.britannica.com/place/Nigeria/Nigeria-as-a-colony>> accessed on 8 December, 2024

<sup>2</sup>Crop2Cash Blog, 'Evolution Of Agriculture In Nigeria' <<https://www.crop2cash.com.ng/blog/evolution-of-agriculture-in-nigeria/>> accessed on 8 December, 2024

<sup>3</sup>Sylvester Okotie, 'The Nigerian Economy Before the Discovery of Crude Oil' *The Political Ecology of Oil and Gas Activities in the Nigerian Aquatic Ecosystem* (pp.71-81)

<sup>4</sup>Ibid

surge in oil prices and increased oil production.<sup>5</sup> The government invested heavily in infrastructure projects, including roads, schools, hospitals, and industries. However, this period of growth was also marked by mismanagement, corruption, and a lack of diversification. The heavy dependence on oil made Nigeria vulnerable to fluctuations in global oil prices, which led to economic instability in subsequent years. In the 1980s, Nigeria faced a severe economic crisis due to a decline in oil prices and mismanagement of resources.<sup>6</sup>The government implemented structural adjustment programs under the guidance of international financial institutions to address the economic challenges. These programs involved policy reforms aimed at reducing government intervention, promoting private sector participation, and diversifying the economy away from oil.<sup>7</sup>Throughout the 1990s and early 2000s, Nigeria experienced a mix of economic growth and setbacks.<sup>8</sup> Political instability, corruption, inadequate infrastructure, and social challenges posed obstacles to sustained growth.<sup>9</sup>

However, Nigeria's economy benefited from periods of relative stability, driven by improved governance, economic reforms, and investments in sectors beyond oil, such as telecommunications, banking, and services. Thus, the historical context of economic growth in Nigeria can be examined across three main eras: the pre-colonial period, the colonial period, and the post-independence era.<sup>10</sup> Each period had distinct factors and influences that shaped Nigeria's economic growth.

## 2.1 Pre-Colonial Era (Pre-19th century):

Before the arrival of European colonial powers, Nigeria was characterized by a diverse set of kingdoms, city-states, and empires, each with their own economic systems.<sup>11</sup> Agriculture was the dominant economic activity, with various regions specializing in crops such as yam, millet,

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<sup>5</sup>International Monetary Fund, 'Point of View: Nigeria's Shot at Redemption' <<https://www.imf.org/external/pubs/ft/fandd/2008/12/okonjo>> Accessed on 8 December, 2024

<sup>6</sup>EromoseleAbiodun, 'Economic Crisis: How Nigeria Failed to Learn from History' *This Day* (Nigeria, 4 May 2016)

<sup>7</sup>Ibid

<sup>8</sup>L. N. Chete and others, 'Industrial development and growth in Nigeria:

Lessons and challenges' <[https://www.brookings.edu/wp-content/uploads/2016/07/12c\\_wp8\\_chete-et-al-1.pdf](https://www.brookings.edu/wp-content/uploads/2016/07/12c_wp8_chete-et-al-1.pdf)> accessed on 8 December, 2024

<sup>9</sup>Ibid

<sup>10</sup>Mustapha A. Akinkunmi, 'Nigeria's Economic Growth: Past, Present and Determinants' *Journal of Economics and Development Studies* [2017] 5(2) pp. 31-46

<sup>11</sup>Nigeriaembmexico, 'History of Nigeria' <<https://www.nigerianembmexico.org/history-of-nigeria>> accessed on 8 December, 2024

sorghum, and palm produce.<sup>12</sup> Trade networks existed both within Nigeria and with neighboring regions, facilitating the exchange of goods and fostering economic growth. Local industries, such as weaving, pottery, and metalworking, also flourished.

## **2.1 Colonial Era (Late 19th century - 1960):**

Nigeria came under British colonial rule in the late 19th century, which significantly impacted its economic structure.<sup>13</sup> The British administration introduced a cash-crop economy, with a focus on exporting agricultural products such as palm oil, cocoa, groundnuts, and rubber.<sup>14</sup> This shift in the economy led to the development of plantations and large-scale farming, primarily owned by European companies and settlers.<sup>15</sup> The colonial government also invested in infrastructure projects such as railways, roads, and ports, mainly to facilitate resource extraction and exportation. However, the colonial period also had negative consequences for Nigeria's economy.<sup>16</sup> The emphasis on cash crops led to the neglect of subsistence agriculture and other industries.<sup>17</sup> Local farmers faced exploitative practices, such as forced labor and low prices for their produce. Furthermore, the British colonial administration did not prioritize industrialization in Nigeria, resulting in a limited industrial sector and a dependence on imported manufactured goods.<sup>18</sup>

## **2.2 post-Independence Era (1960 - present):**

Nigeria gained independence from Britain in 1960, marking a new phase in its economic development.<sup>19</sup> Initially, the country focused on import substitution industrialization (ISI), aiming to reduce dependence on foreign imports by promoting domestic industries.<sup>20</sup> The government implemented policies to protect and support local manufacturing, resulting in the establishment of industries such as textiles, cement, steel, and automobile assembly plants. Oil

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<sup>12</sup>Crop2Cash (n.7) 3

<sup>13</sup>Adeyemi Olusegun, 'The Implications of British Colonial Economic Policies on Nigeria's Development' *International Journal of Advanced Research in Management and Social Sciences* [2022] 1(2)

<sup>14</sup>Ibid

<sup>15</sup>Ibid

<sup>16</sup>Nwachuckwu J. Obiakor, and Abuoma C. Agajelu 'British Colonial Economic Policies and Infrastructure in Nigeria: The Rail Transport Example, 1898-1960' *An African Journal of Arts and Humanities* [2016]2(3)

<sup>17</sup>Ibid

<sup>18</sup>Ibid

<sup>19</sup>Obi Iwuagwu, 'Nigeria and the Challenge of Industrial Development: The New Cluster Strategy' *African Economic History* [2009] 151-180

<sup>20</sup>Ibid

production and exports also became significant, as Nigeria discovered substantial oil reserves in the 1960s.<sup>21</sup> Oil production had a profound impact on Nigeria's economy, leading to a significant shift towards a petroleum-based economy.<sup>22</sup> The oil sector became the primary source of government revenue and foreign exchange earnings, fueling rapid economic growth during the 1970s oil boom.<sup>23</sup> However, this heavy reliance on oil made Nigeria vulnerable to fluctuations in global oil prices, leading to economic instability in subsequent years.<sup>24</sup> In addition to the oil sector, Nigeria's economy has seen the growth of other sectors such as telecommunications, banking and finance, entertainment, and agriculture. However, challenges such as corruption, inadequate infrastructure, political instability, and income inequality have hindered sustained economic growth and development.

### **3.0 Assessment of Historical Policies and Strategies**

#### **3.1 Historical Policies**

##### **A. Import Substitution Industrialization (ISI) Policy (1960s-1970s)**

In the early years of independence, Nigeria adopted the ISI policy, aiming to promote domestic industrialisation by reducing dependence on imported goods. The government implemented high tariffs, import licensing, and foreign exchange restrictions to protect local industries and stimulate domestic production. This policy led to the establishment of various industries in Nigeria, particularly in sectors such as textiles, cement, and food processing. The objective of ISI is to reduce foreign dependency of a country, this does not necessarily mean eliminating imports into a country but instead reducing a country's imports<sup>25</sup>. The process makes a country's economy self-sufficient. In Nigeria, this has had mixed results as the policy initially encourage domestic production of goods and services, it has later led to poor resource allocation, rent-seeking and inflation.

##### **B. Nigerian Enterprises Promotion Decree (1972)**

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<sup>21</sup>S. A. Madujibeya, 'Oil and Nigeria's Economic Development' *African Affairs* [1976] 75(300) 284-316 <<https://www.jstor.org/stable/721799>> accessed on 8 December, 2024

<sup>22</sup>Ibid

<sup>23</sup>Irina Romanova, 'Oil boom in Nigeria and its consequences for the country s economic development' <<https://www.grin.com/document/67959>> accessed on 8 December, 2024

<sup>24</sup>Ibid

<sup>25</sup>Thomas Brock 'Import Substitution Industrialization (ISI) Defined, With Example' <<https://www.investopedia.com/terms/i/importsubstitutionindustrialization.asp>> accessed 8 December, 2024

This decree aimed to increase local participation in the economy by encouraging indigenous ownership and control of business and to effect changes in the structure of businesses in Nigeria. The decree was divided into three schedules; The first schedule was designed to give Nigerians more access to surplus income of businesses, Schedule 2 of the Decree was designed to ensure that Nigerians has an equity stake of 60% in all companies incorporated in Nigeria, Schedule 3 ensured 40% of all equity stake in a company were held by Nigerians. The Decree was planned to give Nigerians more access to surplus income of businesses, shifts foreign investment to highly technical areas and promote indigenous businesses<sup>26</sup>. This decree was criticized to have created a new wealth class made up of only a few persons that purchased the majority of shares.

### **C. Structural Adjustment Program (SAP) (1986-1999)**

SAP was a program introduced by the Nigerian Government in conjunction with the IMF to address economic challenges including; low productivity, high inflation and a deteriorating balance of payments and also to revive the nation's economy and also to cater the needs of farmers which had long been ignored by the states<sup>27</sup>. The SAP was criticized for lowering income value and also increasing inaccessibility and malnutrition of the poor

### **D. National Economic Empowerment and Development Strategy (NEEDS) (2004)**

NEEDS was a medium-term policy initiated by the Nigerian Government to promote the economy and to alleviate poverty. NEEDS focused on other objectives such as sectoral focus, education and industry linkages and capital market development<sup>28</sup>. Criticism of the NEEDS strategy has been little but however, it has been argued that it did little in addressing the structural issues that underline Nigeria economic problems. However, all in all it was seen as step in the right direction.

### **E. Local Content Policy (2010)**

The Nigerian Content Development and Monitoring Board (NCDMB) implemented the local content policy so as to improve the participation of Nigerians in the Oil and gas industry. The policy requires that in the Oil and gas sector, Nigerians are given first consideration in the award of contracts. It further requires that foreign companies with a registered office in Nigeria must

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<sup>26</sup>Stop learn team, 'Indigenization: Nigerian Enterprises Promotion Decree 1972 & 1977' <<https://stoplearn.com/indigenization-nigerian-enterprises-promtion-decree-1972-1977/?amp=1>> accessed 8 December, 2024

<sup>27</sup>Wikipedia 'Structural adjustment' <[https://en.wikipedia.org/wiki/Structural\\_adjustment](https://en.wikipedia.org/wiki/Structural_adjustment)> accessed 8 December, 2024

<sup>28</sup>Okereka Onofere 'The National Economic and Development Strategy (Needs): Its Implications for Human Resources Development and Management in Nigeria <https://core.ac.uk/download/pdf/234696151.pdf> accessed 8 December, 2024

use Nigerian goods and services to the extent possible. However, the policy was criticized as a policy that is only applicable on a short-term basis requiring firms to use local inputs and subsequently increasing production costs<sup>29</sup>.

#### **F. Industrial Revolution Plan (2014)**

This was a plan that was developed in order to accelerate Nigeria's industrialization and transform the country into an industrial hub recognized globally, increasing import and export and wealth creation. The plan was to create employment opportunities, transfer technology and built local capacity in the manufacturing sector<sup>30</sup>. However, seven years after its launch the plan has yet to come to fruition. The plan has been criticized for not doing enough to address the needs of the poor and for short-terms gains.

### **3.2 Historical Strategies**

- a. **Infrastructure Development:** Enhancing infrastructure is crucial for industrial growth. The government can invest in the development of transportation networks, power generation and distribution, telecommunications, and water supply. Improving infrastructure will attract more industrial investments and enable existing industries to operate efficiently.
- b. **Investment Promotion:** Implementing measures to attract domestic and foreign investments in the industrial sector is essential. This can be achieved by streamlining investment procedures, providing investment incentives, ensuring ease of doing business, and promoting investment opportunities through marketing campaigns and investment forums<sup>31</sup>.
- c. **Export Promotion:** Expanding export markets can stimulate industrial growth. The government can provide export incentives, establish trade missions, participate in international trade fairs, negotiate favourable trade agreements, and support export-oriented industries through export financing and market research assistance<sup>32</sup>.

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<sup>29</sup> 'Promoting local content' <<https://engineersagainstopoverty.org/promoting-local-content/>> accessed 8 December, 2024  
<sup>30</sup>Benedict Macon 'The Industrial Revolution, Politics and Public Policy' <<https://www.institute.global/insights/tech-and-digitalisation/industrial-revolution-politics-and-public-policy>> accessed 12December, 2024  
<sup>31</sup>Ibid (n2)  
<sup>32</sup>export promotion policy & economic growth in Nigeria (1970-2014). <<https://www.grossarchive.com/project/public-administration/3773-export-promotion-policy-economic-growth-in-nigeria-1970-2014>> accessed 12December, 2024

d. Access to Finance: Access to affordable finance is critical for industrial growth. The government can establish development banks or funds to provide long-term financing options for industrial projects. Additionally, policies can be implemented to encourage

All of these policies and strategies have been enacted and implemented to advance economic development, with some actually playing the role of improving economic development. In contrast, some policies and strategies failed completely and kept Nigeria in more trouble than it was before offering little or no solutions.

### **3.2.1 The strengths of these policies and strategies;**

- a. The ISI promoted the growth of local industries and encouraged the development of new technology
- b. The National Enterprises promotion decree allowed indigenous capital to have assertive control over the economy.
- c. The Structural Adjustment program encourages an efficient free market systems, privatization, export-led growth, and liberalization
- d. The Local Content Policy Enhances the economy's financial, economic, and physical infrastructures
- e. The Industrial Revolution Plan (IRP) focused on the development in of key sectors of the economy, such as agriculture, manufacturing, and solid minerals

### **3.3.2 Weaknesses**

- a. The ISI led to production often not being extended into industries other than consumer goods<sup>33</sup>.
- b. The NEPD discouraged outside control of the economy, which could have negative effects on foreign investment.<sup>34</sup>

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<sup>33</sup>Jennifer Bussel, 'import substitution industrialization' <<https://www.britannica.com/topic/import-substitution-industrialization>> accessed 12December, 2024

<sup>34</sup>Stop learn team, 'Indigenization: Nigerian Enterprises Promotion Decree 1972 & 1977' <<https://stoplearn.com/indigenization-nigerian-enterprises-promtion-decree-1972-1977/?amp=1>> accessed 12December, 2024

- c. The SAP led to an increase in inflation, which made it difficult for people to afford basic goods and services.<sup>35</sup>
- d. The Nigerian economy was heavily dependent on oil, which limited the effectiveness of the NEEDS program in diversifying the economy<sup>36</sup>
- e. The local content policy creates significant compliance and fraud risks, including the creation of convenient opportunities to channel money or other things of value to government or parastatal entity officials, their families, or affiliates<sup>37</sup>

### 3.4 Implications For Nigeria's Economic Development

Studying the historical background for economic growth in industrial law in Nigeria has significant implications for the country's economic development and future research directions. Here are some key points to consider:

- a. **Policy Relevance and Effectiveness:** Understanding the historical context of industrial law allows policymakers to assess the relevance and effectiveness of existing policies and regulations. By examining past policies and their outcomes, Nigeria can identify areas where improvements are needed and formulate targeted interventions to promote economic growth. This includes revisiting outdated laws, addressing regulatory bottlenecks, and aligning industrial policies with current economic realities.
- b. **Economic Diversification:** Nigeria's over-reliance on oil revenue has hindered economic diversification. Studying the historical background of industrial law can provide insights into past attempts at diversification and their outcomes. This knowledge can inform future research and policy directions, helping Nigeria identify new sectors and industries with the potential for sustainable economic growth. It can also guide the development of supportive legal frameworks and incentives for promoting diversification.

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<sup>35</sup>Murtala Muhammed 'Structural Adjustment Programme and its Impact on the Nigerian Manufacturing Sector(1986-2016)' <[https://www.researchgate.net/publication/338825961\\_Structural\\_Adjustment\\_Programme\\_and\\_its\\_Impact\\_on\\_the\\_Nigerian\\_Manufacturing\\_Sector\\_1986-2016](https://www.researchgate.net/publication/338825961_Structural_Adjustment_Programme_and_its_Impact_on_the_Nigerian_Manufacturing_Sector_1986-2016)> accessed 12 December, 2024

<sup>36</sup>Critical Analysis of the Performance of the National Economic Empowerment and Development Strategy (Needs) On The Nigerian Economy <<https://www.projectreserve.com/2020/01/critical-analysis-of-the-performance-of-the-national-economic-empowerment-and-development-strategy-needs-on-the-nigerian-economy.html?m=1>> accessed 12 December, 2024

<sup>37</sup>Benjamin Haley,' Compliance Risks from Local Content Requirements – Considerations for Doing Business in Africa' <<https://www.covafrika.com/2018/10/compliance-risks-from-local-content-requirements-considerations-for-doing-business-in-africa/>> accessed 12 December, 2024

- c. **Investor Confidence and Foreign Direct Investment:** A solid historical understanding of industrial law can enhance investor confidence and attract foreign direct investment (FDI). Investors seek stability, predictability, and a favorable business environment. By examining past experiences, Nigeria can identify areas where legal reforms and improvements are necessary to attract and retain FDI. This includes ensuring investor protection, simplifying regulatory processes, and providing transparent legal frameworks that align with international best practices.
- d. **Comparative Analysis and Lessons from Other Jurisdictions:** Researching the historical background of industrial law in Nigeria allows for comparative analysis with other jurisdictions. By examining successful models and best practices from around the world, Nigeria can identify strategies and approaches that have proven effective in promoting economic growth. This comparative analysis can help shape future research directions and guide the formulation of policies that align with global standards and experiences.
- e. **Future Research Directions:** Studying the historical background of industrial law in Nigeria opens up avenues for future research. Researchers can explore various aspects, including the impact of industrial policies on specific sectors, the role of legal frameworks in supporting entrepreneurship and innovation, and the relationship between industrial development and job creation. Future research can also focus on evaluating the effectiveness of policy interventions and identifying emerging challenges and opportunities in the evolving industrial landscape.

#### **4.0 Analysis of Industrial Law In Nigeria**

Industrial law in Nigeria refers to the legal framework governing industrial relations, employment, and labour practices in the country. It includes various statutes, regulations, and judicial decisions that regulate the rights and obligations of employers and employees in the industrial sector. The primary legislation governing industrial law in Nigeria is the Nigerian Labor Act, which provides for the establishment and functions of trade unions, collective bargaining agreements, and the resolution of labour disputes. The Act also sets out the minimum terms and conditions of employment, including wages, working hours, leave, and benefits. In recent years, there have been developments and reforms in industrial law in Nigeria. These include efforts to promote decent work principles, enhance workers' rights, and improve dispute-

resolution mechanisms. Overall, industrial law in Nigeria seeks to provide a legal framework that balances the interests of employers and employees, promotes fair and safe working conditions, and fosters harmonious industrial relations. It is essential for businesses and individuals operating in the country to adhere to these laws to ensure compliance and protect the rights of workers.<sup>38</sup>

The following are some industrial laws that regulate employment relationship;

1. The Constitution of the Federal Republic of Nigeria 1999 (as amended) (the “Constitution”);
2. The Labor Act, Chapter L1, Laws of the Federation of Nigeria 2004 (“Labor Act”);
3. Employees’ Compensation Act 2010
4. HIV and AIDS (Anti-Discrimination) Act 2014
5. Immigration Act, 2015
6. Industrial Training Fund Act, Chapter 19, LFN 2004 (as amended)
7. National Health Insurance Authority Act 2022
8. National Housing Fund Act, Chapter N45, LFN 2004
9. Pension Reform Act 2014.<sup>39</sup>
10. Trade Disputes Act, Chapter T8, LFN 2004
11. Trade Unions Act, Chapter T14 LFN 2004 as amended by the Trade Union (Amendment) Act 2005
12. National Minimum Wage (Amendment) Act 2019
13. National Industrial Court Act 2006
14. Factories Act, Chapter F1, LFN 2004.
15. Finance Act, 2021.<sup>40</sup>
16. Personal Income Tax Act, Chapter P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act, 2011)
17. Discrimination against Persons with Disabilities (Prohibition) Act, 2018
18. Lagos State Special Peoples Law 2011

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<sup>38</sup>ICLG. Employment and Labour Laws and Regulations - Nigeria. <<https://iclg.com/practice-areas/employment-and-labour-laws-and-regulations/nigeria>> accessed 12 December, 2024.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

19. Nigerian Oil and Gas Industry Content Development Act 2010

20. Nigeria Data Protection Regulation 2019 issued by the National Information Technology Development Agency.

Meanwhile, industrial relations are regulated by the National Industrial Court (NIC)<sup>41</sup> in Nigeria, which has exclusive jurisdiction over labour disputes and matters related to industrial relations. The NIC<sup>42</sup> handles cases involving unfair dismissal, trade disputes, industrial actions, and any other issues arising from the application of labour laws. Overall, the industrial law framework in Nigeria aims to ensure that workers' rights are protected, employers adhere to fair labour practices, and disputes between employers and employees are efficiently and fairly resolved. It is essential for businesses and individuals operating in Nigeria to familiarize themselves with these laws to ensure compliance and maintain positive and harmonious industrial relations.<sup>43</sup>

#### **4.1 Key Legislative Measures Promoting Industrial Growth:**

1. Companies and Allied Matters Act (CAMA) 2020: The CAMA is a comprehensive legislation that governs the establishment, regulation, and winding up of companies in Nigeria. The 2020 amendment to CAMA introduced several provisions aimed at simplifying business registration, enhancing corporate governance, and providing greater protection for minority shareholders. These changes have contributed to improved investor confidence and ease of doing business, thereby fostering industrial growth.<sup>44</sup>

2. Nigerian Investment Promotion Commission (NIPC) Act: The NIPC Act is a crucial legislation that promotes and coordinates investments in Nigeria. It establishes the Nigerian Investment Promotion Commission, which acts as a one-stop investment center, facilitating investment inflows and providing necessary support to investors. The NIPC Act offers incentives, guarantees, and protections to both local and foreign investors, encouraging industrial development across various sectors of the economy.<sup>45</sup>

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<sup>41</sup>It was established in 1976 by the Trade Dispute Act CAP 432, LFN 2004, and became functional in 1978. Access to the Operations & Services of The National Industrial Court of Nigeria. A Publication of the National Industrial Court of Nigeria 2011.

<sup>42</sup>It is a superior court of record according to the 1999 Constitution of the Federal Republic of Nigeria, 3<sup>rd</sup> Alterations 2011

<sup>43</sup>Ibid.

<sup>52</sup>Oyelaran-Oyeyinka, B., & Lal, K, 'Industrial Development and Innovation in Africa: Changing the Rules of the Game' (2006) *UNU-MERIT Working Paper Series*

<sup>45</sup> ibid

3. Local Content Development Act: The Local Content Development Act aims to promote local participation, job creation, and technology transfer in the oil and gas industry. It requires oil and gas companies operating in Nigeria to prioritize the use of local goods, services, and personnel in their operations. This legislation has fostered indigenous capacity development, stimulated local industries, and contributed to economic diversification.<sup>46</sup>

4. Industrial Training Fund (ITF) Act: The ITF Act established the Industrial Training Fund, which provides funding and support for the training and development of the Nigerian workforce. Through various programs and initiatives, the ITF Act promotes skills acquisition, vocational training, and capacity building in different industrial sectors. This law has helped bridge the skills gap, improve productivity, and enhance the overall competitiveness of Nigerian industries.<sup>47</sup>

#### **4.2 Effectiveness of Labor Regulations in Nigeria**

The connection between Labour regulations and economic growth is found in the scattered provisions for engaging services, protecting and safeguarding workers' rights, improving working conditions, and reducing inequality. In Nigeria, a country with a significant labour force, the effectiveness of labour regulations is of paramount importance. There have been various reports and studies conducted to analyze the effectiveness of labour regulations in Nigeria. One notable case report is the World Bank's "Doing Business" report, which provides insights into the business environment and regulatory reforms in different countries. According to the Doing Business 2020 report, Nigeria made improvements in its labour regulations by implementing reforms aimed at enhancing the efficiency of labour market institutions and promoting worker protection. However, challenges still remain in areas such as dismissal procedures and redundancy costs.<sup>48</sup> Another case reports worth mentioning is the International Labour Organization's (ILO) assessment of labour policies in Nigeria. The ILO has conducted numerous studies and provided technical assistance to help improve labour regulations in the

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<sup>54</sup>Adeleye, N. and Adeniyi, O., 'Manufacturing Sector Development and Economic Growth in Nigeria: A Co-integration Analysis' (2019) *CBN Journal of Applied Statistics*, 10(2), 25-40

<sup>55</sup>Ibid

<sup>44</sup>World Bank Group, *Doing Business Comparing Business Regulation in 190 Economies 2020*, The World Bank 1818 H Street NW, Washington, (World Bank Publications 2020)

country. Their findings indicate that while progress has been made, further efforts are needed to strengthen labour inspection mechanisms, address informal employment, and ensure effective enforcement of existing laws.

#### **A. Protection of Workers' Rights:**

Labour regulations in Nigeria play a crucial role in safeguarding the rights of workers and creating a fair and equitable working environment. These regulations encompass various aspects such as fair wages, working hours, benefits, and collective bargaining rights, all of which are designed to ensure that workers are treated fairly and receive adequate compensation for their efforts. One of the primary objectives of labour regulations in Nigeria is to establish fair wages for workers. This means that employers are required to pay their employees a reasonable and competitive wage that reflects the value of their work. By setting minimum wage standards, these regulations prevent exploitative practices and help protect workers from receiving unjustifiably low wages. Fair wages not only provide workers with a decent standard of living but also contribute to reducing income inequality and poverty in society. Working hours are another key area addressed by labour regulations.<sup>49</sup> These regulations establish limits on the number of hours employees can work per day or week, ensuring that workers are not subjected to excessive workloads or exploitation.<sup>50</sup>

#### **B. Improvement of Working Conditions:**

Labour regulations in Nigeria go beyond protecting workers' rights and fair treatment. They also place significant emphasis on improving working conditions to ensure the health, safety, and overall well-being of employees. These regulations encompass various aspects such as occupational health and safety standards, non-discrimination policies, and access to social protection, all of which play a crucial role in creating a safe and inclusive work environment. Occupational health and safety standards are a key component of labour regulations. These standards set guidelines and requirements for employers to create a safe and healthy workplace. By implementing and enforcing these standards, labour regulations aim to minimize risks, prevent accidents and injuries, and protect workers' physical and mental well-being. Implementation and enforcement of labour regulations are crucial to realize their intended

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<sup>49</sup> Ibid

<sup>46</sup> Adenutsi, D. E. Drivers of Wage Inequality in Ghana: *Insights from Quantile Regression Decomposition Analysis*. (New Zealand Economic Papers 2019), 53(3), 333-359.

benefits and improve working conditions.<sup>51</sup>

### **C. Reducing Inequality:**

Labour regulations play a crucial role in addressing income inequality by promoting fair wages and combating discriminatory practices in the workplace. These regulations serve as a tool for creating a more equitable distribution of income and opportunities among workers. By ensuring that employees receive fair compensation for their work, labour regulations help to bridge the income gap and reduce disparities. One of the key ways in which labour regulations tackle income inequality is by establishing and enforcing fair wage standards. Fair wages not only contribute to improving the living standards of workers but also help to reduce income inequality by narrowing the gap between low-wage and high-wage workers. By mandating fair wages, labour regulations ensure that workers are adequately rewarded for their efforts, regardless of their socio-economic background. Labour regulations also play a vital role in mitigating discriminatory practices in the workplace, thus contributing to reducing income inequality. These regulations prohibit discrimination based on factors such as gender, race, ethnicity, religion, age, and disability. By promoting equal opportunities and fair treatment, labour regulations help to eliminate bias and prejudice that can lead to income disparities. By empowering workers and enabling them to negotiate for fairer wages and improved working conditions, labour regulations have the potential to create a more balanced and equitable society where income disparities are reduced.<sup>52</sup>

### **4.3 Factors Affecting Effectiveness of Industrial Regulations in Nigeria**

The effectiveness of labour regulations in Nigeria is influenced by various factors such as compliance rates, enforcement mechanisms, political context, and the prevalence of informal labour markets. Low compliance rates and inadequate enforcement capacity can undermine the intended outcomes of labour regulations. It has been asserted that improving compliance and strengthening enforcement capabilities are crucial for enhancing the effectiveness of labour

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<sup>47</sup>Ogunbanjo, O. & Fawehinmi, T 'An Appraisal of Implementation of Occupational Health and Safety Acts in Nigerian Industries: A Study of Selected Construction Companies in Lagos'. (Journal of Legal, Ethical and Regulatory Issues 2017), 20(3), 1-8

<sup>48</sup>Egbenya, O. J.. 'Income Inequality in Nigeria and the Role of Labour Market Institutions'. (Journal of Economics and Behavioral Studies 2019), 11(5), 72-84.

regulations in Nigeria.<sup>53</sup> Labour regulations in Nigeria play a vital role in protecting workers' rights, improving working conditions, and reducing inequality. Evidence from research and studies suggests that these regulations when effectively implemented and enforced, can have positive impacts on workers' wages, working conditions, and income distribution. However, challenges such as low compliance rates and limited enforcement capabilities need to be addressed to ensure the full potential of labour regulations is realized in Nigeria. Overall, the labor regulation reforms in Nigeria have had a positive impact on the country's economic growth. However, there is still room for improvement, and ongoing efforts are necessary to ensure compliance with labour laws and further enhance economic growth.

## **5.0 Industrial Law as a Catalyst for Economic Growth**

Industrial law encompasses legal frameworks that govern the establishment, operation, and regulation of industries in a country. In Nigeria, the enactment and enforcement of industrial laws have played a vital role in driving economic growth by attracting domestic and foreign investments, promoting industrialization, and enhancing productivity.<sup>54</sup> These laws provide a stable legal foundation that fosters confidence among investors and facilitates sustainable industrial development.<sup>55</sup> These will be considered below under different sectors in Nigeria.

### **5.1 The Impact of the Manufacturing Industry on Nigeria's Economic Growth**

Manufacturing plays a crucial role in Nigeria's economic growth and development. The sector has the potential to create jobs, foster industrialization, and contribute significantly to the country's Gross Domestic Product (GDP). Nigeria's manufacturing industry has faced challenges over the years, but it remains a key driver of economic progress.<sup>56</sup> Manufacturing contributes to Nigeria's economic growth by promoting value addition and diversification. It enhances the production of finished goods from raw materials, reducing the country's dependence on imports

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<sup>49</sup>Ola, C. S. Compliance with Labour Laws and Employee Productivity: The Mediating Role of Employee Commitment. (Journal of Social Sciences, 2020). 18(3), 135-148.

<sup>50</sup>L.N. Chete and others, 'Industrial development and growth in Nigeria: Lessons and challenges' <[https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://www.brookings.edu/wp-content/uploads/2016/07/12c\\_wp8\\_chete-et-al-1.pdf&ved=2ahUKEwjmuNOIi\\_z\\_AhWThFwKHxfJBK0QFnoECA8QAQ&usq=AOvVaw0mKKpZCkEz-ADcOIRmiEM4](https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://www.brookings.edu/wp-content/uploads/2016/07/12c_wp8_chete-et-al-1.pdf&ved=2ahUKEwjmuNOIi_z_AhWThFwKHxfJBK0QFnoECA8QAQ&usq=AOvVaw0mKKpZCkEz-ADcOIRmiEM4)> accessed 8<sup>th</sup> December, 2024

<sup>55</sup> *ibid*

<sup>56</sup>L.N. Chete and others, 'Industrial Development and Growth in Nigeria: Lessons and Challenges' *Africa Growth Initiative at Brookings undated*

and increasing export potential. This, in turn, strengthens the balance of trade and boosts foreign exchange reserves, positively impacting the overall economic performance.<sup>57</sup>

Additionally, the manufacturing sector stimulates technological advancements and innovation. As industries adopt new technologies and production processes, efficiency and productivity improve, leading to increased competitiveness both in domestic and international markets. Technological advancements also create a spill-over effect, benefitting other sectors of the economy.<sup>58</sup>

## **5.2 The Impact of the Agricultural Sector on The Economic Growth of Nigeria**

The economic structure of Nigeria is typical of a developing nation. Agriculture continues to play a significant role in the primary sector, which accounts for more than half of the GDP. Over 95% of export revenue and over 85% of government revenue between 2011 and 2012 were generated by the oil and gas industry, which continues to be a key engine of the economy. In 2011 and 2012, the sector contributed 14.8, compared to 13.8% in 2010. Agriculture plays a crucial role in the economic growth and development of Nigeria. As a sector that employs a significant portion of the population and contributes to the country's GDP, agriculture has the potential to drive sustainable economic growth, reduce poverty, and enhance food security. The various ways in which the agricultural sector impacts the economic growth of Nigeria includes: Employment Generation and reduce unemployment, and stimulate economic growth through enhanced productivity and income generation;<sup>59</sup> Contribution to GDP by boosting overall economic growth through the provision of raw materials for industries, generating export revenue, and supporting other sectors of the economy; <sup>60</sup> increase in the foreign Exchange earnings, increasing productivity, improving value chains, and expanding access to global markets, the agricultural sector can contribute to Nigeria's balance of payments and support economic growth;<sup>61</sup> Improved food security and nutrition leads to a healthier population,

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<sup>57</sup>Ibid

<sup>58</sup>Bakare, A. S., & Adeyinka, A. A. (2017). Manufacturing Sector and Economic Growth in Nigeria: An Empirical Analysis (1980-2016). *Journal of Accounting and Management*, 7(3), 1-10.

<sup>59</sup>The World Bank, 'Agriculture and Food' <<https://www.worldbank.org/en/topic/agriculture/overview>> accessed 8<sup>th</sup> December, 2024

<sup>60</sup>Ibid

<sup>61</sup>Damilola Odifa, 'Nigeria's top 10 agric exports in Q1 2023' <<https://businessday.ng/agriculture/article/nigerias-top-10-agric-exports-in-q1-2023/>> accessed 8th December, 2024.

reduced malnutrition rates, and increased productivity in other sectors of the economy; and<sup>62</sup> Poverty Alleviation by providing income opportunities for smallholder farmers through sustainable economic growth, enhance rural livelihoods, and promote overall development.

### **5.3 The Impact of Oil and Gas on Nigeria's Economy**

Despite the government's best efforts to diversify into agriculture and mining, the Oil and Gas (O&G) industry has remained the backbone of the Nigerian economy. Despite making up less than 10% of the GDP of the nation, the industry accounts for 65% of government revenue and 88%<sup>2</sup> of Nigeria's foreign exchange earnings. It should come as no surprise that events in the industry frequently have an effect on other economic sectors. Therefore, it is crucial for participants in the Nigerian economy to keep up with changes in the O&G sector and keep an eye on what's going on there.<sup>63</sup> The oil and gas industry has played a pivotal role in shaping Nigeria's economic growth and development. With abundant reserves of petroleum resources, Nigeria has emerged as one of Africa's leading oil producers.

## **6.0 Trends and Patterns Affecting Economic Growth in Nigeria**

### **6.1 Social Factors**

#### **A. Corruption**

Corruption is widespread in various areas in Nigeria, with government officials being the most common culprits. The impact of corruption on the economy is felt daily. It leads to inflated costs of government projects, results in subpar work by contractors, worsens the state of infrastructure in the country and even facilitates the admission of unqualified students into universities, among other consequences.

#### **B. Red Tape**

Red Tape hampers efficiency and incurs high costs. The presence of excessive red tape in the system significantly raises the expenses associated with accomplishing tasks. Examples of this include the difficulty of paying taxes, the challenges involved in clearing goods at ports, and the uphill battle of registering a new business. Furthermore, despite treaties signed with members of the Economic Community of West African States (ECOWAS), Nigeria's

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<sup>62</sup>World Bank. (2020). Agriculture, forestry, and fishing, value added (% of GDP) - Nigeria. Retrieved from <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=NG>

<sup>63</sup>KPMG, 'Nigerian Oil and Gas Update' first edition, April 2019

inability to enforce contracts hinders the free movement of goods and smooth cross-border trade.

### **C. Terrorism and Insurgency**

Nigeria is experiencing a significant decline in foreign investment, with some existing investors opting to withdraw their investments and relocate to safer regions. The country has gained a notorious reputation for being the home of the second most deadly terrorist group globally, second only to ISIS. This prevailing state of insecurity has created a sense of fear and uncertainty among foreign investors, causing them to shy away from investing in Nigeria.<sup>64</sup>

### **D. Over Dependence on Import**

There is a perception among some Nigerians that using imported products signifies a higher social status. This preference for imported goods has led to Nigeria importing even basic items like buttons, thread, matches, torchlights, and toothpicks, due to the unusual taste and reliance on foreign products for consumption. Additionally, the lack of consistent power supply in Nigeria has made importation cheaper for companies like Michelin and Dunlop, who find it more cost-effective to import tires rather than manufacture them domestically. Consequently, due to the unreliable electricity supply, some manufacturing companies have relocated to Ghana, Nigeria's neighbouring country, resulting in the loss of numerous jobs. To alleviate the negative effects of overdependence on imported goods, Nigeria needs to focus on domestic production to generate more foreign exchange. This would require the country to produce everything it consumes, reducing the strain on available foreign exchange reserves and supporting the growth of local industries. By reducing reliance on imports, Nigeria can protect its local factories and alleviate pressure on foreign exchange resources used for importing essential raw materials.

### **E. Poor Infrastructure**

The inadequate infrastructure in Nigeria, particularly the lack of reliable power supply and an efficient transportation system, poses significant challenges for businesses in the country. These infrastructural deficiencies significantly increase the costs associated with production

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<sup>64</sup>Legit 'Economic problems in Nigeria and their potential solutions'<https://www.legit.ng/ask-legit/guides/1116681-what-economic-problems-facing-nigeria/> accessed 12 December, 2024

and the sale of finished goods in Nigeria. In particular, the poor condition of roads, which have been damaged by the heavy use of trucks for goods transportation instead of utilizing the railway system, necessitates repairs and maintenance. The cost of power is a major burden for businesses in Nigeria.

## **6.2 Economic Factors**

### **a. Inflation**

In economics, inflation refers to a general increase in prices resulting from an excess supply of currency or credit relative to the availability of goods and services. As a consequence, the purchasing power of individuals is diminished as prices rise. Furthermore, inflation entails a continual upward movement in the prices of scarce goods and services in the market. As a result, the same quantity of products that were previously purchased with smaller amounts of money now requires larger sums. Overall, inflation erodes the value of money, reducing people's ability to afford goods and services, and can lead to significant socioeconomic challenges within a country.

### **b. High-Interest Rate**

High-interest rates have significant impacts on the economy, including distorting economic activity, stifling business growth, and limiting consumers' ability to borrow for various purposes such as real estate development, new businesses, personal loans, and home improvements. For instance, in Nigeria, the prevailing high-interest rates in the financial sector prevent Small and Medium Enterprises (SMEs) from accessing credit to expand their operations, while potential entrepreneurs looking to start new businesses struggle to obtain loans. This situation leads to a high rate of unemployment, frustration among individuals, and an increased cost of imported consumer goods.

### **c. Government Regulation**

Government regulation plays a crucial role in ensuring adherence to standards by all industry operators, thereby safeguarding the interests of consumers, employees, natural resources, and the environment. These regulations are particularly important in sectors such as medicine, food production, healthcare, oil, and the financial sector, among others. They are designed to

prevent potential environmental damage and ensure the safety and well-being of individuals and the overall economy. However, it is essential to strike a balance in implementing regulations to avoid excessive burdens on businesses, especially small and medium-scale enterprises (SMEs) that are just starting. Excessive regulation can have adverse effects on both SMEs and large companies, potentially leading to an economic downturn. While it is crucial to maintain appropriate regulations for the overall well-being of society, it is also important for policymakers to consider the potential impact on businesses and employment when formulating and implementing regulatory measures. Striking a balance between regulation and economic growth is key to ensuring a thriving and sustainable economy.<sup>65</sup>

## **7.0 Conclusion**

In conclusion, the Nigerian historical background of economic growth in industrial law uncovers a complex web of variables that have impacted the nation's industrial growth. The rationale for this historical overview is such to learn about the difficulties and victories the country has had to overcome. It becomes clear that the industrial sector in Nigeria has been significantly shaped by the execution of policies, governance, infrastructure, labour capabilities, and outside influences. The development of a trained workforce, regulatory reforms, increased institutional capacity, and other issues need to be addressed even though some policies and initiatives have helped to spur economic growth. Policymakers can take well-informed actions to promote sustainable economic growth and industrial development in Nigeria by learning from both Nigeria's experiences and comparative study with other nations. To orient future prospects for Nigeria's industrial law and economic growth, it is necessary to continue monitoring developing trends and global economic dynamics.

### **7.1 Recommendations for Future Economic Growth**

- a) Improving infrastructure: The Nigerian government should prioritize improving infrastructure, including power and transportation facilities, to support Economic Growth.
- b) Access to capital: The government should provide access to capital for local suppliers to invest in the necessary equipment and technology.

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<sup>65</sup>InfoGuide Nigeria 'Factors Affecting Economic Growth in Nigeria' <https://infoguidenigeria.com/factors-affecting-economic-growth-nigeria/> accessed 12 December, 2024

- c) Diversification: The government should prioritize diversifying the Nigerian economy away from its dependence on oil.
- d) Improving business environment: The government should modify trade policies to unburden businesses of red tape and complex procedures that hinder their growth.
- e) Strengthening linkages: There should be stronger links between educational institutions and industry to stimulate rapid economic growth and efficient exploitation of resources.
- f) Overall, future economic growth plans in Nigeria should prioritize improving infrastructure, providing access to capital, effective implementation, diversification, addressing internal disparities, improving the business environment, and strengthening linkages between educational institutions and industry.