**CHAPTER ONE**

**1.1 BACKGROUND OF THE STUDY**

The industrial sector means many things to many people. To some, it constitutes all business that engages in productive process, while to some others, it is synonymous with the manufacturing sector.

According to Egwaikhide et al (2001), the Nigerian industrial sector is made up of four main types of industry processing, manufacturing, craft and mining industries. The bureau of public enterprises (2008) recognized four industrial sectors considered priority areas of development by the government of Nigeria because of their linkage effects on the other sub-sector and potential catalytic roles in the overall growth economically of the industrial sector.

The need to promote a virile and viable industrial sector due to its linkage effects has been the desire of governments worldwide. It is observed that the industrial sector of the Nigeria economy was relatively insignificant at independences, in terms of contribution to the Gross Domestic Products (GDP). However, since independence, Nigeria has made “frantic efforts” to encourage the development and growth of the sector to increase employment, promote healthy balance of payment and technological innovations, improve technical skills and entrepreneurial talents, and promote good and healthy living standard-economic growths Nigeria is a middle income, mixed economy and emerging market, with expanding financial, service communications, and entertainment sectors. It is ranked 2nd largest in terms of GDP within Africa (behind South Africa). On the track of becoming one of the 20th largest economic in the world by 2020. Its re-emergent, though currently underperforming, industrial sector is the third-largest on the continent, and procedures a large proportion of goods and services for west African region.

Previously hindered by years of mismanagement, economic reforms of the past years have put Nigeria back on track towards achieving its full economic potential. Nigerian GDP at purchasing power parity (PPP) has almost treble from $170 billion in 2008 to $ 451 billion in 2012, although estimates of the size of the information sector (which is not included in official figures) put the actual number closer to $630 billion (National Bureau of Statistic, 2012). Based on the potential roles of the industrial sector, successive governments in Nigeria have articulated policy measures and incentives to encourage the development and growth of the sector (Akinlo, 2008). The proposed investment in the sector is US$900billion (CBN Bullion, 2008) government aims at building a vibrant and growing industrial sector which can create competitive advantages in the face of rapidly increasing globalization. This is article for the achievement of the nations vision of growing the GDP from its current estimated level of US$180b in 2009 to the desired level of US$900billion in the decade. The implication is the expected significant increase in the production of quality and high value goods and services. These will require substantial improvement in performance and competitiveness in the sector, as well as other sectors of the economy.

According to national planning commission in 2009, the industrial sector has the potential to create wealth and employment, the sector has stagnated in Nigeria and its contributions to GDP and employment remain small. The activity mix in the sector is also limited, dominated by import-dependent processes and factors. Although reliable data are unavailable, rough indicators shows that capacity utilization in the sector has improved perceptibly since 2008 but that sector still faces a number of constraints. Perhaps, the vision for the industrial sector is to establish a technologically driven and globally competitive industrial sector, with a high level of local content and contributing more to national GDP. This entails rapid expansion in the technology base, substantial improvement in the quality of the human capital, enhanced efficiency and performances among others.

During the plan period-sustained effort were made to re-invigorate and reposition the sector, to contribute substantially to the nation’s economic growth. To this effect, five sub-sectors have been identified as priority areas. These includes: chemicals and pharmaceuticals (including hydro-carbon based); products basic metals, iron and steel and fabricated metal, food beverages and tobacco, textiles, wearing apparel and leather/leather footwear, and non metalloid mineral products. These represent foremost segment of the industrial sector where Nigerian has or can easily develop comparative advantage. These core area shave the highest potential to provides raw materials for other key industrials in the long-term.

In terms of economic growth, it is observed that the framework and strategies for economic growth in Nigeria for over decades have been that of alignment and re-alignment, policy inconsistency and poor implementation, an government must diversify the economy into non-export sector to abate mono-culturalism. And perhaps, the industrial sector remains private sector driven. Government should however, sustain effort to provide the enabling environment that will enhance the level of operating efficiency, performances and profitability as articulated in the business environment –sector of this plan.

Meanwhile,. Commerce and industry, Akwa Ibim State is saddled with the responsibility to develop Akwa Ibom’ industrial potentials and at the same time attract potential investors. The government has out in place an industrialization blue print to enable such investors examine and leverage in ward looking, import substitution, and export-led industrialization strategies adopted by the state government.

**1.2 STATEMENT OF THE PROBLEMS**

Government of Akwa Ibom State under the auspices of ministry of commerce and industry, acting as a catalyst to Nigeria’s industrial revolution has made sound industrial policies to encourage the development and growth of the industrial sector. Despite these efforts, the private and public sectors of the economy, the industrial sector is beclouded with various problems that have adversely affected the performances of the sector.

No industry can survive without stable electricity stable electricity supply, but this is a major setback of Nigerian industrial sector, also the inadequacy of infrastructure in Nigeria is a major problems to the industrial sector. The roads, railways and public transport systems, weak technological support and how levels of innovation which lead to production of low quality products, and an consistency in poly framework among others. These problems increase the overhead cost, reduce competitive strength and lead to dwindling capacity utilization. Therefore, there is need to examine the performances of the industrial sector and also to identity its economic growth in Nigeria.

**1.3 OBJECTIVES OF THE STUDY**

The objective of the study is to:

1. Examine the performances of the industrial sector and economic growth between 2008-2012
2. Find out the problems associated with the low performances of the industrial sector.
3. Examine the role of Akwa Ibom state government in revitalizing the industrial base of the state.
4. Identify the measures that could be applied in order to strengthening the industrial sector in Nigeria

**1.4 RESEARCH QUESTIONS**

1. Does the industrial sector records any positive performance within the period of 2008-2012?
2. What are the problems associated with the low performance of the industrial sector in Akwa Ibom State
3. Do Akwa Ibom State government play any role in revitalizing the industrial sector?
4. How can industrial sector be improved in Akwa ibom State?

**1.5 RESEARCH HYPOTHESIS**

Ho: There is no significant relationship between industrial sector and the economic growth of Akwa Ibom State

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Ho: There exist no significant relationship between the performance of industrial sector and government policy

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**1.6 SIGNIFICANCE OF THE STUDY**

The significant of the study rest on the fact that the findings will help to provide an appraisal mechanism and a paradigm-shift for assisting industrialists/investors to perform their present duties more efficiently, prepare then for changing duties and more pragmatic aspirations that will enable them to responded to changes in the internal and external environments. It will make the government to realize that an industrial sector should be private sector-driven economy, and government acting as a catalyst to industrial revolution.

The study will also help to fast-track rapid development of the economy to build human capacity, stimulate employment and utilize our abundant raw materials for the production of sought after finished products by using best in class industrials models. Perhaps, the ratio of performances indicators/measurement will depict industrial standards which are merely signal for manufacturers and governments to see where it may be facing problems. The measures may indicates poor performances or reflect the short-term effect of a change in industrial strategy

Here, it make the stakeholders to change or adjust a some policies in terms of planning, implementing, controlling and reviewing/repositioning the status of the sector from its current state to entirely new position which is believed to be more desirable. Also, the study will help to reverse the dwindling fortunes of industrial sector, the government will be committed to remove infrastructure constraints on small and medium size enterprises, and expedite action on establishing cluster sand industrial parks. These critical ingredients for increasing the participation of the private sector will be targeted at growth poles. This research study is aimed at up-dating studies previously carried out n the topic and to the knowledge of practical sectorial management.

**1.7 SCOPE/LIMITATION OF THE STUDY**

The study is on the evaluation of the performances of industrial sector and economic growth in Nigeria between 2008-2015. The coverage of the study area is ministry of commerce and industry in Idongesit Nkanga Secretariat –Uyo, Akwa Ibom state.

In the process of carrying out this study, a number of constraints were met. These range from inadequate financial resources to move round for data collection, typing and photocopying, inadequate time to this study. For instance, given the time-line within which to submit this work. Other limitations were in the process of data collection such as:

* Contradiction of facts due to lack of knowledge or good understanding of the questions.
* Slow response by the respondents, which could be attributed to lack of interest.
* Much time wasted going round to convince the respondents to return the questionnaires
* Inadequate blue-print on the exact performance indicators of industrial sector
* The weather condition sometimes hamper the movement coupled with the rainy season.

**1.8 DEFINITION OF TERMS AND ACRONYMS USED IN THE STUDY**

**Industrial sector:** industrial sector is that part of the economy concerned with producing goods without much direct inputs of natural; resources (Black, 2002)

**Economics growth**: this is a situation where there is a continuous increase per capital income in a country. It is continuous increase in the production of goods and services, which either directly or indirectly raises the average living standard of the people as a whole

**Financial Institution**: these are institutional arrangement on framework that deals with the system of managing money and other liquid assets (Mbat, 2001)

**Monetary Policy**: It refers to the combination of measures designed to regulate the value supply and cost of money in on economy in consonance with the level of economic activities (Nkoro, 2003)

**Performances Evaluation**: this provides information on the capacity utilization of resources in a given sector of the economy (Mullius, 2007)

**Framework:** The part of buildings or a object that support its weight and its shape. It is also a set of beliefs, ideas or rules that is used as the basic for making a judgment decision (Martins, 2004)

**Productivity**: Productivity is measure of efficiency it measures the output of an organization in relation to its inputs.

**NEED**: National Economic Empowerment and Development Strategy

**GDP**: Gross Domestic product

**MAN**: Manufactures Association of Nigeria

**BPE**: bureau of public Enterprises

**PPP**: Purchasing Power Parity