Factors Militating Against the Global Competitiveness of Manufacturing Firms in Nigeria

B. Chima Onuoha, PhD.
Department of Business Administration
Kogi State University
Anyigba, Nigeria.

Abstract
The research efforts in this article have been geared towards identifying the factors militating against the global competitiveness of manufacturing firms in Nigeria. The major challenges and problems of the sector include: deteriorating and poor infrastructures; high production costs; inconsistent government policies on the sector; severe competition from imported goods; limited scope of operation; financial constraints; among a myriad of other impediments. To be a developed economy, Nigeria should have a strong and dynamic manufacturing sector. To enable Nigeria to be one of the twenty biggest economics in 2020, in line with the government Vision 20:2020, this article made far reaching recommendations which should be implemented religiously.

Key words: Manufacturing firms, Competitiveness, Manufacturing Association of Nigeria.

1. Introduction
Agriculture and manufacturing are the preferred sectors of an economy and therefore the bedrock of economic and technological advancement. There is a correlation between developed agricultural and manufacturing sectors and development. The reverse is also the case. Nigeria has poorly developed, or worse still, mismanaged agricultural and manufacturing sectors and therefore underdeveloped, sometimes, is said to be developing.

One important strategy used by China, India, Indonesia, Pakistan and Brazil- nations with large populations in their quest for industrial and economic development was strong internal demand/consumption of their manufactured goods. Nigeria, with a population of over 165 million people, obviously is the biggest market in Africa, and ought to be a strong market for its manufacturing sector. When West African region and other African markets or regions are added, then there is a huge existing market for whatever quality products and services from Nigeria (Onuoha, 2012:67).

If the lessons of the history of industrialization in Western countries, or the TRIAD nations and the success of the Asian Tigers or the other emerging (newly industrialized) economies are anything to go by, the organized private sector (OPS), governments (at all tiers), and their agencies, must play major roles in encouraging manufacturing firms in Nigeria. Highly developed manufacturing firms will lead to more research and development (R&D) efforts, produce high quality products, contribute meaningfully to the country’s GDP, enhance their global competitiveness and become major players in international trade and world economy. It is against this backdrop that this article will exhaustively discuss all the factors militating against the global competitiveness of Nigerian manufacturing firms.

2. Theoretical Framework
Manufacturing firms are catalysts for industrial and economic development. They also play active role in international trade and foreign exchange earnings. As such, most countries encourage investments in industries.

In a very broad sense, “investment” is the sacrifice of certain present value for (possibly uncertain) future value, Sharpe (1978:2). Since today’s price is known, investment entails a certain sacrifice with the hope of attaining an uncertain future benefit, Hагin (1989:322). Investment has been described in many other ways: “the acquisition of an asset or service that will enhance income or utility in the future, Simpson, (1976:31) and the “act of producing goods that are not for immediate consumption, the goods themselves are called investment goods”, Lipsey (1963:462). Finally, it is also defined as a “kind of international spending to buy newly produced capital goods and additions to inventory”, Hutchinson (1971:244). One main feature of these definitions is that they point to expenditure on real goods and services (i.e., real investments) except the first definition by Sharpe which embraces both real and financial investments.
Real investment would be more relevant for our present study. This is because manufacturing entails essentially investments in real assets. The United Nations has characterized manufacturing as the "mechanical or chemical transformation of inorganic or organic substance into new products whether the work is done in a factory or the worker’s home, and whether the products are sold at wholesale or retail", Arikawe (1984:9). Manufacturing is also defined as "a process of learning to combine resources and apply technology to produce goods that satisfy people’s need", Steel and Webster (1989:64).

In this study, we have opted to use the term “manufacturing” because it is more specific. We observe however that in everyday usage the word “industry and manufacturing” are often used interchangeably. We shall use them as such even though we recognize that industry is wider in scope than manufacturing. The United Nations definition of manufacturing will be adopted in this research. Manufacturing processes which could be extractive, analytical, synthetic or fabricative should be part and parcel of the overall corporate policy of the organization. Failure to incorporate manufacturing policies into corporate policy could lead to a number of conflicts or create avoidable problems for an organization. And within the manufacturing policies, Imaga (2003:35) is of the view that the manufacturer or production manager should also have:

- policy on the reduction of training costs;
- policy on quality improvement;
- policy on quicker delivery of special orders;
- policy on higher plant utilization; and
- Policy on industrial flexibility, to mention but a few.

Banjoko (1989:7) agrees with Imaga as to what the manufacturing sub-policies should be. There is no doubt that effective and consistent government policies in the area of manufacturing will lead to industrial development and industrialization. Tadaro (1982) sees industrial development as a process of building a society’s capacity to process raw materials for the purpose of manufacturing commodities for consumption and for further production. Onyemelukwe (1984:109) agrees to Nigeria’s long term potential in industrial development, particularly, within the three main economic factors of production, namely, land, labor and capital.

Manufacturing firms in Nigeria operate under an umbrella body known as Manufacturers Association of Nigeria (MAN), a powerful trade association and a strong member of the country’s organized private sector (OPS). The Manufacturers Association of Nigeria (MAN) was established in May, 1971 as a company limited by guarantee. The establishment of the Association was motivated by the desire to have a focal point of communication and consultation between industries on the one hand, and the government and general public on the other. Hitherto, there was no institutional organ whose central focus was to give meaning to the interests, problems and aspirations of the manufacturing sector. The establishment of the Manufacturers Association of Nigeria was therefore seen as a forum for the private sector to formulate and articulate policy suggestions that would be complementary to government’s efforts at policy formulation.

MAN is in business to create a climate of opinion in this country in which manufacturers can operate efficiently and profitably for the benefit of all. As the collective voice of its members, MAN was established to promote and protect manufacturers’ collective interests. In this regard, the objectives of the Association are as follows.

The objectives of MAN include:

a) To provide for manufacturers all over Nigeria the means of formulating, making known and influencing general policy in regard to industrial, labor, social, legal, training, and technical matters;

b) To develop and promote the contribution of manufacturers to the national economy through government and otherwise, whose work may affect directly or indirectly the interests of manufacturers.

c) To encourage a high standard of quality of members’ products through the collection and circulation of useful information and provision of advice;

d) To encourage the patronage of members’ products by Nigerians and by consumers in foreign countries;

e) To communicate and liaise with kindred and other bodies, in the accomplishment of the objectives of the Association and on subjects of common interest.
By pursuing these objectives, the Association hopes that members would be helped to play their full part in creating wealth on which national economic prosperity and social progress depend. Overall, the task of MAN is that of helping to promote policies for a more stable and buoyant economy without which industry cannot be efficient and financially healthy. In order to do this, the Association endeavors to put across its viewpoints at national, state and local levels. Such viewpoints are the products of research and the collective experience of member companies. The basic philosophy of the Association is to ensure the well-being of its members on which the livelihood on their management, workers, customers and suppliers depends, (MAN, 2010:15).

The Manufacturers Association of Nigeria (MAN) has 12 sectoral groups and 77 sub-sectors. The sectoral groups are:

1. Food, Beverage and Tobacco
2. Chemicals, and Pharmaceuticals
3. Domestic and Industrial Plastic, Rubber and Form
4. Basic Metal, Iron and Steel land Fabricated Metal Products
5. Pulp, Paper and Paper Products, Printing and Publishing
6. Electrical and Electronics
7. Textile, Wearing Apparel, Carpet, Leather/Leather Footwear
8. Wood and Wood Products Including Furniture
10. Motor Vehicle and Miscellaneous Assembly
11. MAN Export Group
12. Gas Users Group

2. Policies on Industrial Development in Nigeria

By 1957, Nigeria had commenced step in conjunction with the then British government aimed at empowering the private sector to be the thrust of economic activities and through laws such as the Industrial Development (Import Duty Relief) Act of 1957 and the Industrial Development (Income Tax Relief) Act of 1958. Under the latter, there was pioneer industrial status guaranteeing tax holiday of period range of between three to five years depending on amount of investment. By 1967, many industries had qualified for and acquired the status cutting across many industrial sectors.

The government policies on entrepreneurship development generally and on manufacturing in particular are further intensified between 1980 – 2000. The government had introduced in 1989 a new Industrial Policy Document which will cart a new course for the industrial sector in the 1990s. The document brought together various measures adopted under SAP which have an impact on industrial development. It noted that a major problem of the industrial sector was inadequate supply of imported inputs and spare parts, resulting in gross under-utilization of installed capacity. Other problems plaguing the sector, according to the document include: geographical concentration, high production costs, low value – added, high import content, and low level of foreign investment. Specifically, the Nigerian Economic Policy (1999-2003:29-30) indicates moving the country away from that of primary commodities to the export to processed and manufacture products. The other government policies on industrial development in Nigeria include: the New Industrial Policy, 1988, up-dated twice:

The SME Apex Unit Loan Scheme; the establishment of the defunct National Economic Reconstruction Fund (NERFUND); Nigerian Export – Import Bank (NEXIM); Small –Scale Industries Corporation (SSIC); Bank of Industry (BOI); Industrial Development Centres (IDCs); the defunct National Bank for Commerce and Industry (NBCI); Nigerian Export Promotion Council (NPC); the Nigerian Investment Promotion Commission (NIPC); Export Free Zones (EFZs)’ Small and Medium Industries Equity Investment Scheme (SMIEIS);
Tax and Port Reforms; Bonafide Manufacturers Scheme (BMS); Manufacturers-In-Bond Scheme (MIBS); Export Expansion Grant (EEG); Sector-Specific Concessions/Waivers for sectors, such as, Pharmaceuticals, educational materials, agro-allied industries, etc; Removal of VAT on industrial machinery; establishment of Fast Track Yearning Procedure at the ports for bonafide manufacturers; the adoption of the Common External Tariff (CET); the establishment of such research institutes as Centre for Industrial Research and Development (CIRD), Project Development Agency (PRODA), Federal Institute for Industrial Research Oshodi (FIIRO), National Council of Industry (NCI), Raw Material Research and Development Council (RMRDC), Industrial Training Fund (ITF), Veterinary Research Institute (VRI), Nigerian Institute for Oil Palm Research (NIFOR), Independent Power Projects (IPP), Nigerian Economic Policy (NEP, 1999), etc. (Onuoha, 2009:31-33).

It is worrisome to observe that inspite of these avalanche of government policies and incentives on entrepreneurship development generally and on the manufacturing sector specifically, they are yet to contribute meaningfully to the nation’s GDP or compete globally. The contribution of the manufacturing sector to GDP was 4.21% in 2009, 4.19% in 2010 and 4.5% in 2011, all below 10%. It is still a far cry when we compare it with some other countries like South Africa (16%), Singapore (24%), Malaysia (17%), Egypt (15%), etc.

Our economy is still a mono-product economy. Again compare Nigeria’s performance records with other countries as highlighted in table 1. This table is showing the world’s largest economies/top world economies.

<table>
<thead>
<tr>
<th>Country</th>
<th>Contribution of Industrial Sector in GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States of America</td>
<td>20.6%</td>
</tr>
<tr>
<td>China</td>
<td>49.5%</td>
</tr>
<tr>
<td>Japan</td>
<td>25.2%</td>
</tr>
<tr>
<td>India</td>
<td>28.4%</td>
</tr>
<tr>
<td>Germany</td>
<td>26.9%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>23.6%</td>
</tr>
<tr>
<td>Russia</td>
<td>39.1%</td>
</tr>
<tr>
<td>France</td>
<td>20.7%</td>
</tr>
<tr>
<td>Brazil</td>
<td>30.8%</td>
</tr>
<tr>
<td>Italy</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: compiled from various documents

It is against this backdrop that this article will highlight and discuss the major factors responsible for the inability of Nigeria’s manufacturing firms to compete globally or why they are not major global economic players.

3. Factors Against Global Competitiveness of Manufacturing Firms

Manufacturing firms in Nigeria are facing many challenges and problems. These constitute major hurdle to effective local and global competitiveness. As a result, Nigeria remains a mono-product economy, remains underdeveloped or is often said to be developing. This section will highlight some of the most impediments to a vibrant manufacturing sector in the country. In a study by this author on manufacturing firms in Abia State, in 2005 and revalidated recently in the Niger Delta, his research works revealed, among other things, that the manufacturing sector’s environments in Nigeria are problematic and harsh. These include: high production costs, poor infrastructures, finance, competition from imported goods, limited scope of operation, etc. (Onuoha, 2009, pp.27-37). The findings also indicate that these problems can lead to business failure which essentially is seen as rising operational costs without increasing sales volume.

The findings conform to MAN’s observations in its various documents of factors militating against members’ operation. They are summarized thus:

- Poor and deteriorating infrastructural services, compounded by collapsed electricity supply which impacted negatively on capacity utilization;
- Deepening weak domestic demand arising from lack of consumer purchasing power;
- High and unplanned inventories caused by lack of patronage and distress in aggregate domestic demand;
• Unbridled influx of cheap imports of sub-standard, fake and used products, including dumping of all manner of finished goods—all in the name of trade liberalization;
• High costs of funds arising from depreciation of the Naira against major currencies coupled with high lending rates and extreme difficulties in accessing credit for working capital, particularly by small and medium-scale industries;
• Policy inconsistency and anomalies in customs duty, including the absurd case of a 5 percent increase in the duty rates of some raw materials since January 1999, while imported finished goods witnessed a corresponding reduction in duty;
• Continuing harassment of companies by some state and local governments over unauthorized multiple levies, taxes and charges in spite of the clear position of the law on the matter;
• Inadequate funding and lack of working capital for small and medium scale industries as well as weak institutional structures;
• Problems of supply of petroleum products, particularly AGO (diesel) LPFO (black oil); and persistent congestion at the sea ports;
• Acute infrastructural deficiency in the nation;
• Smuggling and unbridled importation and dumping of cheap and substandard goods which usually suffocate local manufactured products;
• Non completion of the development of core industries particularly the Petro-chemical as well as Iron & Steel Industries;
• Dearth of qualified skilled middle level manpower worsened by the decaying educational system;
• Slow rate of technology acquisition stemming from low investments in Research and Development and absence of the needed collaboration between the various government research institutes and the Universities on the one hand, and the manufacturing sector on the other;
• Cumbersome port administration that hinders the attainment of the 48-hour cargo clearing at the ports;
• Government fiscal expenditure as it stands currently;
• Low execution of capital budget even in the face of low capital allocation, etc. (MAN, 2008, MAN,2010, and Jamodu,2010:47)

One of the major cost components of the high operation costs of the manufacturing sector in Nigeria is the exorbitant expenditures on energy. Figures released recently by the National Electricity Regulatory Commission (NERC) indicate that of the N796 billion spent to fuel generators in 2008, members of MAN spent over N350 billion. This excludes amount spent on maintenance and repairs and acquisition of new generators.

Obitayo (2001:24) lists the following as the problems enterprises in Nigeria:

1) restricted access to finance (including working capital);
2) difficulties in input procurement;
3) weak infrastructural facilities;
4) poor demand of finished goods;
5) inadequate collateral securities
6) delay in disbursement of approved fund;
7) restricted access to land;
8) distress in the banking sector.

In addition to competing with genuine and cheaper imported goods, due largely to the government’s uncoordinated and ill-advised liberalization policy, Nigerian manufacturers are also facing the problem of fake and counterfeit products. This problem is so devastating that MAN had to give the theme of “Combating Fake and Counterfeit Products” to its 2003 AGM.

What is the outcome? These fake, counterfeit and smuggled goods have practically displaced local brands in the domestic market. Counterfeiting obviously damages the business of companies, while employees lose jobs due to decline in sales. My research efforts revealed a number of unhealthy developments, inimical to effective technological and industrial development of the economy. They are:
Majority of manufacturing enterprises in Nigeria are into the production of light and consumer-oriented goods.

Their mode of manufacturing techniques is both manual and machine operated. Complete automation of operations is still a far cry.

Their major machines and raw materials are imported oriented with the attendant foreign exchange implications.

Most of them had never used the research findings of some of our research institutes, have no technical partners, operating below installed capacity the national average is 48.8% and have no research and development relationship with any multinational corporation or university in the country.

All these go to show the low level of indigenous technology in Nigeria. Our manufacturing enterprises are more or less completely dependent technically and technologically. We lack innovative technology culture, as is the case by experiences of countries like Japan, South Korea, Brazil, Hong Kong, Taiwan, Malaysia, Singapore and China, etc. the economic development of which has depended on the ability to acquire, adapt, modify and improve foreign technology.

In the area of indigenous firms’ inability to effectively utilize indigenous inventions from our research institutes and universities, Oyewole (2004:5) lists the major constraints to include:

i. Non-availability of information on commercialisable inventions and R&D result;
ii. Poor technological/entrepreneurial culture in educational institutions and research institutes;
iii. Inadequate curricular in the educational institutions;
iv. Inadequate government support for spin-off companies;
v. Inadequate infrastructures;
vi. Inadequate motivation for the commercialization of inventions/research results;
vii. Instability of government, poor planning and execution of policies;
viii. Inadequate operation and coordination of spin-off promotional agencies;
ix. Lack of funding organizations; and
x. Inadequate patent education and ineffective enforcement of intellectual property rights.

The financing problems of manufacturing are further compounded by the reluctance of banks to grant long-term credits to them.

What are the cumulative effects of all these challenges and problems on manufacturing enterprises in Nigeria. The major ones are:

(i) They are losing business opportunities, incurring losses and closing shop. In the area of losing business opportunities, incurring huge losses and closing shop, MAN has officially declared that of its 2000 members, 30 percent mostly small and medium scale industries (SMIS) in Nigeria have closed down, 60 percent of them ailing while just 10 percent of them, notably the multinationals currently operate at sustainable level (Mordi 2005:21). According to Borodo (2008:46), between 2000 and 2008, about 820 manufacturing companies have closed down or temporarily suspended production.
(ii) Relocating of industries to neighboring countries particularly to Ghana.
(iii) Inability to compete locally, and globally and earn foreign exchange for themselves and the economy, etc.

**Recommendations**

What can be done to enable the manufacturing firms to compete effectively both nationally and globally? As it stands now, a lot of work is required in terms of policies and institutional framework on the part of governments and their agencies and serious efforts on the part of the manufacturing firms themselves. It is on this note that we are making the following recommendations (Onuoha, 2009:35-37; Onuoha, 2012:71-74).

* Inadequate power/electricity is an impediment to a vibrant manufacturing sector. MAN members spent a whopping N350 billion to fuel their generating sets in 2008 and over N470 billion in 2011. The Federal Government’s plan to generate 10,000 mw in 2010 was not realized. The country presently is generating less than 5000mw.
To be a major industrial player in 2020, in line with the nation’s vision 20:2020, just eight years away, government’s power reform programmes, must include plans to add a minimum of 4500mw yearly from 2012. In other words, by 2020, the nation must be generating a minimum of 50,000 mw in addition to the existing capacity. The on-going privatization of the power sector (generating companies – gencos and distributing companies discos) being currently handled by Bureau for Public Enterprises BFE and the National Council on Privatisation (NCP) should be carried out transparently and urgently to meet the energy requirements of the economy. To underscore the importance of power to their daily operations, MAN entered into a strategic partnership with West-Pac Electrical Nigeria Ltd, a subsidiary of a US-based West-Pac Petroleum Incorporation, in 2009, towards the installation of 4000 mw of electricity in Lagos Industrial area (the biggest industrial city in Nigeria) at the end of 2010, for the use of the nation’s manufacturers, Osagie (2009:29).

- A major reason for the high cost of doing business in Nigeria is the country’s decaying infrastructure. Basic infrastructures are vital for the effective and efficient functioning of the economy. They are also the primary dominant factors in competitiveness in both the domestic and global markets. As a matter of priority and urgency therefore, concrete efforts must be made and everything done, to provide adequate and efficient infrastructural support services in the country.

- The Bank of Industry (BoI) should be adequately funded and strengthened to be in a position to finance serious industrial development. Similar agencies in South-East Asia and Far East are heavens for manufacturing concerns. This and other measures (constant power) will assist manufacturers to attain full industrial capacity utilization.

- There are a lot of fake products in this country. These fake and cheap products are helping to kill our own industries with the attendant highg unemployment profile. Government and its agencies should identify and name the specific countries whose citizens or firms export fake and sub-standard products to Nigeria and their local collaborators. Then blacklist and prosecute them and in some cases demand compensation. Government must do everything possible to avoid a situation where Nigeria becomes a dumping ground for all manners of goods. This is also the only way to stem the ugly trend to relocate manufacturing firms to the neighbouring countries.

- Nigerian banks should be encouraged to ensure that about 60% of their loan portfolios are to agriculture and manufacturing sectors. The high interest rate of between 18-35% is surely a disincentive to industrial advancement. To encourage investments in the manufacturing sector, costs of funds must be made reasonable and affordable. Interest rate should be between 5-7.5%. In most advanced nations, it is lower.

- Manufacturing firms currently pay multiple taxes and levies to the three tiers of government. Some of these include: withholding tax, value added tax (VAT), land use charge, sales tax, tenement rate, interstate revenue, off-loading and loading levy, highway haulage levy, cement haulage levy, signboard and advertisement permit fees, stamp duties, etc. The Federal Government should harmonize these taxes and levies. For example, identify taxes/levies to be paid: to local governments; to state governments; and to federal government. The harmonized taxes should now be enforced across the country.

- Similar to the above, MAN should use its representation on the under listed numerous government boards to influence government policies to its favour: Bank of Industry; Standards Organization of Nigeria; National Agency for Food and Drug Administration and Control; Nigeria Customs Service; Onne Oil & Gas Free Zone Authority; Nigerian Shippers Council; Raw Materials Research and Development Council; Industrial Training Fund (ITF); Corporate Affairs Commission; Nigerian Export Promotion Council; Nigerian Export Import Bank; Governing Board of Council of Registered Engineers in Nigeria (COREN); Nigerian Export Promotion Zones Authority; Governing Council of Federal Polytechnics; National Biotechnology Development Agency; Tariff Review Board; Utilities Charges Commission; National Advisory Council on Cooperative Development; National Science & Technology Fund (Board of Trustees); Nigerian Export Credit Guarantee & Insurance Corporation; Productivity, Prices & Incomes Board (PPIB); Advertising Practitioners Council of Nigeria (APCON).

- It has been observed that a major factor in the ineffectiveness and inefficiency of governments’ policies and programmes on entrepreneurship development in Nigeria is inconsistency, insincerity and corruption.
As a result, such regulatory agencies as Standard Organization of Nigeria (SON), Economic and Financial Crimes Commission (EFCC), National Agency for Food and Drug Administration and Control (NAFDAC), etc, should be adequately empowered and independent by removing any administrative or legal bottlenecks which may hinder their effective operation. Their employees should be adequately motivated to avoid corrupt tendencies.

- All research and technology oriented government agencies should be revitalized and given adequate financial resources and administrative support to actualize their mandate, in aid of industrial development in this country. Efforts should be made to also commercialize their research findings.

- The Uruguay Round Agreement and the growth of regional blocs have made it compelling for African countries to speed up regional integration schemes. Additionally, in view of the high propensity of government and its agencies to import rather than patronize domestic industries, we agree with MAN, in recommending the enactment of relevant laws in line with what obtains in the United States of America and India on procurement to the effect that:

  a) Where a domestic industry produces a commodity or services, government and its agencies must procure their requirements locally even if the price of such products is 25% higher than that of comparable import item, and

  b) Where government or its agency fails to patronize the domestic industry, the affected company or companies may seek redress and obtain compensation for this neglect.

- Efforts should be made by all tiers of governments in concert with the private sector, to create an enabling environment by constructing new industrial estates or districts. Most of the few industrial estates in operation in Nigeria were constructed during the colonial era and the regional governments in the 1950s and early 1960s, especially for large-scale industries, like subsidiaries of multinationals in the country. The construction of industrial estates for indigenous enterprises by state governments in conjunction with the private concerns will minimize the time project promoter’s use in looking for land and run after Certificate of Occupancy (C of O), which usually lead to the diversion of bank loans meant for the construction of factories. Clusters of firms into industrial estate will enhanced efficiency, facilitate grouping of firms into industrial or trade associations, promote inter-firms relationship to enable them discuss new strategies. Cluster of firms will facilitate promotion of basic infrastructures, such as energy, water, good road network and technical and financial support services to group of firms which will enable them exploit economies of scale in both the domestic and export markets.

Other examples of clustering firms in particular areas are the Sinos Valley in Brazil, which has for the past 40 years been used as an Industrial estate by export-oriented shoe-making firms and tanners, and the Silicon Valley in United States, a region of high tech enterprises, and a heaven for venture capitalists and Detroit in Michigan. Others are Arezzo and Modena in Italy; Valencia in Spain; Nuremberg in Germany; and Gnosjo in Sweden. All these are places for high concentrations of industrial activities.

- There is need for the nation’s engineering infrastructure to be established in order to facilitate the local production of machinery and equipment which will strengthen the industrial growth and development of the economy. Again, concrete efforts must be made towards encouraging domestic innovations and inventions, as this will facilitate the reduction of franchise agreements which preclude Nigeria Manufacturers from exporting and massive gains in foreign exchange (payments for franchise agreements). As is the case in Malaysia, India and China, there must be deliberate policy on nationally acclaiming and rewarding any invention. These national honours serve as motivation to inventors and surely will lead to economic, industrial and technological breakthrough.

- He who wears the shoe knows where it pinches. Based on the major challenges of manufacturing firms in Nigerian, MAN recently produced a document titled “Blueprint for the Accelerated Development in Nigeria”. Government and its relevant agencies should implement the recommendations of this blueprint.

- It is important that the Central Bank of Nigeria (CBN) ensures that the financial system is stable, and pays a greater role in the real sector of the economy. To that effect, the CBN should cause the implementation of the four pillars in its blueprint on which the real sector will be encouraged.
- Stimulation of banks’ credit to fund critical sectors i.e. SMEs, infrastructure and agriculture.
- Setting up structure, banking infrastructure, such as credit bureau and registrars, monitor cost structure of banks, and role of the informal economy.
- Establishment of hybrid monetary policy/macro-prudential rules, and the deepening of the capital markets as alternative to bank funding.
- Development of industry remedial measures to address key causes of financial crisis, as well as entrenching risk based supervision, regulations and consumer protection in the financial system.

* There must be consistency in policy implementation; there is need to create competitiveness, and have in the economy a highly skilled and trained labour force. All equipment, machinery, spare parts, etc, meant for agriculture and manufacturing should be duty free. And all other industrial incentive schemes, such as: Bonafide Manufacturers Scheme (MBS); Export Expansion Grant (EEG); Sector-specific concessions/waivers, etc must be implemented religiously and transparently. To increase the international competitiveness of local manufacturers, federal government, its agencies and the organized private sector must design strategies to take advantage of the following: The Uruguay Round Agreement; African Growth Opportunity Act; New Partnership for African Development (NEPAD); Common External Tariff (CET); the ECOWAS market; The African Union; among others. The target will be for indigenous manufacturing firms to be making a minimum of 25% of their turnover across the border. To achieve this, the Nigeria Export Promotion Council (NEPC) has to be up and doing. The country’s export processing free trade zones have to be fully alive. NEPC will have to partner the following stakeholders: Manufacturers Association of Nigeria Export Group (MANEG); Nigerian Association of Small and Medium Enterprises (NASME); Nigeria Association of Chamber of Commerce, Industry, Mines and Agriculture (NACCIMA); Small and Medium Enterprises Development Agency (SMEDAN); Nigeria Association of Small Scale Industrialists (NASSI) and other professional bodies that may have vital role to play in export promotion. That will be the right direction in the quest to having our own multinational corporations (Onuoha, 2012:73-4).

* Due to the prevailing harsh economic conditions, indifference or ignorance, many manufacturing outfits (mostly the small scale ones) are not members of MAN, an important trade association. They are encouraged to be members of MAN, while those inactive members are advised to be active. Membership of MAN, has a number of benefits which include: credibility as a manufacturer, access to business information; capacity building for members; recognition by government; public policy advocacy; business linkages; direct intervention on problems affecting members; consultancy/advisory services; and patronage of made-in-Nigeria products, (MAN, 2008:17).

* MAN should sharpen its public policy advocacy machinery to guarantee greater influence on policies and matters that affect the industrial sector. MAN can also do this by encouraging its members to contest elections into the National Assembly and lobby for other appointive posts to influence government policies in its favour and for the benefit of our economy.

* Finally, Nigerian Manufacturing firms cannot compete globally with poor or substandard products. Continuous quality, technical and human resources improvements are inevitable. These firms should invest heavily on research and development (R&D). Machines and equipment should be modernized. Reducing production costs and making high quality products are keys to effective competition, either on national, regional or international bases.

**Conclusion**

The latest report on the Ease of Doing Business ranked Nigeria 131 on the list of 185 countries assessed. The report, titled: “Doing Business 2013: Smarter Regulations For Small and Medium Sized Enterprises” based the overall ranking on key indicators like: starting a business, dealing with construction permits, registering properly, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and getting electricity. As the largest economy in West Africa and one of the biggest on the continent, it is in our economic interest to facilitate trade across borders, improve the tax system, ease the process of starting a business, improve access to credit, enhance the process of securing construction permits and registering property, initiate regulations that would protect investors, enforce contracts and resolve insolvency (Thisday, 2012:17). These and other recommendations will enable manufacturing firms to grow to maturity, operate optimally and enhance their global competitiveness.
References

Akintola- Arikawe (1984), Manufacturing and Direct Public Policy in South – Western Nigeria, Ibadan NISER.
Borodo, B. M. (2008), President’s Address MAN Annual Reports and Accounts, Lagos: Manufacturing Association of Nigeria.
Jamodu, K. (2010), President’s Address, MAN Annual Reports and Accounts. Lagos: Manufacturing Association of Nigeria.
Mordi, Frederick (2005), MAN Renews Efforts to Tackle Obstacles to Industrial Growth. Financial Standard, March 28.