



SOCIO-ECONOMIC STRUCTURE OF NIGERIA: CHALLENGES AND OPPORTUNITIES FOR NATIONAL DEVELOPMENT

BY

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Abstract

This study examined Nigeria's socio-economic structure with a view to describing the organisation of society in terms of economic activities, types and patterns of trade, indigenisation, privatisation of the Nigerian economy, and the roles of multinational companies in improving citizens' quality of life. It is an indisputable fact that education contributes immensely to the nation's growth and development through effective teaching strategies and research, thereby improving individuals' knowledge, skills, and productivity, which, in turn, enhances national development. The method adopted was historical and descriptive in explaining the key structures of the economy that contributed to economic growth and development. The paper delineated the challenges and opportunities of the socio-economic structure and identified areas where solutions should be implemented to achieve effective national growth and development. A conclusion was drawn by analysing effective strategies that can assist Nigeria's socio-economic structure, such as promoting industry, diversifying the economy, eradicating corrupt practices, investing in education and skills development, and providing social amenities and rural development. The study therefore recommended that the government ensure economic diversification, provide employment opportunities for all citizens, provide social amenities, invest in education, eradicate corrupt practices, and undertake other measures to make society a good place to live.

KEYWORDS: *Socio-Economic Structure, Nigeria, Challenges, Opportunities, National Development.*

Introduction

A country like Nigeria, concerned with national development, seeks to improve the quality of life for all its citizens. In part, this involves solving the problems of the various institutions that make up society. These problems include social, economic, religious, political, and other environmental problems that hinder the development and progress of people.

The entire social system is composed of many units; each act both independently and collectively to sustain the superstructure commonly referred to as the social system in any given dynamic society. The Nigerian economy has undergone structural changes and growth from the pre-colonial period. Despite the rapid growth of the country's economy in recent years, the country is still developing. This study is therefore designed to discuss the socio-economic structure of Nigeria from the pre-colonial era to date, highlighting the challenges and opportunities of survival in relation to marketing systems and organisations, prices, privatisation, and the indigenisation of the economy.

The Structure of Nigeria's Economy

The structure of any system is a great determinant of its growing tendencies. The growth of the economy is conventionally and

conveniently measured using the indices of Gross National Product (GNP) and Gross Domestic Product (GDP). To better understand the Nigerian Economy, the various sectors will be examined. According to Gbadebo (2025), the six phases of economic development in the country consisted of the pre-colonial era, the colonial era, and the immediate post-independence era., the structural adjustment era and the oil boom era.

The pre-colonial period was characterized with local people with different languages occupying the area now known as Nigeria, as noted by Okafor (2024). During this period, Nigeria had not yet emerged as a unified political entity, nor was there a centralized system of government, Instead the era was characterized by the pursuit of survival by different ethnic groups, often expressed through inter-tribal conflicts and wars. Production was carried out with crude implements; farming, hunting, and blacksmithing were the main occupations. The production carried out was for self-sustenance, and later developed into a trade called barter. There were no established markets except Kano which served as the only commercial centre for the tran-sahara trade in the north around A.D.1000. The

report noted that production was generally low along market routes like Ilaro, Eruwa, Ogbomosho and Ketu which resulted in low standard of living, Foreign trade was largely limited to North Africa and this resulted to predominance of primary production and the non-existence of modern manufacturing activities except for few local crafts (Adua, Olusola and Ogbonna, 2025).

The marketing system and organisation in the pre-colonial era were largely conservative. People relied heavily on what their immediate environments could offer. They organised themselves and appointed local chiefs and elders to run the affairs of their various societies. An increase in population led people to look for things not found in their immediate environments, which, in turn, led to the exchange of goods for goods and services for services, called bartering. Barter, by definition, means exchanging goods that are not available in an environment with whatever goods or services are needed from another environment.

According to Igechi (2025), the barter system is cumbersome and difficult to make deferred payments. Some of the characteristics of the barter system include: no standardised measures of value, goods cannot be stored, no market specialisation, exchange of goods depends on coincidence, and some goods cannot be divided for exchange. Akanmike, Okonkwo, and Ejioku (2024) noted that the movement of traders was restricted because markets were established outside inhabited areas. In pre-colonial Yorubaland, women were prominent in trading activities. During the period of inter-tribal warfare, it was relatively safer for women to move between communities and engage in trade (Gimba, 2012). Organised institutions such as banking, advertising and insurance were absent. Insecurity made it difficult for people to store goods for long periods, and commercial activities were then limited to domestic trade. Abiodun, Magaji, and Ismail (2025) noted that the colonial era was enabled by Europeans' voyages to the African continent, culminating in the British establishment of political control over Nigeria in 1851. Trade was the major factor which aroused the interest of the colonialist. Their major interests were the provision of raw materials for British industries and the provision of employment for their agents. This development encouraged raw materials production. The scope and density of agriculture, which was the mainstay of the economy, were widened. Crops such as cocoa and kola nut were introduced from South America and the West Indies. In the western zone, trade routes linked Lagos,

Ibadan, and Ilorin, as well as Ilaro and Ogbomosho. Through these routes, European products were exchanged with the local ones. In the Eastern zone, people from Aro-Chukwu, riverine and coastal people from Calabar, Degema, and Opobo traded directly with the European ships. Obstacles to commercial activities during the period include banditry and terrorism, poor transportation and communication networks, the absence of banking services, and sundry financial problems.

The immediate post-independence era between 1960 and 1962 marked slight changes in the structural transformation of the Nigerian economy, (Adeyemi et al.2025). There was a notable transformation in the manufacturing sector. The new breed of politicians saw this period as an opportunity to develop the country, leading to the provision of new infrastructure and improvements to existing infrastructure. The period between 1962 and 1965 saw one crisis after another, but this did not halt development entirely. The rate of growth at this time appeared to be the highest in the country's history, and manufacturing also grew.

The emergency era came early in the life of independent Nigeria. This period marked the beginning of a political crisis which erupted in the West. The 1962 crisis led to the military's intervention in politics, which persisted until 1999, when a civilian administration was inaugurated. The political crisis led to the military takeover of the government and created the conditions that eventually led to Nigerian Civil War, which lasted from 1967 to 1970 (Audu, Osuala, & Ibrahim, 2013). During this period, the oil fields in the Eastern region were closed down, as was the foreign economic sector. The interaction was shaken, which proved that political stability was necessary for economic development. The gross domestic product during this period fell in value. This can be seen from the introductory chapter of the 2nd National Development plan, which states that "Although the economy was managed in such a way as to ensure that projects in progress were completed on schedule, the government could not initiate new schemes, nor could the normal maintenance of existing infrastructures be sustained.

At the end of the civil war in 1970, there was a process of reconciliation and rehabilitation of the ruined economy, as well as the opening of the oil well. This development launched Nigeria into a new era, generally referred to as the oil boom, during which production astronomically

increased from 0.77 million barrels per day to 2.0 million barrels per day in 1974. Nigeria recorded a balance of payments surplus of 3,102.2 million, the highest ever recorded in the country's history. This situation led to salary increases for workers, the execution of white elephant projects, the hosting of all kinds of festivals, extravagant spending, embezzlement, abuse of office by public officers, and inflation. No effort was made to develop other sectors, such as mining and manufacturing (Smith and Todaro, 2020).

Adeyemi et al. (2024) noted that the oil boom period ushered in economic expansion. This led most Nigerians to import foreign goods, neglecting locally produced ones. The so-called buoyant economy triggered a recession, which in turn led to a decline in the surplus. The economy could no longer be sustained and maintained, which led to initiation of various programs by both the military and civilian governments to relief the economy from total collapse and ease the suffering of the masses, for example, General Obasanjo's National Economic Empowerment and Development (1999 – 2007), Umaru Musa Yar'Adua's Seven – Point Agenda (2007 – 2010), Goodluck Jonathan's Transformation Agenda and Subsidy Reinvestment Programme (SURE) (2010 – 2015), Muhammadu Buhari's Economic Recovery and Growth Plan (ERGP) (2015 -2023) and Bola Ahmed Tinubu's Renewed Hope Agenda (2023 – Date). These programmes were initiated to restructure the nation's economy for the betterment of all citizens.

Type and Patterns of Trade in Nigeria

Trade can be defined as the exchange of commodities and can be categorised into:

Home trade (internal trade) and foreign (external) trade.

Home trade, also called internal trade, is carried on within the country. The division of home trade is retail and wholesale trade. The focus of retail is to make goods available to the final consumer. The retail trade is the final link in the production chain. The functions of the retailer according to Ayodele (2023) include, delivery of goods and services to the final consumer, granting of credit facility of goods to the consumer as a result of his personal business relationship between them, provision of the consumer's wants at the right time, guiding the consumer in the choice of goods and services, being the intermediary between the wholesaler and the final consumer.

Wholesale trade, on the other hand, involves buying goods in large quantities from

producers and selling them in smaller quantities to retailers, who then sell them to consumers. Types of wholesalers include those who buy goods in large quantities from producers, store them, and sell to retailers; those who act as agents for manufacturers; wholesalers who are importers and exporters; and those who process goods before they reach the retailer. Foreign trade is external or international trade. It is the trade between two or more countries or between the people of a country and the people of another country. It involves imports, which are visible, e.g., crude oil, electronic appliances, and cocoa, as well as invisible services such as banking and shipping. It also cuts across international boundaries, for example, trade between Nigeria and Japan, the U.S.A., Ghana, and Nigeria, or Nigeria with any other foreign countries. Nigeria exports mainly palm oil and palm kernel from the south-east, cocoa from the south-west, groundnut and cotton from the north.

Gbadebo (2025) cited advantages of foreign trade to include: encouraging local manufacturers to improve the quality of their product, helping Nigerian crude oil to be made available and demanded by many countries in the world, encouraging close economic ties between Nigeria and its neighbouring countries, and raw materials needed in industries are bought from other countries e.g. brewing, textile, manufacturing etc. Nigeria can supplement its food production with imports from other countries. Nigerian products are exported to other countries through foreign trade, and machinery/equipment is imported from abroad for use by local industries. Foreign trade encourages mutual understanding and good relationships among the countries concerned.

Indigenisation and Privatisation of the Nigerian Economy

Indigenisation policy, according to Oyuokeroye (2023), was formulated in the early 1970s by the Nigerian Enterprise Promotion Decree of 1972 and the Nigerian Enterprise Promotion (Amended) Decree of 1974. Before then, foreign companies such as United Africa Company, John Holt, Kingsway, and other private foreign investors dominated the commercial trade entering West African countries, as well as the industrial and service sectors of the economy. Industries such as petrochemicals, paints, soft drinks, brewing, textiles, and milk products, as well as services such as banking, shipping, and insurance, were largely owned by foreign investors. Nigeria's imports include manufactured goods such as automobiles,

electronics, textiles, chemicals, and petroleum products. Many goods that used to be imported are now produced locally, such as textiles, flour, shoes, tobacco, liquor, building materials, and iron sheets. Large European firms such as the United African Company (UAC) acted as import merchants before independence. Now, many Nigerians are taking up the job. These are essential social services and may or may not generate profit; hence, the government has acquired substantial shares in recent years in other enterprises that are purely profit-oriented, such as banks, insurance companies, shipping companies, and oil companies, to control their ownership and operations. These enterprises are expected to generate profit since they are commercial in nature and in operation, but the opposite is true. There is a gross inefficiency in their operations, which has influenced the government's decision to privatise these enterprises. The following are possible causes of non-performance of government parastatals:

- (i) The tendency to run or manage government enterprises as government departments.
- (ii) Widespread corruption.
- (iii) Political corruption.
- (iv) Lack of maintenance culture and an "I don't care attitude by Nigerians towards public enterprises.
- (v) General negative attitude of Nigerian labour towards governmental jobs.
- (vi) The general tendency of Nigerians to enjoy services provided by parastatals free of charge. This free-of-charge syndrome is partly responsible for the non-payment of electricity or water bills by many Nigerians.

Multinational Companies and the National Economy

Multinational companies are companies owned by two or more different nations. The presence of multinational companies in Nigeria is expected to foster strong international economic relations. Their characteristics include: Joint ownership of enterprises by many different nations (e.g., Texaco, Lever Brothers), large-scale operations (e.g., oil companies, banks), and reliance on advanced technology and a skilled workforce in their operations (e.g., oil companies). Their operations are not restricted to a single state; examples include oil companies such as Texaco and Shell, banks (e.g., Union Bank and United Bank for Africa (UBA)), and trading companies such as Kingsway and John Holt, which are located in many countries.

These companies have establishments in many countries worldwide. Before and after

independence, the Nigerian economy was dominated by multinational companies. To increase Nigerians' participation in the economy and the proportion of ownership in industries, commerce, and finance, the federal government in the 1970s embarked on indigenisation exercises.

Despite the indigenisation exercise, the economy remains dominated and controlled by multinational companies due to the following factors:

- (a) Historical attachment of the economy to the colonial and British trading companies
- (b) National companies rely on the multinational technology companies, e.g. NNPC.
- (c) Multinational Companies operate advanced, large-scale technology compared to small-scale enterprises solely operated by Nigerians.
- (d) Nigerian partners, mostly retired civil servants and retired soldiers, top politicians and bureaucrats who are made chairpersons, directors and top executives are corrupt. They arrange and obtain kickbacks, which are often paid into their foreign bank accounts.
- (e) The foreign partners continue to control and dominate the management of technology and major operations of multinational companies in Nigeria, with Nigerian partners as mere shareholders without much grip on the management of technology and operations of the enterprises. For example, multinational oil companies in Nigeria, including Mobil, Shell, Elf, Agip, and Texaco, still dominate NNPC. The NNPC depends on these multinational countries to operate.
- (f) Refusal of foreign partners to transfer technology to Nigerian partners.

Challenges of the socio- economic structure of Nigeria

Nigeria's socio – economic structure is faced with many challenges ranging from environmental factors to human inflicted problems, such as environmental degradation by nature and human activities, leadership problems, corruption, instability in government, unemployment, income inequality, poor infrastructure, poor governance, inadequate funding of educational programs, insecurity, low industrialization, over population and lots of challenges that affect the effective functioning of the economy.

Prospects of the socio-economic structure of Nigeria

Looking at the structure of the Nigerian economy and its attendant problems, it is considered that Nigeria does not exist in isolation from the international community.

Most developed countries of the world have experienced these problems and have gotten solutions to them, which implies that governments at all levels can proffer solutions to these problems if adequate attention is given to the following :

Identify the problem: The most important thing is that countries identify their major problems and solve them. An adage says that when a problem is identified, it is moving towards solutions. The major problem facing our economy is leadership management. The situation of this country rests on the quality of elected leaders. Secondly, structural adjustment program (SAP) and other programs by various governments to revive the economy and ensure equal distribution of resources to all citizens

Also, a complete restructuring of the economy is needed to enable citizens to access good lives and the entitlements enshrined in the constitution.

The government's current rural development policy is a step in the right direction. The government should implement local government autonomy to allow rural areas to enjoy the dividends of democracy through the local government chairpersons, who should be properly monitored. When rural areas are developed, the spate of rural-urban drift will be controlled.

The present directorate of employment scheme is another step in the right direction towards good restructuring of the Nigerian economy. Considering the global nature of the problem, one can conclude that there are greater prospects for socio-economic survival in Nigeria. We need to contribute our quota to the country's economic survival, not fold our arms and watch what the government does to its citizens.

Conclusion

The Socio-Economic structure of Nigeria from the precolonial era to date has recorded a dramatic success. The Prospects recorded so far indicate that the Nigerian economy will continue to develop, provided leaders work in unity to ensure rapid development at all levels. Nigeria has abundant natural and human resources that can boost the country's economy, provided all stakeholders work effectively and efficiently to advance its growth and development.

Recommendations

- Federal government should ensure economic diversification.
- Employment opportunities should cut across all citizens.
- Social amenities like, good roads, good drinking water, good hospitals, good schools and other facilities should be made available for all citizens.

- Government should invest in education.
- There should be eradication of corrupt practices, and undertake other measures to make society a good place to live.

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