ENUGU STATE UNIVERSITY OF SCIENCE & TECHNOLOGY

JOURNAL OF SOCIAL SCIENCES & HUMANITIES

Volume 11
Number 2,
2026

PUBLISHED BY
Faculty of Social Sciences,
Enugu State University of Science And Technology

Scope and Methodology of Industrial Economics: A Qualitative Review with Implications for a Developing Economy like Nigeria

Ishua Eugene Ejim
Department of Economics
University of Cross River State (UNICROSS)
Calabar (Nigeria) (Ogoja Campus)
E-mail: ishuaeugen@yahoo.com
Corresponding Author-07081983443

Ukah Patrick Egbe
Directorate of Research, Innovation and Information Technology
National Universities Commission, Maitama-Abuja, Nigeria
peukah@nuc.edu.ng, 0706881236

Abstract

This study examines the scope and methodology of industrial economics through a qualitative review, with particular emphasis on its implications for developing economies such as a Nigeria. Anchored on the Structure-Conduct-Performance (SCP) paradigm and extended through institutional and behavioural perspectives, the study synthesizes theoretical and empirical literature to provide more context-sensitive understanding of industrial dynamics. The study adopts a qualitative review design, drawing on peer-reviewed journal articles, policy reports and scholarly text, and employs thematic analysis, narrative synthesis, pattern matching and explanation building on analytical techniques. Industrial economics is critical for understanding firm behavior and market structure, yet its application in developing economy like Nigeria often clashes with structural bottlenecks. In Nigeria despite various industrialization policies, the sector remains underdeveloped, heavily reliant on imports and dominated by monopolistic tendencies in key sectors like energy. Industrial economics provides an essential framework for analyzing how market structure, firm behavior, and institutional arrangement shape industrial performance under conditions of imperfect competition. Findings reveal that the traditional SCP framework is inefficient as a linear explanatory model, as industrial outcomes are shaped by dynamic and bidirectional relationships among market structure, firm conduct, and performance. Institutional quality plays a critical moderating role in determining these relationships, particularly in developing economies. In Nigeria, weak institutions, policy inconsistency, infrastructural deficits, and macroeconomic instability distort expected SCP relationships, resulting in persistent industrial under performance; Firm behaviour is also found to be highly adaptive and survival-driven rather than innovation-led. The study concludes that industrial economics most evolved beyond deterministic models to incorporate institutional and context-specific realities. It recommends strengthening institutions, improving competition policy, promoting innovation, stabilizing macroeconomic conditions, and adopting context-sensitive industrial strategies. Strengthen competition and antitrust enforcement institutions, designing industrial policy that complements competition policy, Promoting firm-level R&D and University-industry collaboration, and encouraging firm and industry-level empirical research to guide policy.

Keywords: Industrial Economics, Market Structure, Competition Policy, Industrial Policy, Developing Economy, Qualitative review, Nigeria

JEL Classification:

L10- market structure, firm strategy, and market performance
L52- industrial policy, sectoral planning methods
014- industrialization, manufacturing, technology
017- formal and informal sectors

1. Introduction

Industrial economics, also referred to as industrial organization, is a core field of applied microeconomics concerned with the behavior of firms, the structure of markets, and the performance of industries under conditions of imperfect competition. Unlike neoclassical price theory, which assumes atomistic firms and frictionless markets, industrial economics explicitly recognizes the prevalence of monopoly power and oligopolistic rivalry, product differentiation, and strategic interaction (Carlton & Perloff, 2015).

Industrial development remains a central pillar in the process of structural transformation and sustainable economic growth, particularly in developing economies. The field of industrial economics, traditionally concerned with the structure, conduct and performance (SCP) of firms and markets has undergone substantial theoretical and methodological evolution over time. While early contributions emphasized neoclassical efficiency and market structure analysis, contemporary development increasingly incorporate game theory, innovation systems, and institutional dynamics. Recent studies further highlight the growing relevance of structural transformation theories and innovation-driven growing in explaining industrialization processes in the twenty-first century (Abah, 2026; Okeowo, 2024)

Despite these theoretical advancement, a critical disconnect persists between industrial economic theory and its practical application in developing economies like Nigeria. Nigeria's industrial sector continues to exhibit structural weaknesses, including low manufacturing output, high import dependence, weak technological capability, and infrastructural deficits. Empirical evidence indicates that the country remains heavily dependent on crude oil, with limited diversification into productive sectors, thereby constraining growth, employment generation, and long-term development (Ologundudu & Ifarajimi, 2025).

Furthermore, structural imbalances, foreign exchange rate instability, and high production costs continue to undermine industrial competiveness and capacity utilization (Augustine & Umoh, 2025). At the policy level, Nigeria has implemented numerous industrial strategies, including import substitution policies and innovation-driven industrialization programmes. However, these interventions have yielded mixed results due to weak institutional frameworks, policy inconsistency, and inadequate alignment with market realities. Recent studies emphasize that persistent failures in Nigeria's industrial policies is linked to governance challenges, weak enforcement mechanisms, and limited co-ordination between public and private sector actors (Odijie, 2024).

Against this backdrop, this study undertakes a qualitative review of the scope and methodology of industrial economics, with particular emphasis on its implications for developing economies like Nigeria. The necessity of this study arise from observation that much of the industrial economics toward advanced economies remains biased where institutional quality, technological capacity and market efficiency differ significantly from those developing countries. Consequently, the direct transplantation of such theoretical models often fails to produce desired outcomes in contexts characterized by informality,

regulatory weaknesses, and structural rigidities. This study addresses critical policy-level problem: the persist gap between industrial economic theory and effective policy design in developing economies. In Nigeria, industrial policies are often implemented without sufficient ground in contemporary industrial economics frameworks, resulting in inefficiencies such as resource misallocation, regulatory issues, and limited industrial deepening. Moreover, the dominance of quantitative methodologies in industrial economics has led to insufficient attention to qualitative insights that explain why policies succeed or fail under specific institutional conditions.

To bridge this gap, the study synthesizes key theoretical perspectives in industrial economics, including the SPC paradigm, game theory approaches, and new institutional economics. The SCP framework has historically provided a foundation for analyzing market structures recent studies highlight its limitations, feedback effects, and endogenous structural changes within industries (Empirical Economic Letters, 2024). Contemporary approaches, therefore, emphasize the role of innovation, institutional quality and strategic behaviour in shaping industrial economies, particularly in the context of globalization and fourth industrial revolution.

Methodologically, the study adopts a qualitative review approach, drawing on selected recent academic literature, policy analyzes and case studies. The choice of this enable understanding of industrialization processes across different institutional context. By incorporating evidence from countries with similar structured characteristics to Nigeria, the study ensures relevance and applicability of its findings. Recent methodological advances also underscore the importance of qualitative synthesis in generating policy relevant especially in complex and institutionally diverse environments. This study is expected to contribute to policy formulation by identifying best practices and lessons from both successful and unsuccessful industrialization experiences; it emphasizes the need for context-specific industrial policies that integrate market based mechanism with strategic state intervention. Although, the study is qualitative in nature but the findings would possess a high degree of analytical generalization. The insights derived would be applicable to other developing economies facing similar structural and institutional constraints, particularly in Sub-Saharan Africa. However, the study acknowledges that contextual factors such as political economy dynamics, governance structures, and socio-economic conditions may limit the transferability of policy recommendations.

The relevance of industrial economics has increased in recent decades due to rising market concentration, the growing dominance of large firms, and renewed interest in industrial policy across both developing and developed economies (Aiginger & Rodrik, 2020; De Loecker et al, 2020). In developing economy like Nigeria, these issues are further amplified by institutional weaknesses, infrastructural constraints, and regulatory gaps, which often limit market contestability and innovation.

Despite a growing body of literature, industrial economics research remains fragmented, with limited synthesis linking conceptual foundations, methodological evolution, and policy relevance-Particularly in the context of Sub-Saharan Africa. This paper addresses this gap by providing a comprehensive qualitative review of the scope and methodology of industrial economics and drawing implications for developing economy such as Nigeria. Thus, in Nigeria, industrial sectors such as banking, cement, telecommunication and petroleum downstream are characterized by high concentration and strategic firm behavior which influence market outcomes and policy (Ayorinde & Adeboje, 2019; Osuagwu & Nwokoma,

2017). Thus, the study examines the scope and methodology of industrial economics within Nigeria context

2. Literature Review and Theoretical Studies

2.1. Conceptual Review

Conceptual Foundation of Industrial Economics

Industrial economics examines how firms are organized within markets, how they behave strategically, and how such behaviour affects efficiency, innovation, and welfare. At its core, the discipline seeks to explain why industries differ in competitiveness, profitability, and technological progress (Scherer & Ross, 1990). A defining feature of industrial economics is its focus on market imperfection, including barriers to entry, economies of scale, information asymmetric and regulatory constraints. These imperfections simply mean that market outcomes often deviate from socially optimal benchmarks (Stiglitz, 1989).

Contemporary industrial economics extends beyond static price-output analysis to incorporate firm heterogeneity, dynamic competition, innovation, and institutional quality. This evolution reflects the recognition that long-run industrial performance depends not only on allocative efficiency but also on productivity growth and technological upgrading (Aghion et al, 2021).

Market Structure and Industrial Performance

Market structure refers to the organizational characteristics of an industry, including the number and size distribution of firm, degree of concentration, product differentiation, and conditions of entry and exit. The structure–conduct-performance (SCP) paradigm, pioneered by Bain (1956), provides a unifying framework linking market structure to firm behavior and performance outcomes.

Although early critiques questioned the SCP paradigm's causal determinism, subsequent research has reaffirmed the importance of market structure in shaping price behaviour, profitability and welfare particularly in markets with limited competitive pressure (Scherer & Ross, 1990).

However, recent empirical evidence indicates a global increase in market concentration and firm markup, with significant implications for investment, innovation, and income distribution (De Loecker et al, 2020). These trends are more pronounced in developing economies, where weak competition enforcement allows dominant firms to sustain market power. Empirical studies from Nigeria reveal high concentration ratios in key sectors such as banking, cement, telecommunications and petroleum downstream industries. Osuagwu & Nwokoma, (2017), found that Nigeria's banking sector operate under monopolistic competition, while (Ayorinde & Adeboje, 2019) report that high manufacturing concentration is associated with lower allocative efficiency. These findings underscore the continued relevance of market structure in explaining industrial performance.

Table 1: Nigerian Industrial Sector Market Concentration.

Concentration ratios (CR4, HHI) for selected industrial sectors in Nigeria

Sectors	CR4 (%))	HHI Index	Year/Period
Banking	65	1820	2022
Cement	72	2015	2022
Telecommunications	80	2200	2022
Petroleum Downstream	78	2100	2022

Note: CR4 –concentration of top 4 firms; HHI- Herfindahl- Hirschman Index

Source: Adapted from Osuagwu & Nwokoma (2017); Adeboje (2019).

The above evidence supports the SCP hypothesis that market structure significantly influences firm conduct and performance in Nigeria. Strategic firm behaviour combined with regulatory weaknesses, exacerbate inefficiency and limits consumer welfare. This is consistent with Bain (1956) and Carlton & Perloff (2015).

Table 1 show Nigerian Industrial Sector Market Concentration, the Concentration ratios (CR4, HHI) for selected industrial sectors in Nigeria such as banking, cement, telecommunications and petroleum downstream. These sectors show high concentration and dominant markets share in the industries.

Firm Conduct and Strategic Interaction

Firm conduct encompasses strategic decisions regarding pricing, output, advertising, mergers, innovation, and entry deterrence. In oligopolistic markets, firms are interdependent, implying that strategic behaviour must be analyses using game theoretic frameworks (Tirole, 1988). Modern industrial economics emphasizes dynamic strategic behaviour, including investment in research and development (R&D), learning-by-doing, and innovation races, which shape long-term competitive outcomes (Vives, 2021).

Empirical evidence from developing economies suggests that firm conduct often reinforces structural rigidities. Ayoola et al (2022) show that static competition associated with concentration reduces efficiency in Nigeria's banking and audit markets, whereas dynamic competition improves firm performance. Similarly, Okafor et al (2024) finds that vertical and horizontal integration strategies enhance competitive advantage among Nigerian manufacturing firms. These revealed highlight the importance of distinguishing between nominal competitions (number of firms) and effective competition (nature of strategic interaction).

Table 2: Key Firm Conduct Patterns in Nigeria Industries.

Summary of Strategic Firm Behaviours in Major Nigerian Sectors

Sector	Dominant Firms	Pricing Strategy	Advertising Intensity	M&A Activity	Innovation Investment
Banking	Zenith, GTBank	Price Leadership	High	Medium	Low
Cement	Dangote, Larfarge	Cost-plus	Medium	High	Medium
Telecommunications	MTN, Airtel	Price matching	High	Low	Medium
Petroleum Downstream	NNPC, Total	Monopoly pricing	Low	Medium	Low

Source: compiled from Osuagwu & Nwokoma, (2017); Ayoola et al, (2022).

Table 2 indicates the Key Firm Conduct Patterns in Nigeria Industries. Summary of Strategic Firm behaviours' in Major Nigerian Sector's showing pricing strategy, innovation investment, and M&A activity**.**

Industrial Performance, Efficiency and Welfare

Industrial performance is evaluated along multiple dimensions, including allocative efficiency, productive efficiency, dynamic efficiency, profitability, and consumer's welfare. Welfare economics predicts that excessive market power leads to deadweight losses through higher prices and restricted output (Varian, 2019). Recent industrial economics literature places increasing emphasis on dynamic efficiency, recognizing innovation and productivity growth as central determinants of long-run industrial performance (Aghion, et al, 2021).

Cross-country studies show that rising concentration is often associated with declining business dynamism and weaker productivity growth, particularly in jurisdictions with weak competition enforcement (Gutierrez & Philippon, 2018). In Sub-Saharan Africa, industrial performance is further constrained by infrastructure deficits, financing gaps, and limited technological capacity (World Bank, 2023).

In Nigeria, studies by Adenikinju (2005) and Akinlo (2012) documented persistently low productivity growth in manufacturing, attributing poor performance to weak competition, unreliable energy supply, and policy inconsistency.

Industrial Policy, Competition Policy, and Institutional Context

The tradition view that industrial policy conflicts with competition policy has been increasingly challenged. Contemporary scholars argue that both policies can be complementary when industrial policy promotes capability accumulation and innovation while preserving competitive disciple (Aiginger & Rodrik, 2020; Mazzucato, 2021).

From an industrial economics perspective, effective policy design requires an understanding of market structure, firm incentives, and institutional capacity. Recent empirical studies demonstrate that well-designed industrial policies can reduce production costs, lower firm markups, and stimulate competition. Evidence from East Asia and China show that targeted interventions eased factor market constraints and enhanced productivity (Juhasz et al, 2023).

In contrast, Nigeria's industrial policies have yielded limited success due to weak institutional co-ordination, frequent policy reversals, and inadequate enforcement of competition rules (World Bank, 2020).

Table 3: Comparative Industrial Policy Measures and Outcomes

Comparison of industrial and competition policy interventions in Nigeria with observed outcomes.

Policy Instrument	Target Sector	Expected Outcome	Observed Outcome	Policy Gap/Recommendations
Subsidy/Tax Incentives	Manufacturing	Increased outcome/investment	Low investment due to weak enforcement	Strengthen, Monitoring, and Co-ordination
Tariff Protection	Cement, Steel	Protect domestic firm	Reduce competition, higher prices	Phase out selective tariff gradually
R&D incentives	ICT, Manufacturing	Enhance innovation capacity	Low uptake, weak linkages with universities	Improve institutional co-ordination
Competition, law enforcement	All sectors	Promote efficiency and fairness	Weak enforcement, collusion persist	Strengthen regulatory agencies

Source: Adapted from OECD (2023); World Bank (2020).

Table 3 revealed Comparative Industrial Policy Measures and Outcomes; Comparison of industrial and competition policy interventions in Nigeria with observed outcomes showing policy instrument, target sector, expected outcome, observed outcome and policy recommendations.

Nigeria's industrial sector is characterized by high concentration, strategic firm behaviour, weak competition and limited innovation. The SCP and game theory model explain these patterns, while Schumpeterian insights highlight the centrality of innovation. Effective policy requires stronger competition enforcement, better industrial policy co-ordination, and incentives for technological progress or updating. Thus, developing economies such as Nigeria has high concentration of dominant firms with monopoly power, lack appropriate industrial policy and anti-competition policy to curtail monopoly power of the large firms, and weak institutions and regulatory policy to ensure compliance with industrial policy.

Innovation, Technology, and Industrial Dynamics

Schumpeterian theory emphasizes innovation as the engine of industrial transformation through processes of creative distribution (Schumpeter, 1942). Contemporary industrial economics integrates this perspective with endogenous growth theory, highlighting the interaction between competition, market structure, and innovation incentives. The relationship between competition and innovation is non-linear, with moderate competition fostering innovation and excessive monopoly power discouraging long-run investment (Aghion et al, 2005).

Evidence from OECD countries supports the inverted-U relationship between competition and innovation (OECD, 2018). In Nigeria, however, innovation intensity remains low due to limited R&D expenditure, weak university-industry linkages, collaboration and inadequate intellectual property protection (UNCTAD, 2022).

2.2. Theoretical Studies

The theoretical studies were undertaking to supports the conceptual foundation bearing in mind the peculiarity of the developing economy like Nigeria.

a. Structure-Conduct- Performance (SCP) Paradigm

SCP paradigm is of one the foundational frameworks in industrial economics. It aims to explain how the structure of an industry affects the behavior of firms within it, and how this, in turn, influences performance outcomes like efficiency, profitability, and consumer welfare. This paradigm analyzes markets that deviate from perfect competition, such as oligopolies, and monopolies, and plays a central role in guiding competition and industrial policy.

The SCP framework posits that market structure influences firm conduct, which in turn affects market performance (Bain, 1956). Although early critiques challenged the linearity of SCP, it remains a diagnostic tool for analyzing market inefficiencies (Scherer, & Ross, 1990).The SCP paradigm was developed primarily within the Harvard School of Industrial Organization; the SCP paradigm provides a systematic approach to understand how market structure influences firm behaviour and ultimately determines market performance.

For decades, SCP has guided competition policy, industrial regulation, and empirical industrial analysis, particularly in economies characterized by market concentration and imperfect competition. Despite later criticisms and refinements, SCP remains highly relevant especially for developing economies, where industrial markets often display structural rigidities, weak institutions and limited competition. This structural relationship suggests that structural characteristics of an industry shape behaviour, which in turn determines economic outcomes such as efficiency, profitability, and consumer welfare (Bain, 1956). Thus, alternative models like the New Industrial Organization (NIO) consider the endogeneity of market structure and emphasize the strategic behaviour of firms and their ability to influence market structure over time.

b. Game Theory

Game theory has become central to modern industrial economics because it allows economists to rigorously study price strategies, output decisions, innovation, mergers and regulation. For developing economies, where markets are often highly concentrated, weakly regulated, and characterized by information asymmetric, game theory is particularly relevant. Oligopolistic markets require analysis of strategic interaction among firm. Game theory provides a framework for studying pricing, collusion, entry deterrence, and innovation investment (Tirole, 1988; Vives, 2021). Game theory has transformed industrial economics by providing rigorous framework for analyzing strategic firm behaviour.

Its scope covers pricing, output, entry, innovation, and regulation, while its methodology offers powerful tools for understanding market outcomes. In developing economies, game theory is particularly valuable in addressing challenges of market concentration, weak

institutions, and limited competition. When integrated into industrial policy and regulation, game theoretic insights can promote efficiency, innovation, and inclusive economy.

c. Schumpeterian Theory of Innovation

Innovation drives industrial transformation through creative destruction (Schumpeter, 1942). Contemporary models integrate competition and firm strategy to explain how innovation reshapes market performance (Aghion et al, 2005). Innovation occupies a central position in industrial economics because it fundamentally shapes firm behaviour, market structure, competition, and long-run economic growth. Among the most influential contributions to the economics of innovation is a Joseph Schumpeter's theory, which emphasizes the role of the entrepreneur and large firms as engines of economic change.

Schumpeter's work provides a theoretical foundation for understanding industrial dynamics, particularly how innovation drives firm growth, market concentration and structural transformation. Schumpeter first articulated his theory in The Theory of Economic Development (1911; English edition 1934) and later refined it in Capitalism, Socialism and Democracy in 1942).

Schumpeter argued that economic development is driven not by price competition but by innovation, which disrupts existing market equilibria through a process called ''creative destruction''. ''The fundamental impulse that sets and keeps the capitalist engine in motion comes from new consumers' goods, new forms of industrial organization'' (Schumpeter,1942)

The implications for developing economies which is often face with low innovation capacity, high dependence on imported technology, concentrated industrial structures. Schumpeter's suggests supporting innovative firms can accelerate industrial development with temporary monopoly power may be necessary to encourage innovation.

The theory was criticized despite its influence based on the facts that monopoly power may result in inefficiency and rent-seeking; large firms may innovate less once dominance is achieved, and innovation can also come from small, competitive firms. These criticisms have led to more nuanced view in modern industrial economics.

Therefore, Schumpeter's theory of innovation provides a framework for understanding industrial dynamics, firm behaviour, and economic development. By emphasising innovation, entrepreneurship, and creative destruction, Schumpeter expanded the scope of industrial economics beyond static price competition and reshapes its methodology toward dynamic, evolutionary analysis. For developing economies, Schumpeterian insights highlight the importance of fostering innovation, supporting productive firms, and designing competition policies that balance efficiency with technological progress.

2.3. Empirical Studies

Macchiavello, Reardon, & Richards (2022) Empirical industrial organization Economics to analyze developing country food chains: A qualitative review found rapid transformation of markets from traditional to modern system with rising monopoly/monopsony power and recommends integration of EIO with development economics and expansion of firm-level datasets. This has implication for Nigeria agro-processing industries. Setyadi et al (2025) Trends and opportunities in sustainable manufacturing: A systematic qualitative review. Find out that there is a shift toward AI, blockchains, and digital manufacturing and circular

economy practices and recommended align industrial strategy with sustainable goals. Inclusive technology adoption and increase policy co-ordination in developing countries. This has implication for Nigeria's green industrialization, digital manufacturing adoption and industrial policy reform. Islam, Hossian & Ornob (2024) Business research on industry: A systematic review. Found a strong linkage between innovation and industrial competitiveness, recommended expanded research on developing economies and SME's adoption of industry, supporting technological upgrading and industrial digitalization policy in Nigeria.

Yudoko (2024) toward sustainable operations strategy: A qualitative case study in an emerging country-qualitative single case study (theory-building approach). The study revealed that industrial performance depends on corporate governance, local institutional values and sustainability strategies, recommended use-context–sensitive industrial policies through strengthening governance frameworks and local adoption of global models. Garcia (2026) manufacturing and development: Revisiting industrial policy: empirical macro-industrial analysis (panel data 2000-2019) finds that manufacturing still critical for economic development, structural transformation and evidence of inverted-U relationship between industrialization and growth, recommended revive industrial policy with focus on structural transformation and industrial diversification drawing implication for reinforcing manufacturing-led growth and diversification of Nigeria away from oil.

Glewwe (2024)) Global value chains and industrial development: Empirical synthesis (cross-country evidence) found that global value chains participation enhance industrial upgrading, improves productivity and connectivity and recommends improves infrastructure, export competitiveness and promote integration into global markets, supporting Nigeria export-led industrialization and logistics and trade facilitation. Criscuolo et al (2024) a new approach for better industrial strategies: comparative policy analysis. The study revealed that industrial policy now focuses on green transition, innovation, strategy autonomy and measurement of industrial policy improvement, recommends the development of standardized metrics for industrial policy; and transparent policy evaluation systems implying need for evidence-base industrial policy, and evaluation frameworks. Adenikinju & Ayorinde (2001) found a monopolistic tendency in manufacturing reduces allocative efficiency and recommends a strong and adequate investment in infrastructure while Akinlo (2012) observed that weak regulatory institutions undermine competitiveness and productivity growth. Recommends full regulatory compliance.

2.4 Literature Gap

Most existing studies emphasized quantitative analysis and developed-country contexts. There is limited qualitative synthesis that integrates theory, methodology and policy relevance, particularly for developing economy like Nigeria. Additionally, few studies holistically examine the evolution of industrial economics methodologies. This study fills this gap by providing a comprehensive qualitative review of the scope and methodology of industrial economics.

Most Nigerian studies also focus on macroeconomic indicators such as GDP, and employment, with limited industry-level analysis grounded in industrial economics frameworks. Furthermore, few studies provide qualitative synthesis linking theory and methodology, and policy. The study finds out that most studies ignored microeconomics firm-level study and institutional constraints.

3.1.Methodology

This study adopts a qualitative review research design, aimed at systematically synthesizing existing theoretical and empirical literature on the scope and methodology of industrial economics. The qualitative approach is particularly appropriate given the study's objective of providing in-depth conceptual insights, theoretical integration and policy-relevant interpretations, rather than numerical estimation or statistical influence.

The study is exploratory and explanatory in nature. It explores the evolution of industrial economics and explains the relationships among key constructs such as market structure, firm conduct, and performance within the context of developing economies. This design allows for a comprehensive understanding of complex economic phenomena that are often influenced by institutional, structural, and behavioural factors.

The study relies exclusively on secondary data, consisting of published scholarly materials which include – peer-reviewed journal articles, academic textbooks on industrial economics and industrial organization, policy reports from international institutions (e.g., World Bank, UNIDP, IMF) conference papers and working papers, government publications and industrial policy documents.

The data collection was conducted through a systematic search of academic databases, including Google- search, Scopus-indexed journal, web of science, and Research Gate and institutional repositories. The study is anchored on the structure-conduct-performance (SCP) paradigm, which serves as primary analytical framework. The SCP model provides a structured approach for examining the relationships between market structure (e.g., concentration, entry barriers), firm conduct (e.g., pricing, innovation, and collusion), market performance (e.g., efficiency, profitability, growth). However, the study extends beyond the traditional SCP framework by incorporating insights from Game theory, innovation systems theory and new institutional economics. The study employs a combination of qualitative analytical techniques including- thematic analysis used to identify, analyze, interpret recurring patterns across the reviewed literature, narrative synthesis is employed to integrate findings from diverse studies into a coherent analytical narrative. Although, the study is qualitative, it incorporates theory-driven hypotheses to guide analysis. These hypothesis are not tested statistically but and evaluated based on consistency and strength of evidence across the literature. Thus, to ensure methodological rigor, the study adopts the use of multiple sources (data triangulation, inclusion of both theoretical and empirical studies, across – context comparison to enhance generalizability- and the replicability of the review process.

4. Policy Implications for Nigeria

The findings of this study are derived from a qualitative synthesis of theoretical and empirical literature on industrial economics, with particular emphasis on the structure-conduct-performance (SCP) framework and its extensions. The analysis reveals that industrial outcomes are shaped by a multi-layered interaction between market structure, firm conduct, performance outcomes, and institutional conditions, rather than a simple linear causal chain.

1. Key findings from the reviewed literature are that the traditional SCP assumption of linear causality (structure - conduct – performance) is over simplistic. Instead, evidence suggests the present of bidirectional and feedback relationships among the variables. Many studies indicate that while market structure influences firm conduct, firm behaviour also influence or shapes market structure overtime. This finding aligns

with modern industrial organization theory, which emphasizes dynamic competition rather than static equilibrium condition. The implication is that industrial markets, particularly in developing economies, are evolutionary system characterized by continues adjustment rather than fixed structural causality

2. The review reveals that firms are not passive agents responding mechanically to market structure. Instead, they engage in strategic and adaptive behaviour aimed at survival, competitiveness, and profit maximization. The key behavioural patterns identified include- strategic pricing (including predatory and limit pricing in some cases), informal collusion in highly concentrated markets; cost minimization strategies under macroeconomic instability. In the context of developing economies such as Nigeria, firm conduct is heavily influenced by economic uncertainty, exchange rate volatility, and infrastructural deficits. These condition often force firms to prioritize short-tem survival over long-term innovation, thereby affecting overall industrial performance
3. One of the most significant implications is the strong influence of institutional quality and policy frameworks on industrial outcomes. The literature consistently shows that institutions act as a moderating force that shapes the relationship between structure, conduct, and performance. In environments with strong institutions – competition policies are effectively enforced, entry barriers are reduced, innovation is encouraged and market distortions are minimized. Conversely, in weak institutional environments like Nigeria, regulatory enforcement is inconsistent, policy instability increases business uncertainty, market entry barriers remain high and rent-seeking behavior is prevalent. This leads to a situation where expected SCP outcomes are distorted.
4. The findings also show that industrial performance in developing economies is generally constrained by structural and institutional limitations. A cross the literature, common performance challenge include- low productivity, and capacity utilization, weak technological adoption, high production and transaction costs, limited export competitiveness, and overall dependence on primary commodities.

   In Nigeria especially, industrial performance is strongly influenced by macroeconomic instability, poor infrastructure and inadequate industrial financing. These constraints weaken the transmission mechanism between firm conduct and performance. The evidence therefore supports the argument that industrial performance in developing economies cannot be explained solely by market structure or firm behaviour, but must incorporate broader systemic factors.

   Thus, the findings therefore have important implications for industrial policy in Nigeria:

   - Industrial policy most go beyond market structure interventions, and address institutional weaknesses
   - Strengthening regulatory frameworks is essential for effective competition
   - Policy should support long-term firm capacity development, especially in innovation and technology
   - Industrial development strategies must be context-specific rather than imported models
   - Macroeconomic stability is necessary to improve firm conduct and investment behaviour.

5. Conclusion and Recommendations

The study set out to examine the scope and methodology of industrial economics using qualitative review approach, with particular emphasis on its implications for developing economy like Nigeria. Grounded in the structure-conduct-performance (SCP) paradigm

and extended through institutional and behavioural perspectives, the study synthesizes theoretical and empirical literature to provide a more context-sensitive understanding of industrial dynamics. The findings demonstrate that industrial economics cannot be fully understood through a linear and deterministic SCP framework. Rather, industrial outcomes emerge from a complex, dynamic, and recursive interaction between market structure, firm conduct, and performance, all of which are significantly shaped by institutional and policy environments. The evidence shows that market structure influence firm behaviour, but firm conduct also feeds back into restructuring market through innovation, and strategic behaviour. Similarly, performance outcomes are not solely determined by market forces but are strongly conditioned by institutional quality, governance effectiveness, and macroeconomic stability.

A key conclusion of the study is that institutions represent the most critical missing link in explaining why industrial performance differs significantly between developed and developing economies. In contexts such as Nigeria, weak institutions, policy inconsistency, infrastructural deficits, and macroeconomic volatility distort the expected relationships limiting industrial competitiveness and structural transformation.
Overall, the study concludes that industrial economics must evolve beyond traditional linear models to incorporate dynamic, institutional, and context-specific approaches that better reflect the realities of developing economies.

Based on the findings, the following policy recommendations were made to enhance industrial development in Nigeria and similar developing economies: strengthening institutional quality, and governance; strengthens anti-trust and competition enforcement frameworks; promoting innovation and firm capacity development; encourage macroeconomic stabilization for industrial growth and encourage infrastructure development and support systems.

References

Abah, P.O. (2026). Economic transformation: theoretical perspective and impact. Social science and Humanities Journal, 10(1), 9805-9817

Adenikinju,, A 2005). Productivity performance in developing countries: Nigeria, UNIDO Report.

Adenikinju, A., & Ayoride, F. (2001). Ownership structure, market concentration and performance of Nigerian manufacturing industries: Economic Development and Cultural Change, 49(1), 99-120.

Aghion, P., Bloom, N; Blundell, R., Griffith, R., & Howith, P. (2005). Competition and innovation: An inverted-U relationship. Quarterly Journal of Economics, 120(2), 701-728.

Aghion, P., Antonia, C., Bunel, S., & Jaravel, X. (2021). The power of Creative Destruction. Harvard University Press

Aiginger, K., & Rodrik, D. (2020). Rebirth of industrial policy and an agenda for the twenty-first century. Journal of industry competition and trade, 20(2), 189-207

Akinlo, A. E. (2012). Industrial Performance and Competition in Nigeria. Journal of African Development, 14(2), 1-23.

Augustine, O. j. & Umoh, O.J. (2025). Reimagining Nigeria's productive economy: A policy review of industrialization, agricultural transformation, and innovation pathways. Socio- Economy and policy studies, 5(1), 24-34

Ayoola, T.J., Inneh, E.G., Obokoh, L.O., Kolawale, P.E. & Adeoye, E.T.(2022). Competition and efficiency in an Oligopolistic Market: Evidence from Nigeria. Journal of Asian Finance, Economics and Business, 9(1), 129-139.

Bain, (1956). Barriers to new competition. Harvard University Press.

Carlton, D. W., & Perloff, J.M. (2015). Modern industrial Organization. (4th ed.). Pearson

Crisscuolo (2024) A new approach for better industrial strategies. Journal of industry, competition and trade.

Deloecker, J., Eeckhout, J., & Unger, G. (2020). The rise of market power and the macroeconomic implications. Quarterly Journal of Economics, 135(2), 561-644

Empirical Economics Letters, (2024). Structure-conduct-performance in industrial organization. A Contemporary examination of causal relationships,23(2), 35-52

Garcia, R. (2026). Manufacturing and Development: Revisiting industrial policy. Industrial and corporate change (OUP Academic)

Glewwe, P. (2024). Global Value Chains and Industrial Development. IDE Research Column. (ide. go.jp)

Islam, M.N., Hossian, M.M., & Ornob, M.S.S. (2024). Business Research on Industry: A systematic Review. Future Business Journal (Springer link)

Jubasz, R. XU., & Wang, H. (2023). Industrial policy, markups, and competition: Evidence from China. Journal of Industrial Economics, 71(1), 145-178

Macchiavello, R., Reardon, T., & Richards, T. (2022). Empirical industrial organization economics to analyses developing country food value chains: (review, org)

Mazzucato, M. (2021). Mission economy. Penguin

OECD. (2018). Competition and innovation. OECD Publishing

OECD. (2023). Competition policy in emerging economies. OECD Publishing

Okeowo, I.A . (2024). Classic theories of development: A review literature. DS Reviews of Commerce and Economics, 1(1), 44-49s

Odijie, M.E. (2024). Nigeria;s industrial policy transformation in the era of sino-African cooperation. Competition & Change, 30(1), 244-262.

Ologundudu, M.M & Ifarajimi, G.D. (2025). Production function paradigm shift and real sector output growth in Nigeria. International Journal of Research and innovation in Social Science

Osuagwu, E., & Nwokoma, N. (2017). Competitive Conduct of Nigerian Banks. Research in International Business and Finance, 41, 412-422

Schumpeter, J.A. (1942). Capitalism, Socialism and Democracy. Harper & Brothers.

Scherer, F. M., & Ross, D. (1990). Industrial Market Structure and economic performance. Houghton Mifflin

Setyadi, A., (2024). Trends and opportunities in sustainable manufacturing: A systematic review (2019-2024): Sustainability (MDPI)

Stiglitz, J.E. (1989). Markets, market failure, and development. American Economies Review, 72(2), 197-203.

Sustainable production and consumption. (2024). Industrial symbiosis and eco-industrial transformation opportunities for environmental protection in Nigeria.

Tirole, J. (1988). The theory of industrial organization. MIT Press

UNCTAD. (2022). Science, technology and innovation policy review: Nigeria. United Nations

Varian, H. R. (2019). Intermediate macroeconomics: A Modern approach (9th ed.). WW. Norton

Yudoko, G. (2024). Toward sustainable operations strategy: A qualitative case study, sustainability. (MDPI 1-9 Journal of Applied management science, 5(2),

Yunusa, E., Atoyebi, T.A., & Owoyemi, J.O. (2024). Social effects of industrial policy in Nigeria: A socio-economic analysis. GPH-International

World Bank. (2020). Nigeria economic update. World Bank

World Bank. (2023). Africa's industrialization dynamic. World Bank.