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Diversification in Nigeria: The Way Forward

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Abstract:

Nigeria is currently a mono-economic nation because of her neglect of other sectors and sole dependent on oil sector for revenue generation and economic sustainability. The global determination of oil price, oil depletion, international oil shocks, dwindling and volatility of world oil price have created untold hardships that have hampered economic growth and development of oil dependent countries like Nigeria. To avert more economic dangers ahead and avoid negative implications of mono-economy, there have been current calls from various angles to urgently diversify to other sectors. This paper will have insight on the most viable sectors for diversification purpose and critically identify the challenges that may affect diversification of the economy to those sectors using secondary reports and explanatory research design for analysis. The finding revealed among others that the key diversification challenges are: poor and unstable power supply, access to finance, lack of coordinating local products and discovering foreign buyers, policy somersaults etc. From the implications of the findings, the study drew conclusions and made recommendations that can boost revenue generation, national productivity and exportation, sustainable diversification and economic growth.

Keywords: Nigeria oil dependency, diversification, and challenges

1. Background of the Study

Before 1960, Agriculture was the mainstay and heartbeat of Nigerian's economy and it contributed immensely and positively in sustaining the economic growth and development. According to Akpan and Eboh (2018), "With the groundnut pyramid in the North, Palm oil and Kannel in the East and South and Cocoa in the South-West before the discovery of Petroleum in Nigeria, there were indications that the nation was heading towards becoming a great economic giant in Africa". Suberu et al (2015) added that prior to the political crisis of Nigeria between 1967-1970, agriculture's positive contribution to the economy was instrumental in sustaining economic growth and stability and its exports constituted the backbone of a favourable balance of trade. Agriculture steadily continues to create employment, generate major revenue to the government, spur economic growth and development until the advent of oil when it started to nosedive until date.

The discovery of oil has made Nigeria to be solely dependent on oil as its major source of revenue in spite of the benefits of agriculture and other sectors. The advancement of the oil sector has led to the country experiencing great economic growth, stability, development and employment.

Recently, the oil sector has been having series of debilitating problems emanating from mismanagement, corruption, politics, bureaucracy, international oil shocks, dwindling and volatility of oil, wastages, etc. and these have resulted to serious economic danger to Nigerian economy. Suberu et al (2015) stated "Regrettably, the oil resources are being mismanaged and a substantial part of it has gone on rent seeking and red-tapism common in Nigerian bureaucracy while Ileonikhen (2015) on his view contributed that about few months ago, many state governments in Nigeria were unable to pay workers' salaries and meet recurrent expenditures due to a sharp fall in oil revenue. A situation where states borrowed to pay salaries was a worst-case scenario of how bad the economy can be. Udeze (2018) asserted that the current challenges of Nigerian economy arose from volatility of the mono-revenue foreign exchange which is oil. Otti (2016) viewed that because Nigeria relied on a single product for virtually all earnings, the drop in the international price of oil led to the quantum of foreign exchange available to the country while Oluwaobi and Oluwatomwa (2016) opined "Every sector is troubled. The fact is, Nigeria moves one step forward and reverse to five steps backwards. We have had political crises, debt serving issues and turbulence in the oil sector to deal with than the number of positives".

Presently, with all the problems confronting the oil sector, Nigerian's economy is a dysfunctional and crisis ridden one. Consequently, there have been calls by scholars, economic and financial analysts, government stakeholders and opinion analysts to imperatively and expeditely diversify Nigerian's economy to other non-oil-based exports. Diversification implies movement into new fields and stimulation and expansion of existing traditional products. Madjd-Sadjadi, (2016) described it as economic complexity of which countries should not be dependent upon a small number of products for their economic livelihoods. Diversification presents the most competitive and strategic option for Nigeria in light of her

developmental challenges and given her background. Suberu et al (2015), Udeze (2018) stated that diversification of the nations' economy has been a re-occurring song and there is no better time to bring it to fruition than now and that Nigeria need to boost her export through the competitiveness of her products in the global market. Ileonikhena (2015) summarized that, the need for diversification of the nation's economy has never been more imperative than now especially with the dwindling oil prices in the international market.

Consequent upon the calls, there is urgent need for the government and his agencies to diversify the economy. As a result, this study will discover the ways forward in achieving diversification into other sectors and make recommendation that can sustain the economy.

1.1. Statement of Problem

Presently, Nigerian's economy is dwindling and as a result, there have been several and urgent calls, write-ups by public opinion holders, and analysts for diversification of the economy from oil sector to other non-oil sectors. This was attributed to the current negative implications of depending solely on oil and the urgent need to revamp and boost the economy. Akinadawo (2015) in citing Dangote (2015) states "As the nation's economy comes under pressure due to the paucity of funds occasioned by the fall in the price of crude oil in the international market, the private investors should initiate fresh investments in manufacturing and agriculture". He further lamented over dependence on oil to the detriment of other viable sectors and urged Nigerians and international business to lead in the task of diversification of the economy as the only viable option to the current economic challenges. Inyama (2016) points that the federal government should give priority attention to the development of science and technology to lead its economic diversification drive in the bid to revamp the economy. Suberu et al (2015) states that Nigerian government should as matter of priority encourage the diversification of her economy as the only viable way to survive the current environment of global economic uncertainty with the violability of oil price. The aims to discover other viable sectors for diversification and identify the challenges that might hinder the achievement of diversification into those sectors of the economy necessitated this study.

1.2. Research Objectives

The objectives of this study are:

- To examine other viable sectors for the diversification of Nigerian economy.
- To identify the challenges that may hinder the achievement of diversification to other sectors.
- To have insight on the implications of diversifying Nigerian's economy.

1.3. Research Questions

- Are there other viable sectors for diversification of Nigerian economy?
- What are the factors that might challenge the achievement of diversification to other sectors?
- What are the implications of diversifying Nigerian's economy?

1.4. Significance of the Study

The study will enable the researcher to examine sectors that Nigeria can diversify her economy and the challenges that will affect diversification into these sectors.

It will benefit government hence the result of the study will aid in policy adjustment and as a tool for further research.

The academicians/students will use the result for reference purposes while assisting stakeholders in Nigeria to make analysis and suggest ways forward to diversification agenda.

1.5. Methodology of the Research

Methodology of research is a process used to collect information and data for the purpose of making business decision. It may include published research, interviews, surveys and other research techniques and would include both present and historical information (Business dictionary, 2019). This study is on diversification in Nigeria and the way forward. It relied extensively on secondary reports that deal on already available information from: National and international Academic Research Journals which contained published articles relating to the topic; internets; reference data and textbooks.

In research studies, the nature of the study determines the research design that will be utilized. According to Bhat (2019) research design is a framework of methods and techniques chosen by a researcher to combine various components of research in a reasonably logical manner so that the research problem is efficiently handled. There are various types of research designs (Quantitative, Qualitative, Descriptive, Ex-post facto, Experimental, Correlational, Diagnostic, exploratory), but this research will adopt explanatory research design because of the nature of the study and its use of ideas and thoughts about a problem to take decision.

2. Conceptual Framework

2.1. Diversification and Economy

Diversification is the process of shifting an economy away from a single income source towards multiple sources from a growing range of sectors and markets as a strategy to encourage positive economic growth and development (UNFCCC, 2005), while Suberu et al (2015) states that diversification implies movement into new fields and stimulation

and expansion of existing traditional products. Diversification does not discourage specialization, but that resources be channeled into the best alternative uses. Diversifying an economy is the only viable way to survive the current environment of global economic uncertainty with the volatility of oil price.

Nwakama (2017) posit that economic diversification of countries comes from government directives of those countries. The most obvious advantage of diversifying an economy is to increase the resilience of the economy.

Ojo (2018) states that, for a nation to attain the pinnacle of success, its economy has to be diversified. According to him, diversification does not come in a vacuum. So, sustainable economic development and growth occurs when the nation is able to diversify into various sectors of the economy. The relationship between diversification and the economy is direct and positive one. The dividend of achieved diversification is lubrication and growth of the economy.

2.2. *The Context of Nigerian Economy*

The economy of Nigeria is based on her foreign policies, natural resources and other sectors (Tourism, Health, Manufacturing, Agriculture, Aviation, Education etc.). Each of the sectors contributes to the economy according to government efforts and developmental interest in the sector.

Presently, Nigeria depends solely on oil sector to earn revenue and is known as one of the largest producers of oil in Africa with a maximum production capacity of 2.5 million barrel a day.

Ojo (2018) states that the country boost of 28.2 billion barrels of crude oil reserves and total proven gas of 165 trillion standard cubic feet (scf), including 75.4 trillion standard cubic feet (scf) of non-associated gas.

The level of revenue that accrued from the oil sector made Nigerian government to rely on the oil sector for future and present revenue generation to the detriment of other sectors of the economy. Prior to the discovery of oil, Nigeria was largely dependent on non-oil products such as agriculture, manufacturing and mineral resources. Statistics shows that agriculture sector contributed about 95% to her foreign exchange before oil sector boom. Oil sector's total revenue was 54.4% in 1972, as against 45.6% share from non-oil sector in the same year and 82.19% in 1974. Then in 1978, the total revenue fall to 61.8%. Since 1984, the oil sector share in total revenue has continued to rise, though with occasional falls in between periods (CBN, 2017).

According to CBN report (2018), Nigeria has experienced increasing revenue generation from the oil sector that supposedly have been plough into productive ventures, but the economy is still characterized with high rate of unemployment of 14.2% and 18.8%; high rate of inflation of 18.7% and 15.47%, high interest rate of 22.42% and 22.61% in 2017 and 2018 respectively.

Sanusi (2003) concluded that Nigerian economy's over dependence on the oil sector has made her susceptible to fluctuation, making diversification of a paramount concern.

2.3. *Stratification of Economic Diversification*

Nwankwo (2018) in citing Sachs and Warner (2001) stratified economic diversification into: Natural Resource Diversification, Conservative-or-climate-change-based diversification and brain-based diversification.

Natural-resource-diversification entails a country producing range of economic outputs from several natural resources it possesses. The country with a diversified economy develops its various readily available resources to stimulate economic growth, employment generation and public revenue. Such country with this kind of abundance natural resources may have problems of Dutch, disease (a situation whereby the boom in one commodity causes the strengthening of the local currency, making other sectors uncompetitive while making imports cheaper, thereby leading to decline in the other local industries) and Resource-curse (describing a historical experience whereby countries with abundance of resources tend to have less economic and social advancement than countries with much less natural resources). This states that diversification could be achieved by maximizing the products and by-products from a natural resource. This shows that a country having one resource could still be well diversified.

Conservation-or-climate-change-based is a kind in which an emerging category of diversification is one that comes as a response to humans' destructive activities on the environment: the endeavour to protect and preserve biodiversity in the wake of the disruptive and destructive impact of climate change. Accordingly, an approach to economic diversification is for countries and regions to take measures to conserve biodiversity and to encourage adaptation of bios to prevent their extinction; hence, preserve the variety of resources which could be developed to satisfy human needs. More so, it is appreciated that the threat to biodiversity is a threat to traditional occupations which could threaten the economic livelihood of whole communities. This approach focuses on building and sharing systematic knowledge on the possible impacts of climate change on the universe of plants and animals, monitoring climate change and searching for salutary preventive and adaptive responses. This approach is being popularized by the advocacy and works of the United Nations Framework Convention on Climate Change (UNFCCC).

Brain Based is a kind of diversification in which an economy could diversify by producing and exchanging economic values that are based on intellectual power rather than on physical inputs. This is the essence of knowledge economy. This shows that a country without natural resources can create and sustain strong position and share in the global economy. Knowledge and resulting technology position and share in the global economy. Knowledge and resulting technology could be exported or utilized to enhance the productive capacity. An attractive characteristic of brain-based diversification is that, there is virtually unlimited space to explore.

2.4. *Theoretical Framework*

This study is based on Markowitz (1959) theory of diversification of financial assets. The theory described diversification as a strategy that seeks to combine a portfolio of assets with returns that are less than perfectly positively correlated in an effort to lower risk (various) without sacrificing returns. Conroy (1974, 1975) theoretical approach to economic diversification was linked to Markowitz (1959) theory of diversification of financial assets. In this theory, a single sector is considered as an individual regional investment and collective sectors is considered a portfolio of investments. The relationship between risk (economic instability) and expected returns (employment, income, outputs) could be termed as a regional economy with a portfolio of sectors. In this context, economic diversification aims to reduce instability in aggregate income, output and employment (return) to the region by allocating resources to the portfolio of sectors. An economy with a lower standard deviation (risk) indicates a more diversified economy (Wundt, 1972).

In economic diversification, portfolio of sectors, their resources and returns are pooled together to reduce the risk and achieve more and better returns for sustainable economic growth and development. According to Freive (2017) economic diversification is very relevant for poorer developing countries to create jobs and foster economic development.

The chart in Figure 1 below shows how a nation moved away from mono-economy to economic diversification into various sectors of the economy. The flow from economic diversification to economic growth and development and from economic growth/ development to economic diversification is a causal relationship. This indicates that diversification leads to economic growth and development and that economic growth and development requires economic diversification. Also, a flow from mono economy leads to economic stagnation.

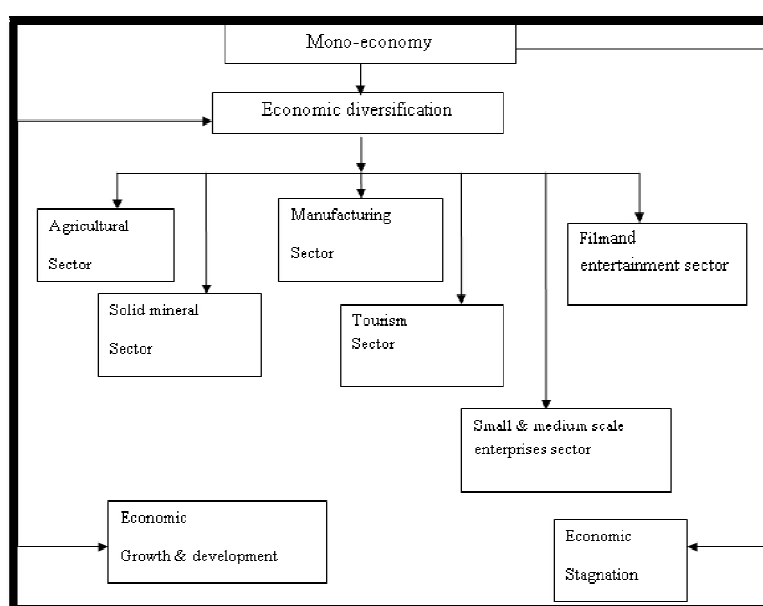


Figure 1: Schematic Representation of Diversification

2.5. Empirical Review

There have been several empirical literatures on diversification. Olure-Bank (2015) studied on the diversification of the Nigerian economy towards a sustainable growth and economic development, using descriptive method of analysis. The finding of the study was that, there is urgent need to diversity Nigerian economy through Agriculture. The researcher recommended innovation as a sensible and durable way to sustain Nigerians economy.

Kaya et al (2019) developed a theoretical model to analyze whether a rentier state can diversity its economy away from the rent revenue and hence sustain the economic development and preserve the status-quo. The findings of the research indicated that a rentier state can achieve an optimal level of economic diversification provided that the conditions stated in the findings are met even without a political change.

Abouchakra et al (2005) studied on economic diversification as a way to sustainable development using explanatory and descriptive research designs to make analysis. The findings confirmed a positive link between economic diversity and sustainability, and that economic diversification can reduce a nation's economic volatility and increase its real activity performance. Again, they discovered that, there are metrics that policy makers can use to measure these key economic dimensions and ways that they can promote their nation's long-term economic health and stability.

The World Bank (2018) carried out research on how to strengthen economic diversification in Nigeria through connectivity using explanatory descriptive research design to draw conclusions. The result of the finding posits that with large population and growing middle class, Nigeria's big home markets are constrained by limited connective infrastructure thereby reducing the ability to reach wider markets. The lack of connectivity also dampens regions and this further hamper the prospects for poverty reduction. In other to stimulate diversified long-term growth, the report suggests that the country would initiate policies that will promote spatial integration and sub-national specialization which will help to create a nationally integrated market for goods and services and also attract much needed private investment.

Olamide et al (2013) studied if development of solid mineral can play any role in the diversification of Nigerian economy. The researcher applied both qualitative and quantitative techniques of analysis. The findings disclosed that solid mineral sector has the potential to contribute immensely to the economy of Nigeria by helping to combat poverty via job creation, considering its linkage with other sectors of the economy. The paper recommended strengthening existing solid mineral development policy, and government creating enabling environment for the private sector to take the lead in the sector.

Doki et al (2018) examined agricultural export as a diversification tool for economic growth in Nigeria by adopting an exploratory design and secondary data. The result indicated that agricultural labour, manufacturing export, solid mineral export and lending interest rate exert positive effect on economic growth while agricultural export, trade openness and exchange rate exerts negative effect. The study recommends that since Nigeria has comparative advantage in Agriculture labour and resource endowment, she should investigate the deep-rooted concerns affecting and sustaining subsistence production as continued promotions may not yield the expected results. Moreso, the country should move beyond exporting low quality primary products to the processing and manufacturing of finished goods that will conserve foreign exchange and drive stable exchange rate regime to make her products competitive in the international market.

3. Sectoral Diversification and Challenges

The life wire of Nigerian's economy before 1960 was agricultural products. It mainly comprised groundnuts, cocoa, palm oil, rubber, livestock, cashew-nuts, etc. They were exploited and exported to earn foreign exchange and consequently, contributed positively to sustain the economic growth and stability. Stable growth in agricultural exports constituted the backbone of a favourable balance of trade (Suberu et al, 2015). In citing Reynolds (1975), Anyanwu (1997) stated that agricultural development can promote the economic development of the under developed countries in four distinct ways: increasing the supply of food or domestic consumption and releasing the labour force needed for industrial development; providing the foreign exchange earned by agricultural exports; increasing the supply of domestic savings and enlarging the size of domestic market for the manufacturing sector. The emergency of oil sector resulted to negligence of Agriculture in Nigeria with its negative implications. Agriculture is one of the key sectors that attention is being drawn for diversification. In spite of various government policies and investment programmes to revamp the sector, it has been suffering some setbacks resulting from mismanagement, neglect, lack of basic infrastructures, corruption, inconsistent in policy implementation and over reliance on antiquated methods. Ojo (1994) classified the problems associated with Nigerian agricultural development as: environment, land, labour, capital, technology and marketing. Akpan and Eboh (2018) opined that the Nigerian agricultural sector has been in continuing crises because of the fluctuating world market and the country's rapid population growth. Because of these unresolved problems, diversification into agricultural sectors has become a nightmare and unattainable.

Manufacturing is another viable sector with diversification challenges. The sector has been existing in Nigeria over the years with epileptic success, dysfunctional and insignificant contribution in generating sustainable internal and external revenue for economic growth and development. Ilenikhena (2015) in describing Nigeria's diversification into manufacturing sector stated. "The manufacturing sector is another very important sector that can rake in a lot of revenue for the government and provides jobs for the teeming unemployed youths in the economy. Instead of depending on oil whose price is not determined by the country but the international market, it will be better we look inward into the manufacturing sector to fully maximize the benefits of the sector of our economy". The contributions of revenue generated from the manufacturing sector to the GDP of developing and developed nations cannot be undermined and in Nigeria, it can provide goods for exportation to earn foreign exchange, provide also for domestic consumption and economic sustainability. The major diversification challenges in the manufacturing sector are: poor and unstable power supply, high cost of borrowing from the financial institutions; human capital challenges, ethnicity and corruption. In contributing to other challenges, Ilenikhena (2015) stated that, there are general challenges confronting this important sector of the economy ranging from multiple charges by government agencies to sourcing for foreign exchange while Essiet (2014) summarized that our manufacturing export is low for obvious reasons of inability to coordinate and assemble these products. These problems have embedded this sector from achieving diversification for economic sustainability.

The entertainment/film sector is another viable and untapped sector that has ability and potentials to contribute greatly to the country's economic diversification. According to Essiet (2014), Nigeria film industry with her home videos are making waves in homes around the world. He stressed that it is doubtful if the nation is aware of the potentials of this sub-sector and its ability to contribute immensely to the country's diversification agenda. The entertainment sector is also a very viable sector for diversification of our mono economy. The Nollywood for instance employs a large chunk of unemployed Nigerians and also generates significant revenue for the government. The problems confronting this sector are high level piracy and lack of coordination that can spur official exportation of these home videos. A proper diversification into this industry will gross up Nigeria's GDP because it has created enough impact on the economies of developed and developing countries like USA, China, India.

Nigerian's tourism industry is one of the sectors that has not be fully exploited or harnessed because of government's insufficient awareness that it can play long and prominent role in expanding the GDP horizon. It is one of the fastest growing economic sectors in the world. A World Bank report shows that African's tourism could only create 3.8 million jobs. Meanwhile, in 2012, tourism contributed insignificant 3% of Nigeria GDP and 2.8% of total employment. However, if Nigerian government can make further efforts, it has all the potentials to elevate the tourism sector into world class form, and this will generate more earnings and create more employment. Countries like Dubai and Switzerland have the best world class tourism centres and they generate a greater percentage of their total earnings. The problems

confronting this sector in Nigeria are: high level of insecurity in the country, lack of functional basic infrastructures; government neglect on the sector and their believe that it has insignificant contribution to GDP and embezzlement of budgeted funds. So, diversification into this sector will be meaningful and achievable when these debilitating factors are addressed.

Small and medium scale enterprises is another potential sector that has been over looked in our export policy. According to Essiet (2014) it is time for government to grow small and medium scale enterprises subsector as the engine of the economy because of its ability to create jobs and foster stability. In the developed and developing economies, this sector formed the hub and potential for exports and contributes to a better economic achievement. There has been series of calls by government and stakeholders for diversification into this sector because its presence and potential have not been well noticed and exploited. Udeze (2018) on the essence of SMES asserted. "Of course, you know we are concerned on the issue of deepening our democracy as we are aware that, it is only with a thriving economy and free enterprise that our democracy would be well sustained. And it is our take that this can be achieved by unleashing our industrial sector and spurring the SMES for inclusive growth in the economy." In the industrialized world, SMEs are clustered and exported according to the products through ministry of trade and investments. The problems confronting this sector are: inability to access finance for take-off and innovation; lack of enabling environment to operate; lack of adequate credit by banks because of defective project proposals and inadequate collaterals; lack of reliable technical-know-how for effective operation; inability to discover foreign buyers of their products, policy somersaults and inadequate power supply.

Nigeria is well blessed with solid minerals that are yet untapped. These minerals are in abundant and because of Nigeria's over dependency on oil they are abandoned. With the present fluctuating and down turn on the oil sector, this sector became one of the key diversifications burning issues. The solid minerals discovered in Nigeria are: sulfur, zinc, coal, gold alluvial, iron ove, bitumen, limestone etc. According to Otti (2016) "The other focus of our diversification is solid minerals and Nigeria is blessed with 44 solid minerals found in commercial quantities". Diversification by properly coordinating and exporting these minerals will result to growth and sustainability of the economy. The challenges of this sector are: Government's lack of interest in organizing the extraction of these minerals in large quantities and coordinating them for exportation and inability to discover foreign buyers for these minerals.

4. Implications of Economic Diversification

The essential benefits of diversification formed the more reasons why it remains one of the most viable programme of developed and developing countries.

It aids in diversifying into other untapped sectors than depending on a mono-sector. This will facilitate the expansion and innovation of new products and exploitation of new markets. According to Suberu et al (2015), diversification helps to move into new fields, stimulates and expands the existing traditional products. Lee (2018) in support of this stated that, it increases the resilience of an economy just as one does not "put all eggs into one basket". She added that national economies as a rule of thumb should not be heavily reliant on a particular sector to drive growth and this was seen in Venezuela and Saudi Arabia in 2016 when there was global crash in oil prices that threw the economy of these oil dependent nations into disarray. Maravail (2018) on this stated "diversification is a necessary pre-condition of having deep and liquid markets where firms and individuals can trade and there is a large variety of goods and services to choose from. The variety of choice is the measure of diversification. Kedemi (2008) summarized that, it reduces over dependence on some unrealistic economic opportunities.

Diversification leads to creation of more employment. According to Sedick (2018), diversification into mining, agriculture and tourism creates more jobs by ensuring that the local population is employed. Lee (2018) supported this by stating that expanding into other sectors will open a variety of new jobs as demands increases and this will help to alleviate structural unemployment especially when the economy is trade-oriented. Kademi (2008) stated that diversification improve national youth employment and export.

Moreso, it increases home and foreign trade activities and these generate earnings which increases government revenue. Invariability, it will enhance/boost a sustainable GDP. Sedick (2018) stated that diversification into tourism, mining and Agriculture will inject cash from abroad into the economy as a source of foreign revenue. So, diversification is a key to generating revenue to the government because as diversification increase, more revenue is accrued. Diversification increases national productivity and improves the economic well-being of the citizens. The increase in this national productivity will significantly grow the economy and achieve maximum welfare for the citizens especially in food security. Products that were initially unavailable will be available for home consumption for better welfare and for exportation in large quantity due to diversification.

Globally, it helps to introduce a country's products in the international markets. It will help in the recognition and competition of these products with other nations' products in the global market. Without competition, the country wouldn't know the effective performance of their products globally. This may lead to non-acceptability of these products. When the products compete in the global market, their defects may be realized which will aid in innovating, strategizing and launching into the market again for more revenue generation.

Undoubted, sustainable growth and development of an economy can be achieved through economic diversification. These can be realized through mobilization of savings from the surplus sectors for use in the development of deficit sectors of the economy. This can only be achieved in a versatile and diversified economy and can't be realized in a mono-economy where there aren't other sectors to interact with. Sustainable economy can be achieved through diversification. Lioudis (2018) added that diversification is the most important component of reaching long range financial goals while minimizing risk. While Kademi (2008) summarized that it decreases the risk of land crushing into unexpected economic crisis.

4.1. Research Findings

The study among others discovered that the most viable sectors that Nigeria can diversify her mono-economy are: Agriculture, Manufacturing, Film and Entertainment, solid mineral, tourism and small and medium scale enterprises. The diversification into these sectors will spur and promote economic growth and development. However, the research observed that the challenges that may hinder diversification into these sectors as: lack of basic infrastructures, inconsistent in policy implementation, poor and unstable power supply, high cost of borrowing from financial institutions, high level of piracy, insecurity, corruption, lack of skilled manpower, inability to discover foreign buyers of the products etc. To achieve reliable and stable diversification objectives, government and regulators should tackle the notable challenges.

4.2. Conclusion

This research having emphatically discussed and discovered on the viable sectors, challenges implications, of diversification concluded that mono-economy is relatively detrimental to Nigeria and any nation that depends on it because of its numerous challenges. However, the prominent benefits of diversification in the areas of new sectors, products and markets, creation of employment, industrialization, exportation, high productivity of capital and labour, regional economic integration, increase in trading activities, foreign exchange earnings, food security and revenue generation cannot be overemphasized. The study among others concludes that, government and her agencies should tackle all the key diversification challenges and create an enabling environment to attract local and foreign investors to achieve a better and sustainable development.

4.3. Recommendation

This research proffers the following recommendations to diversification challenges and if they are religiously implemented will result to effective diversification achievements for a viable economic growth and development. There is need for Nigerian government and the concerned agencies in the power sector to provide and ensure stable and quality supply of electricity to boost the manufacturing and other sectors. This will help to spur steady production and reduce high cost of production, because there is no successful industrialized nation without a functional power sector. Essiet (2018) stated that we must address the land and soft infrastructures to help our industries to survive. So, power sector is necessary for sustainable and effective diversification programme.

Government, export development companies and export promotion council of Nigeria should exhibit a high level of seriousness and abhor non-challant attitude in coordinating, assembling and processing the local products and discover foreign buyers for these products. This will encourage and increase the level of interest in our export products and contracts. Essiet (2015) asserted "we have acquired for ourselves a reputation of unseriousness, particularly in executing export contracts. This has adversely affected the level of interest in our export products. The result is that people ship products from Nigeria and label them as either Ghanaian or Burkinabe products".

Ministry of trade and investment, export promotion council of Nigeria and government must create waves in export promotion exercise by formulating policy guidelines and sponsored programmes that must develop and train manpower in international trade to promote export and provide relevant support structures. This will aid in the innovation of existing products; launching of new products and exploitation of new markets. Meanwhile, those policies must have export orientation at the point of conception until the chain of exportation is completed and achieved. In effort to consolidate and harvest the benefits of diversification for achievement of greater economic growth, sustainability and increase in GDP, the researcher recommends that government should first of all tackle all the major diversification challenges and create an enabling environment that will attract local and foreign investors in order to pave the way for rapid and sustainable diversification of the economy.

The stakeholders of government and economy should be consistence in policy formation and implementation. The issues of policies terminating with the current government that formulated them must be vigorously addressed because it results to distortion in implementation and policy failures. "This policy somersault of changing what the predecessor started will lead us to nowhere. We need to get strategic and show seriousness from the top and pursue our dream to logical conclusion and show consistency in policy implementation" (Essiet 2018).

Government through ministry for tourism via trade and investment should organize and coordinate the film industry to ensure the official exports of the products and also promulgate and enforce laws that will prohibit the current high level of piracy and strictly punish the offenders. The Nigerian tourism development corporation needs to do more to develop the tourism sector.

Access to finance by these sectors should form a bedrock and priority area of the government and promoters of diversification because no economic sector has survived without finance. Government with the financial institutions should urgently subsidize loans and grants to industries, agriculture SMEs sectors etc. because the high cost of funds scare the sectors from borrowing. When the loans are subsidized at low rate, it will spur them to borrow and produce more for both export and home consumption. On proffering solution to diversification in Agriculture, Suberu et al (2015) asserted that, without intensified financial and technical assistance, sustainable agriculture in developing countries will be unattainable in the immediate future and its essential support could be considered an investment to ensure food security and social stability in the world.

There is need to grant tax holidays and waivers to infant industries and removal of multiple charges by government agencies to boost these sectors and grow the nation's economy. According to Akpan and Eboh (2015), there is

need to remove all barriers to the local production of goods that are currently imported and support economic diversification. Ileonikhena(2015) on this stated that granting tax holidays and waivers to infant industries and provision of good roads network, electricity, healthcare facilities etc. will help boost this sector and grow the nation's economy. Government should formulate a realizable export-oriented policy on small and medium scale enterprise and its proceeds, because it formed the key export for industrialized nations and contributes a large percentage of export activities.

Lastly, government and its agencies (chambers of commerce, ministry of trade and investment, export development companies, export promotion council of Nigeria, financial institutions and other stakeholders) should jointly initiate aggressive and functional policies and reforms that can urgently spur, accelerate and promote sustainable diversification. The suggested recommendations if effectively implemented will exploit Nigerians abundant and potential resources and this will contribute positively to diversification programme for economic achievements.

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