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Diversity Management for Nation Building: A Three Sector Approach in Nigeria

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Abstract

This study assessed diversity management for nation building: a three sector economic management approach in Nigeria. The main objective was to analyze the effect of economic diversification on the performance of the Nigerian economy. To achieve the stated objective, the study employed the descriptive trend analytical method and the ordinary least squares multiple regression in explaining progression (upward and downward trends) of the dependent and independent variables. The results showed that economic diversification had a positive effect on the performance of the Nigerian economy. The result further showed a strong positive effect of multicultural economy (agricultural, solid mineral and tourism in the case of this study) on the performance of the Nigerian economy. The study recommended that government should undertake a deliberate enforcement and implementation of the compulsory minimum credit allocation by banks (mostly the commercial banks) to these multi-cultural productive sectors in Nigeria. In particular, the Bank of Agriculture should continue to give priority to farmers by granting loans that would enable them build storage facilities such as silos and other infrastructures that could enhance the preservation of perishable goods all year round. Finally, a call for conscious policies that encourage diversification of the entire economy is made.

Keywords: Diversity management, Nation building, Tourism, Agricultural development, Solid minerals, Capital Expenditure

1. Introduction

Nigeria is endowed with many natural resources scattered in different parts of its geographical location. In 1960 when it was granted independence, extraction of solid minerals and agriculture were the main sources of her revenue. During the late 1950s when oil was discovered in commercial quantities and the global petroleum market boom, Nigeria's revenue focus was shifted to oil dependence causing the agricultural and other sectors of the economy to experienced gradual and routine neglect (Bello, Bello & Raja, 2014). Over 90 per cent of the revenue from Nigerian export has been accounted from oil revenue accounts and also responsible for over 80 per cent of her budget financing. However, the oil revenue in Nigeria over the period has been characterized with high profile disorientation, corruption, myopic, mismanagement and short term economic policies and activities. This has made the country's economy to hang on the vagaries of the petroleum market. This negligence of the other economic sectors have caused the nation's labour force under-engaged or unengaged resulting in high level of unemployment which is the basis for economic destabilization. Thus, the unending desire for the economy of Nigeria to be diversified so as to curb unemployment and cause economic stabilization for sustained national development and nation building (Udosen, Etok& George, 2009).

Economic diversification is the situation where a country or nation has a broad base of income avenues that do not directly linked with each other, (mixed income base with contributions from several industries such as agriculture, minerals, oil, manufacturing, trade, etc). Economic diversification can be seen as an act of expanding the spectrum of economic activities in both distribution and production of goods and services. However, it does not essentially represent improved output but just an enhancement of economic stabilization through diversifying the economic base.The concept of economic diversification is clearly seen from the point of sustainable development that guarantees economic stability in the long run.

Consequently, economic diversification is capable of strengthening the fundamental adaptive capacity of the economy and further safeguarding the long term stance during periods of depleting natural resources and economic fluctuation vagaries as a result of global competitive pressures (Stephen, 2012). The diversity management for nation building has the ability and capability to meet the basic expectations of sustainable development in the light of attaining the fundamental requirements of the core poor such as the provision of health, jobs, clothing, shelter and food. Through the involvement of diverse economic activities that encompasses broad spectrum of persons, it also facilitates environmental concerns resolution through enhanced technology, improved social organizations, devoid of environmental degradation and extinction of natural resources, and diversification of different aspects of economic activity.

According to Oyedokun and Igonor (2013), economic diversification facilitates expanded based economy that is capable of securing equity involvement between and within generations. Recently, there have been increased emphases on the huge potential importance of tourism, agricultural and solid minerals sub-sectors of the economy of Nigeria. The strong desire for the national economy to be diversified and particularly, the urgent need to break away from the excessive dependence on crude oil as major export structure of the economy has led to the huge focus on these non-oil sectors (tourism, agriculture and solid minerals).

In the opinion of Francis (2012), from the outset, tourism operations, agricultural activities and solid mineral extractions have in times past driven the national economy of Nigeria successfully. According to Olugbile (2012), high unemployed rate, security challenges and prevalent poverty rate are as a result of the existing tenuous nexus between the local economy and the oil sector. Also, inadequate technical knowhow and capital are the main reason for the untapped abundance resources. Nigeria is desperately in need of output expansion, enhanced social welfare, employment opportunities, reduced overdependence on oil export and this has made the search for economic diversification very critical (Adetayo, 2012). Yet, Nigeria has not met the comity of developed economy as a result of inadequate structural change among other factors.

One factor that is very instrumental to this lack of progress in the economic diversification has been the over reliance on the revenues from crude oil as a major commodity export in the economy. This development drastically reduced interest in agriculture, solid mineral, and tourism sector. Regrettably, the scenario has been responsible for the alarming rate of unemployment as the oil sector alone could only employ very limited handful of the country's labour force or worse still, experts only. The sorry nature of agriculture, solid mineral and tourism in Nigeria and its impact on the stability of the economy informs the clarion call for the diversification of the economy on the basis of research evidence. Accordingly, the main focus of this study was to examine and determine the effect of diversity management for nation building: a three sector economic management approach in Nigeria. The specific objectives of this study were:

1. To investigate how real agricultural revenue correlate to the performance of the Nigerian economy;
2. To investigate how real tourism revenue correlate to the performance of the Nigerianeconomy;
3. To investigate how solid mineral revenue correlate to the performance of the Nigerian economy;
4. To examine the relationship between real exchange rate and the Nigerian economic performance;
5. To measure the extents of significance between real credit to core private sector and theperformance of the Nigerian economy;
6. To examine the extent of significance between real government capital expenditure and the performance of the Nigerian economy.

Research Hypotheses

The hypotheses are stated in the null form as:
Hypothesis one:
H0: there is no significant relationship between real agricultural revenue and the performance of the Nigerian economy.
Hypothesis two:
H0: there is no significant relationship between real tourism revenue and the performance of the Nigerian economy.
Hypothesis three:
H0: there is no significant relationship between solid mineral revenue and the performance of the Nigerian economy.
Hypothesis four:

H0: there is no significant relationship between real exchange rate and the performance of the Nigerian economy.
Hypothesis five:
H0: there is no significant relationship between real credit to core private sector and the performance of the Nigerian economy.
Hypothesis six:
H0: there is no significant relationship between real government capital expenditure and the performance of the Nigerian economy.

2. Literature Review and Theoretical Framework

Amongst other diversification and growth theories, we take a very brief consideration of a few with direct relevance, beginning with the neo-classical growth theory and Mun's and Davenant's hypothesis.

2.1.1 The Neo-Classical Growth Theory

Robert Solow is the originator of this theory. His efforts were toward correcting the critical defect associated with the growth model of Harrod-Domar, that is, the rigidity affected to it by the Leontief underlying production function. The proportion of fixed capital labour is the basis for this type of production. This fixity eradicates the possibility of output increases through the one factor supply being increased.Conversely, factor substitution scope (diversification) is zero revealing factor substitution impossibility. This Harrod-Domar growth model inherent defect paved the lead-way to redress by the neo-classical growth model. Going forward, the Leontief type production function's assumptions were dropped and being replaced by an empirical production function that is characterized by a negative sloping trend that is well-behaved. The consideration of this production function as a dependent function is due on the fact that it recognized factor substitution possibilities.

The crux of this function was allowing the deviation in the ratio of capital output. The neo-classical growth model just like the Harrod-Domar growth model, suggests that the speed and path of the growth of an economy are variables of endogenous policy that are within the domain policy makers and far from homogenous policy. The implication however is that, policy makers in Nigeria should urgently channel their efforts to diversifying the economy from a mono-cultural economy.

2.1.2 Mun and Davenant Hypothesis

Davenant's concern had been the problem of weak industrial base, which resulted in exporting most of the outputs in their primary states. He argued that gold was not the only source of wealth that can be available to any nation, that a nation can create baskets of wealth, through diversification. As being employed and explained by Oser and Blanchfield (1975), Davenant believed that eclectic approach to trade, which should include agricultural production and industrial revolution, could create more wealth, as these increase export, with finished and semi-finished goods as the major content. He believed that this approach to diversification creates a more sustained wealth than a mono (gold or oil) economy.

Other advocates for economic diversification (i.e increased emphasis on the development of non-oil sector and trade) include Jonathan (2013), Naidoo (2014) to mention but a few. Ekpo and Umoh (2014) would agree it is safe to say that Nigeria tried Davenant's approach and it worked (though with some institutional defects) in the pre-oil era. It is important to mention that, though Mun was not a core bullionist, according to Oser and Blanchfield (1975), he aligned with Davenant on the issue of industrialization, which agrees with Ekpo and Umoh (2014) above, hence our interest in his contributions as it relates to the argument in this paper.

2.2 Literature review

2.2.1 The Concept of Diversification

Diversification implies "movement into new fields and stimulation and expansion of known conventional products". Diversification does not erode the concept of specialization rather, it portrays the channeling of resources into alternative best uses (Iniodu, 1995; Ayeni, 1987). According to macroeconomic planning, growth and development is being facilitated by diversification through savings mobilization from the surplus economic units for productive utilization and deficit units' development in the long run.

There abound several options for diversification including industrialization, entertainment, tourism, financial services, information and communication technology and agriculture, etc. however, the specific circumstances of a country must be taken into considerations as a core requirement when embarking on economic diversification. This is cogent because, considering structural differences, a tailored-made model that best suit a country's diversification drives would be found unfit for another. On this basis, the Nigerian economy is best suited on diversifying its productive base specifically to tourism development, solid mineral exploration and extraction, and agricultural activities as core imperatives to reducing its over-dependence on oil revenue (Manwa, 2012).

The decision to adopt the triadic approach is centred on the huge recorded successes by most Asian nations, known as "Asian Tigers" in the employment of these imperatives. Interestingly, these nations were at the same level basically as Nigeria in terms of national development as at when they took off their diversification drives and still have basic similarities with Nigeria. It is explicit that with the mono-cultural (oil-dependence) nature of the Nigerian economy, the economy is very susceptible to shocks both internally and externally, which result in structural defects ultimately.

The government of Nigeria has over the years made several moves to actualize absolute economic diversification, however, these efforts have met several challenges such as; poor corporate governance, poor infrastructure, poor educational system, bad macroeconomic orientation, endemic corruption, weak economic institutions and insecurity.

2.2.2 Solid Mineral Development as a Means of Economic Diversification

Despite the abundance economic potentials, studies have showed that Nigeria has not expressed the expected growth ambitions and developmental projection that accompanied the 1970s oil boom. The paradox of plenty (resource curse) has the issue Nigeria has been grabbling with over the year. Resource curse represent the paradox that, countries that are naturally gifted with innumerable natural resources are associated with lower economic growth and poor developmental indicators as compared with countries with limited natural resources.

The negative effects of abundance resources are; ineffectual, corrupt and weak institutions, resource revenue mismanagement by government, revenue volatility from the natural resourced as a result of the swings in the global community market, and declined competitiveness among other economic sectors (Manwa, 2015). With the sensitive economic role played by the solid mineral sector prior oil discovery, it is noteworthy to argue that, solid minerals have the capacity to immensely facilitate economic development in Nigeria before independent.

Already existed decisions of solid mineral development policy were unable to address the expected outcome for which they were programmed for, and the current development policy of solid mineral does not appear to contribute meaningfully to the economy's GDP. As such, for solid mineral sector to experience the expected result and move away from its abysmal level, a proactive policy reforms cum critical evaluation is imperative. These measures would develop a conducive operating environment for the solid mineral sector to meet its primary objectives and flourish.

Over the past two decades, there have been a major rise in the demand for mineral products. This could be attributed partly to Latin America and Asia as emerging economies as well as escalating population globally. In the meantime, the potential of solid mineral in Nigeria has not been fully exploited as a result of the over-reliance on the revenue from oil which is susceptible to external shocks in the prices of oil globally. Hence, the current government of Nigeria has policy objective on solid mineral development aimed at getting maximum advantage from international commodities price increases and the resurgence of explorative and extractive operations globally, coupled with the inherent benefits to the economy of Nigeria in general.

2.2.3 Agricultural Development as a Means of Economic Diversification

This has to do with feeds for animals, land cultivation, food for human consumption, rearing and raising of animals and raw materials for industries. Agriculture comprises of fishing, livestock, forestry and crop production. However, the crisis that characterized the economy of Nigeria during the civil war in the early 1970s was so critical coupled with rising fortunes of the petroleum sector. Hence, the contributions from the agricultural sector were judged relatively insignificant. The resultant effect were deteriorating living conditions in rural areas, a relative decline in earnings from agricultural export, increased import for agricultural raw materials for domestic companies and food items, and inflation and rising food prices.

According to Ojo (1994), the problems of the agricultural development were classified as marketing, environment, capital, labour, technology and land. These challenges were responsible for below-average productivity of the Nigerian agricultural sector, however, the major concern was primarily to enhance productivity. According to Reynolds (1975), the development of the agricultural sector can facilitate the development of the economy of the emerging economies in four major ways: enlarging the domestic market size for the manufacturing sector; providing foreign exchange derived from the importation of agricultural commodities; increasing domestic savings supply; an increasing food supply for domestic consumption and the required labour for employment.

In supporting the view above, Johnston (1970) argued that agricultural contributions to the nation's economy can be appraised using four major criteria: agricultural contributions to foreign trade agricultural share to the GDP; the proportion of the country's resources employed in agricultural activities; and the share of the population involved in the business of agriculture.

2.2.4 Tourism Development as a Means of Economic Diversification

Tourism development has been recognized as a vital approach for an economy to be revitalized to reach it destination (Long, 2012) and wisely acknowledged the sector as one of the globally fastest growing sector (Jennie, 2012; Chockalingam& Ganesh, 2010, basu, 2003; Ozgen, 2003; Raymond, 2001). Basu (2003) maintained that, tourism sector facilitates majorly, employment, economic growth, foreign exchange and earnings for many economies. According to Haller (2012), aside the contributions of the tourism sector to the growth of the global economy, it has been established that, the sector has contributed immensely to the development of the global economy. Interestingly, Ozgen (2003) viewed this sector as growing into a major aspect of the global economy and found to have developed highly and rapidly. Also, Uduma-Olugu and Onukwube (2012) pointed that, the government of Nigeria is considering the tourism sector as a viable alternative income avenue.

In the same vein, Ajao (2012) submitted that, if this sector is appropriately setup and developed, it is capable of generating massive employment beside agriculture. Nigeria just like some other countries, has worked enormously in order to develop the tourism sector. The Nigerian Tourism development Corporation (NTDC) official has it that, Ogun, Bauchi, Cross River, Federal Capital Territory (Abuja), Plateau and Lagos states are at the forefront of tourism development. For example, the administration of Donald Duke as governor of Cross River State has recognized tourism as having huge potentials capable of driving other economic sectors of the state.

2.2.5 Empirical Literature

Employing time series econometric model, Onodugo, Marius and Anowor (2013), found an infinitesimal and weak impact of the non-oil export in facilitating the expected degree of change in the Nigerian economy position. Their study argues that the situation reflects neglect of the non-oil sector and its capacity to create viable international trade windows. They blame the situation on Nigerian economy precariously leaning on the fragile leg of crude oil for several decades. The fallout of this is the fact that, the economy was growing without job creation and poverty reduction for several decades, (Onodugo et.al, 2013). What all these facts reveal is that the economic dynamics is at the caprices and whims of oil prices which have been judged as highly volatile (Enoma& Mustafa, 2011).

It is clear therefore, that the adverse effects of depending excessively on oil export ushered this call and need for diversifying the economy of Nigeria away from oil mono-cultural economy to multicultural non-oil economy. For instance, Onwuala (2012) maintains that agricultural value chain approach is capable of opening the economy and brings about several activities with potentials for job creation and enhancing industrialization and thus making the non-oil sub-sector to hold the aces for future Nigeria's sustainable economic growth.

On the efforts of government, Onodugo, Marius and Anowor (2013) have this to say; successive Nigerian governments on its part have shown efforts in times past to develop the non-oil export trade by establishing supportive policies. There are scholars at the other end of the divide, who are skeptical about the possible significant positive impact of non-oil export trade on growth. They argue that since the economy is currently largely oil-dependent what should have made sense is to increase the local content and technology transfer profile of the sector and ensure effective management of the proceeds from oil for development. Though the debate and polemics are still on, a critical look at the conclusions points to the same fact we try to argue. We take the above position because, evidence abound that the non-oil sector has contributed substantially to the Nigerian economic growth for some time now.

Adekunle (2012) had predicted that potentially, Nigeria is capable of generating above N610 billion by the end of 2017. Based on this outcome, Moses (2011) strongly advised government and all stakeholders to encourage FDI into the non-oil sector that has more economic returns in the form of human capital development, employment and local contents than the extractive sector dominated by expatriates. He however stressed the need to encourage the strengthening of local content policy in the extractive industry to harness the gains of that sector in terms of economic growth and development.

3. Research Methodology

Research design can be said to be the strategy and structure for examining the connection or link amongst the variables of study (both dependent and independent). Based on this, the experimental research design was employed for this study. The outstanding dynamic of the experimental research design to combine the empirical observations and theoretical assumptions is the thrust of this study. Thus, research design enables the researcher to examine the causal relationship between dependent and explanatory variables.

The data to be employed in this study were secondary data of time series type, derived from several bulletins of the central bank of Nigeria, World Bank, and website accordingly. The study utilized annual time series data from 1981 – 2014 which is a period of thirty-four (34) years. The data collected were on: real gross domestic product (RGDP); real agricultural revenue (RAR); solid mineral revenue (SMR); real tourism revenue (RTR); real exchange rate (RER); real credit to core private sector (RCPS) and real government capital expenditure (RGCEXP).The method used was desk survey. The data collected from various publications were summarized and tabulated. One of the characteristics of the data in less developed countries is the weakness in their database thereby creating doubts on their usefulness for projections or guide to policy formulations and Nigerian data has not escape this shortcoming.

This study utilized the descriptive trend analytical technique and parsimonious error correction technique test to examine the progression (upward and downward movement) of the relationship between the variables. The selection of these estimation procedures is based on the ability to allow for deep assessment of the individual performance of the sectors and macroeconomic variables employed in this study.

3.1 Model Specification

The study carefully considered variables that are assumed to impinge on the growth of the Nigerian economy. From previous discussion in the previous sections, on the several factors identified to influence economic growth in Nigeria, the econometric model for the study is expressly stated as follow:

$GDP = f\,(SMR, RAR, RTR, RER, IFR, RIR)$ ………..…1

$\log RGDP = b_0 + b_1 RAR + b_2 \log RTR + b_3 SMR + b_4 \log REXCHR + b_5 \log RCPS + b_6 \log RGCEXP + ut$ ….2

RGDP = Real Gross Domestic Product
RAR= Real Agricultural Revenue
RER = Real Exchange Rate
SMR = Solid Mineral Revenue
RTR = Real Tourism Revenue
RGEXP = Real Government Expenditure
RCPS = Real Credit to the Core Private Sector

4.0 Presentation of Data

Table 1: Economic Diversification and Growth Variables

YEAR	RGDP	RAR	RTR	REXCHR	RCPS	RGCEXP	SMR
1981	4.403596	0.911765	0.158263	0.028945	0.400096	0.306723	1.65
1982	14.10771	3.150838	0.530726	0.093575	1.489992	0.896648	1.87
1983	4.740053	1.138674	0.164513	0.031008	0.5025	0.210594	1.55
1984	2.856109	0.829772	0.100712	0.018914	0.306139	0.100712	1.47
1985	28.81919	8.188437	1.047109	0.190578	2.798788	1.169165	0.92
1986	24.97279	7.307978	0.948052	0.374768	2.82884	1.58256	0.66
1987	18.97114	5.656189	0.52554	0.394892	2.071021	0.625737	0.76
1988	4.698331	1.544968	0.100999	0.081014	0.487623	0.148822	0.86
1989	7.574034	2.378839	0.118883	0.146424	0.602402	0.297801	1.6
1990	63.01983	16.29733	0.786667	1.072	4.473027	3.206667	0.94
1991	42.96633	11.3937	0.598425	0.780315	3.256099	2.231496	2.02
1992	19.53454	4.852042	0.243249	0.386075	1.297098	0.887302	2.26
1993	19.06034	6.122967	0.316425	0.385692	2.223504	0.953297	2.59
1994	24.54328	9.274943	0.658601	0.383833	2.514891	1.243556	2.98
1995	39.93075	12.91443	0.799478	0.300646	2.472253	1.663782	3.51
1996	137.6682	43.55582	2.575964	0.747354	8.146008	7.269717	3.87
1997	392.6195	135.4405	8.26523	2.051546	29.63515	25.27179	4.3
1998	507.5636	203.6361	12.8944	2.784987	44.77814	39.31552	5.21
1999	706.8296	257.5257	20.24018	14.00151	65.13117	75.23112	5.63
2000	967.3739	259.5793	21.39914	14.71326	76.42267	34.50288	6.11
2001	365.4053	127.7186	8.897721	5.932167	40.5385	23.24854	7.52
2002	604.7912	220.8774	15.98216	9.384794	72.18727	24.93251	8.62
2003	706.5943	230.3236	18.28439	9.220242	78.15649	17.22666	9.98
2004	760.231	260.0773	26.71352	8.894071	94.71446	23.4044	13.05
2005	818.5368	266.2734	24.77927	7.403361	102.991	29.10364	17.3
2006	2252.985	720.9029	60.60922	15.61286	277.9876	67.03762	27.28
2007	3839.65	1256.11	101.5409	23.38848	684.0316	141.1375	31.45
2008	2099.942	689.8358	48.84961	10.24806	599.9467	83.05013	36.19
2009	2002.766	742.0283	48.92407	12.02746	738.8867	93.11793	40.61
2010	4628.158	873.7847	54.47288	12.73729	860.7645	74.90424	45.73
2011	5778.018	1063.617	63.90917	14.1156	977.9882	84.27064	52.46
2012	5878.191	1099.495	66.85164	12.90984	1200.76	71.70738	59.39
2013	9422.655	1730.482	107.7129	18.50706	1853.157	130.3988	68.18
2014	11061.32	1964.72	130.559	20.88571	2127.824	97.28199	84.64

Source: Central Bank of Nigeria Statistical Bulletin (2014)

As shown in Table 1, RGDP rose astronomically from N4.4035billion in 1981 to N14.1077 billion in 1982 representing 31.21 per cent increase. In 1984, RGDP dropped drastically to N2.8561billion. This downward trend in RGDP during this period could be attributed to the change of government of that period. The upward trend continued again between 1985 as total economic output rose from N28.8191billion but witnessed 18.81 per cent dropped from the next year 1986 withN24.9727billion to N4.6983billion in 1988 and moved up again to N63.0198billion in 1990. This increase RGDP during period can be attributed to several stabilization programmers carried out by the government of Nigeria to headrest the impact of global downturn of the early 1980s.

Further decreases of about 44.36 per cent were recorded between 1991 and 1993 (N42.9663billion to N19.0603billion respectively). The trend rose significantly from N24.5432billion in 1994 to N967.3739billion in 2000. In 2001, it somersaulted toN365.4053billion.In 2007, it leaped to N 3839.65billion. Increases during these times could be as a result of improved petroleum production and increased foreign investment as a result of democratic government in Nigeria in 1999. As at 2008 and 2009, the real gross domestic product witnessed a 4.62 per cent decrease from N2099.942 to N2002.766billion. This was due largely to the global financial crisis that crippled many economies.

However, in 2014, RGDP came to a height ofN11061.32billion. Statistics as presented in Table 4.1 above showed that real agricultural sector revenue experienced a fluctuating trend between 1981 and 1991. However, with deliberate government policies and interventions, a sustained growth of 98.15 per cent was experienced from N4.8520billion in 1992 to N259.5793billion in 2000 but fell to N127.7186 billion in 2001. The trend rose consistently by 82.41 per cent from N220.8774billion in 2002 to N1256.11 billion in 2007 but fell again toN689.8358billion in 2008. The remaining periods rose consistently by 62.23 per cent from N742.0283billion in 2009 to N1964.72 billion in 2014.

On tourism as depicted by table 4.1, real tourism revenue rose by 71.69 per cent from N0.1582 billion in 1981 to N0.5307billion in 1982 but fluctuated downwards by 37.50 per cent fromN0.1645billion toN0.1007 billion from 1983 to 1984. It rose the next year but later fluctuated between N0.9480 billion and N0.1009 billion from 1986 to 1988 representing 89.36 per cent. It however picked up from N0.1188billion in 1989 to N0.7866billion in 1990. Between 1991 and 1992, it dropped by 59.32 per cent fromN0.5984billion to N0.2432billion. It rose again by 98.55 per cent from N0.3164 billion in 1993 to N21.3991billion in 2000 but dropped in 2001 toN8.8977 billion. The figure rose again from N15.9821 billion in 2002 to N26.7135billion in 2004 but dropped toN24.7792 billion in2005.

It rose again from N60.6092 billion in 2006 to N101.5409 billion in 2007 but fell in 2008 toN48.8496 billion. Finally, the trend rose by 54.58 per cent from N48.9240 billion in 2009 to N107.7129billion in 2014, implying that revenue from the tourism subsector is one that could sustain the Nigerian economy and should be vigorously developed and utilized.

Further analysis of Table 1 above showed that real exchange rate rose by 77.77 per cent from N0.0289 billion in 1981 to N0.0935billion in 1982 but fluctuated by 66.66 per cent between N0.0310billion and N0.0189 billion from 1983 to 1984. It rose further by 51.28 per cent from N0.1905 billion in 1985 to N0.3948billion in 1987 but later fluctuated between N0.0810billion in1988. It however rose toN0.1464billion in 1989 but dropped drastically by 71.96 per cent between 1990 and 1995 fromN1.072billion to N0.3006billion. It rose up again from N0.7473 billion in 1996 to N14.7132billion in 2000. The figure again dropped from N5.9321 billion in 2001, rose up to N9.3847billion in 2002 but dropped again from N9.2202 billion in 2003 to N7.4033billion in 2005. The trend rose from N15.6128 billion in 2006 to N23.3884billion in 2007 but fell in 2008 toN10.2480 billion, rose again from N12.0274 billion in 2009 to N14.1156billion in 2011. Finally, the trend fell in 2012 toN12.9098 billion but rose again by 11.39 per cent from N18.5070 billion in 2013 to N20.8857billion in 2014.

Further investigation of data in Table 4.1 above showed that the real credit to core private sectors rose by 72.97 per cent from N0.4000billion in 1981 to N1.4899 billion in 1982. It however fluctuated by 40.00 per cent between N0.5025billion and N0.3061 billion from 1983 to 1984. The trend increased further by 3.57 per cent from N2.7987billion in 1985 to N2.8288billion in 1986 but fell also by 76.81 per cent fromN2.0710 billion in 1987 to N0.4876billion in 1988. The trend indicated also a 59.18 per cent increase between N0.6024billion and N4.4730 billion from 1989 to 1990. It however decreased from N3.2560 billion in 1991 to N1.2970billion in 1992 and later moved from N2.2235billion in 1993 to N2.5148billion in 1994. After a brief fall in 1995, the trend rose consistently from N8.1460billion in 1996 to N76.4226 billion in 2000. It dropped again toN40.5385 billion in 2001 but rose by 96.60 per cent finally from N72.1872 billion in 2002 to N2127.824billion in 2014.

As shown in Table 4.1, RGCEXP rose by 66.29 per cent from N0.3067billion in 1981 to N0.8966billion in 1982 and then dropped from N0.2105billion in 1983 and N0.1007billion in 1984. The upward trend resumed again in 1985 from N1.1691to N1.5825billion in 1986. Further decreases of about 77.41 per cent were recorded in between 1987 and 1988 from N0.6257billion to N0.1488billion respectively. The trend became upward from N0.2978billion in 1989 to N3.2066billion in 1990 and then dropped from N2.2314billion in 1991 to N0.8873billion in 1992 before rising by 23.38 per cent from N0.9532billion in 1993 to N1.2435billion in 1994. As at 1993 and 1999, real government capital expenditure witnessed an increasing from N0.9532 billion to N75.2311billion respectively. The trend witnessed an up and down year by year figure between 2000 (N34.5028 billion), 2001 (N24.9325 billion), 2002 (N17.2266 billion) and 2003 (N23.4044 billion). However, further increases were sustained from N29.1036billionin 2004 to N141.1375billion in 2007. Further analysis revealed that the trend witnessed an up and down year by year figure between 2008 (N83.0501 billion), 2009 (N93.1179 billion), 2010 (N74.9042 billion), 2011 (N84.2706 billion), 2012 (N71.7073 billion), 2013 (N130.3988 billion) and 2014 (N97.2819 billion).

Further investigation of data in Table 4.1 above showed that the solid mineral revenue rose by 11.76 per cent between 1981 and 1982 from N1.65 billion to N1.87 billion respectively. It however fluctuated by 57.41 per cent between N1.55billion and N0.66 billion from 1983 to 1986. The trend increased by 52.50 per cent from N0.76billion in 1987 to N1.6billion in 1989 but fell by 58.75 per cent toN0.94 billion in 1990. The trend rose consistently from N2.02billion in 1991 to N84.64 billion 2014.

4.1 Result and Discussion

Table 2: Results of Parsimonious Error Correction Estimation for the Impact of Diversification Variables (RAR, RER, SMR, RTR RGEXP and RCPS) On Economic Development (RGDP) Model.

Dependent Variable: D(RGDP)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(RAR (-1))	3.223209	26.23504	0.122859	0.9030
RTR (-1))	13.25247	6.587426	2.011782	0.0329
SMR (-1))	76.136266	2.414663	2.541252	0.0063
REXCHR (-1))	0.001119	0.017553	0.063731	0.9496
CPS	-0.128900	-0.069643	-1.850862	0.0737
RGCEXP	0.040017	0.034035	1.175748	0.2486
ECM(-1)	0.510006	0.061339	8.314570	0.0000
C	19.15805	8.208116	2.334037	0.0263
R-squared	0.907860	F-statistic		43.63519
Adjusted R-squared	0.887055	Prob(F-statistic)		0.000000
Durbin-Watson stat	1.396900			

Source: Researcher's Computation

The results of the regression of various expressions of economic diversification and the performance of the Nigerian economy are presented and discussed below. The estimation technique has been ordinary least squares (OLS) multiple regression method. From the regression result for our model, the interpretation of the result in table 4.2 is stated as: the value of the intercept (2.0143) revealed that, the performance of the Nigerian economy will be improved by 2.0143 increases, ceteris paribus. The value of the LRAR which is 3.2232 revealed that, a unit change in LRAR will cause about 322.3 per cent increase in LRGDP, 13.25247 {LRTR} revealed that a unit change in LTRTR will cause a 132.5 per cent increase in LRGDP, 76.13{SMR} shows that a unit change in SMR will cause a 78.13 per cent increase in LRGDP, 0.001119 {REXCHR} shows that a unit change in RECXHR will cause a 0.11 per cent increase in LRGDP, --0.128900 {LRCPS} shows that a unit change in LRCPS will cause a 12.89 per cent decrease in LRGDP, and 0.040017 {LRGCEXP} revealed that, any change in LRGCEXP will result in a 4 per cent increase in LRGDP.

The measurement of the overall goodness of fit for the model, represented by R^2 is 0.908 = 90.8 per cent approximately 91 per cent. This implies that the variation in the dependent variable could be attributed to the interactions of the independent variables. The result further revealed that, f-calculated {43.63519} was found to be greater than the tabulated f-value {2.87}, hence, the null hypothesis of the study is rejected. Thus, the independent variables are significant simultaneously and the model has a goodness of fit. The test for the existence of autocorrelation was performed using Durbin-Watson statistic. The test result indicates the nonexistence of autocorrelation in the model, since the calculated DW is 1.32. This is judged as a good fit, as such, it will be safe to conclude the result as devoid from autocorrelation.

5.0. Summary of findings and recommendations

The primary focus of this study was to examine the impact of diversity management for nation building: a three sector approach in Nigeria. To achieve the stated objective, the study employed the descriptive trend analytical method in explaining progression (upward and downward trends) of the variables (independent and dependent) of study and parsimonious error correction test. The results showed that economic diversification had a positive effect on the Nigerian economic performance. The result further revealed the following summary of findings: An increase in real agricultural income will result to an improved performance of the Nigerian economy, ceteris paribus. This direct and positive relationship is consistent with theoretical expectations that the agricultural sector is a major sector to bring effective performance of the Nigerian economy (nation building).

The effect of the real tourism revenue on the performance of the Nigerian economy was significant and positive. The estimates showed that a unit increase in real tourism will lead to 13.25 units increased in performance of the Nigerian economy. The results further revealed that solid mineral have a significant positive relationship with the performance of the Nigerian economy. Theoretically, the economic agreement or expectation on the direction of the effect of the extraction and exploration of solid mineral resources in Nigeria is determinate, that is, positive.

As expected, the effect of real exchange rate on the performance of the Nigerian economy is positive but insignificant. This is in agreement with economic postulation that exchange rate effect on economic activities would always be insignificant if it is bound with instability as in the case of Nigeria. On the other hand, the effect of real credit to core private sector on the performance of the Nigerian economy was found to be negative and insignificant. Lastly, real government capital expenditure though insignificant, positively related to the performance of the Nigerian economy. This may be due to the insignificant amount budgeted for capital expenditure in Nigeria. The result further showed that, economic diversification from the mono-cultural (oil- dependent) economy to multi-cultural (agricultural, solid mineral and tourism in the case of this study) had a strong positive effect on the performance of the Nigerian economy.

Conclusively, though economic diversification is progressively positive and significant in the determination of the performance of the Nigerian economy, it is obviously contributing below average as a major and strong determining factor to foster nation building and stability. In order to address the problem of economic diversification in Nigeria, and for it to meet expectations and contribute significantly to economic growth and development, the following recommendations will be useful:

1. Agriculture is a priority sector, as such; the Bank of Agriculture (BOA) should continue to give priority to farmers by granting low interest rate loans that would enable them build storage facilities such as silos and other infrastructures that could enhance preservation of perishable goods for all the year round for usage. Proper and timely monitoring and utilization of loans should be carried out by Bank of Agriculture (BOA) and other agricultural agencies.
2. Amounts earmarked for the development of tourism drives should be increased. Tourism infrastructural sites such as hotels, roads, etc., should be provided to meet international standards. Also, the stiff conditions associated with visa acquisition should be relaxed for tourism visas to encourage foreign tourist inflow.
3. Government should come out with stable policy guideline that will create conducive atmosphere for increased private sector participation in mining.
4. Finally, a call for conscious policies that encourage diversification of the entire economy is necessary. This has to do with (but not limited to) building a conducive macroeconomic environment for a thriving trade regime, building a strong institutional framework that can sustain gains.

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