

Unemployment Challenges in Nigeria: The Imperative for Economic Diversification

Bashir Oladimeji Abdulrazaq & Emmanuel Oyewole Lambe

Department of Politics and Governance,
Kwara State University, Malete

Corresponding author: oladimejiokoh@gmail.com

Abstract

This study delves into the complex issues surrounding unemployment in Nigeria, specifically examining the challenges faced by the agricultural sector and the youth population in embracing innovative technologies. Nigeria currently grapples with a severe economic crisis marked by political instability, volatile markets, and escalating unemployment. Amidst these challenges, the nation stands at a pivotal juncture for transformative change, with agriculture and manufacturing emerging as key focal points for revitalization. The agricultural sector, once the backbone of Nigeria's economy, encounters obstacles ranging from outdated practices to limited access to modern technologies. Simultaneously, the country's youth, harboring untapped potential in technological innovation, face barriers like inadequate education and restricted resources, impeding their entrepreneurial pursuits and worsening unemployment. The paper adopts the use of qualitative secondary materials. The theoretical framework of this research is anchored in the theory of empowerment, providing a robust foundation for comprehending and addressing the unemployment challenge in Nigeria through the adoption of the diversification imperative in agriculture and manufacturing. The theory of empowerment underscores the significance of empowering individuals, particularly youths, through active participation in entrepreneurial activities, enhancing their decision-making abilities and acquiring crucial skills. The research was able to find out that the inability of the government to diversify the economy since the oil discovery and boom period serves as the problem fueling unemployment. This research recommends the adoption of economic diversification in agriculture and manufacturing as a strategic imperative to forge a prosperous future.

Keywords: Unemployment, Economic Diversification, Youth Empowerment, Technological Innovation, Agriculture.

Introduction

The widespread issue of unemployment in Nigeria has emerged as a critical impediment to the nation's sustained economic growth and development. This challenge has given rise to a plethora of social ills, including fraud, kidnapping, armed robbery, destitution, prostitution, terrorism, and political thuggery (Okoye et al., 2018). The vitality of any country's progress hinges significantly on the resourcefulness of its youth population, underscoring the importance of their training and planned entrepreneurial endeavors (Olajide&Akojenu, 2017). Consequently, fostering youth employment and augmenting the per capita income of the economy are vital indicators of growth and development. To achieve these objectives, it is imperative for the government to implement strategic policies aimed at cultivating a robust entrepreneurial ecosystem. Entrepreneurship stands as a potent solution to the pervasive unemployment challenges facing developing nations, including Nigeria (Olajide&Akojenu, 2017).

The predicament of unemployment, most importantly among the youth, is not confined to Nigeria alone but extends across various African nations. The employment landscape for Nigerian youth is deeply troubling, marked by extensive joblessness and layoffs, posing a grave national concern that demands urgent attention. Of particular concern are the harsh working conditions, meager salaries, and a growing trend of individuals exiting the workforce entirely. It is essential to recognize that the youth demographic represents a wellspring of innovative ideas capable of propelling economic, political, and social advancement. Ideally, these young individuals should be gainfully employed, making positive contributions to society. However, the grim reality is that unemployment persists as a persistent challenge, shaping the daily struggles faced by Nigerian youth. Addressing this issue through the diversification of the economy is paramount to unlocking the nation's full potential and fostering a thriving future.

Economic diversification is a crucial component of sustainable development, involving a shift toward a varied production and trade framework. Failure to diversify the economy heightens susceptibility to external shocks, jeopardizing long-term economic growth prospects. Diversification functions as a risk-reduction technique, involving the allocation of investments across diverse financial instruments, industries, and categories (Lioudis, 2019). A diversified economy fosters a self-sustaining cycle of economic activity where businesses mutually support growth, creating flexibility and resilience. Unlike rigid, single-sector economies, diversified economies are not reliant on a single industry or market sector, ensuring economic health irrespective of fluctuations in specific sectors (Hales, 2016). Government-directed expansion into different sectors enhances an economy's resilience, adhering to the principle of not putting all resources in one basket, thus safeguarding against potential setbacks (Sean, 2018).

In the early 1960's of Nigeria's independence, agriculture played a pivotal role in Nigeria's economy, accounting for a substantial portion of foreign exchange earnings, employment opportunities, and the country's GDP. However, the discovery of crude oil led to a neglect of the agricultural sector as the focus shifted towards the booming oil industry. Crude oil became the cornerstone of Nigeria's economy, contributing significantly to revenue and foreign exchange earnings. This heavy reliance on oil made the economy vulnerable to international oil price fluctuations, leading to recurring economic recessions (CBN, 2017; World Bank, 2018). Simultaneously, the manufacturing sector faced challenges, evident in its meager contributions to GDP, low capacity utilization, and limited value addition. Since 1981, the manufacturing sector's contribution to Nigeria's GDP has never surpassed 10%, a stark contrast to developed economies where manufacturing significantly boosts GDP, such as the US, where it contributes 50%, and Asian economies, where it accounts for 40% (World Bank, 2018; CBN, 2016). This disparity underscores the urgent need for revitalizing both the agricultural and manufacturing sectors in Nigeria, necessitating proactive measures and strategic initiatives to restore their prominence in the nation's economic landscape.

The agriculture sector's dismal contribution to the country's revenue and foreign exchange earnings necessitates urgent strategies to enhance its performance. Noko (2016) identified challenges, including high taxation, exorbitant interest rates on loans, and unchanged production methods since independence, plaguing both agriculture and manufacturing sectors. In response, the government has implemented numerous programs to boost agricultural production and manufacturing productivity over the years. Despite these efforts, the sectors continue to

underperform in terms of value addition, GDP contribution, government revenue, and foreign exchange earnings, revealing the urgency for economic diversification.

Nigeria's over-reliance on oil revenue has hindered national planning, leading to external shocks, infrastructure deterioration, mass unemployment, low aggregate demand, rural-urban migration, corruption, insecurity, and limited foreign direct investment due to unfavorable business conditions (Noko, 2016). Diversifying the economy is crucial to overcoming economic recession, unemployment, inflation, and security challenges while expanding the market size and attracting more foreign direct investment. Given these challenges, this study aims to investigate the role of agriculture and manufacturing as catalysts for economic diversification, aiming to reduce unemployment in Nigeria.

Nigeria is presently dealing with a severe economic crisis that is characterized by political unrest, volatile markets, and rising unemployment rates. In the face of these challenges, the nation stands poised for transformative change, with agriculture and manufacturing as focal points for revitalization. The agricultural sector, once the cornerstone of Nigeria's economy, now faces numerous obstacles, from outdated practices to limited access to modern technologies. Concurrently, the nation's youth, brimming with untapped potential in technological innovation, encounter barriers such as inadequate education and restricted resources, hindering their entrepreneurial aspirations and exacerbating unemployment.

This convergence of challenges presents a compelling research dilemma: how can Nigeria strategically bridge the gap between traditional sectors like agriculture and the burgeoning technological landscape, thereby empowering its youth, reducing unemployment, and ensuring sustainable economic growth? This study delves into the intricate web of issues, exploring the hurdles faced by both agriculture and the youth population in harnessing innovative technologies. By addressing these challenges head-on and proposing comprehensive solutions, this research endeavors to pave the way for a prosperous future where agriculture and technology intertwine to fuel economic resilience and drive down unemployment rates. This research paper explores the pressing issue of unemployment in Nigeria and advocates for the adoption of economic diversification towards agriculture and manufacturing as a strategic imperative.

Research Methodology

The research applies the qualitative research method. The research methodology employed in this study provides a comprehensive approach to understanding the complex issues of unemployment, agricultural challenges, and youth engagement in Nigeria, through the lens of the theory of empowerment. This study utilizes a qualitative research design to explore the nuanced experiences and perceptions of stakeholders within the agricultural sector and the youth demographic, who are critical to Nigeria's economic transformation. The primary data collection method involves the analysis of secondary materials, including a systematic review of existing literature, government reports, academic journals, and publications from non-governmental organizations (NGOs). This comprehensive review helps to construct a historical and current overview of the landscape of unemployment and technological adoption in Nigerian agriculture.

Diversifications for Sustainable Economic Development in Nigeria

In the pursuit of sustainable economic development, Nigeria finds herself at a crucial juncture, where the strategic diversification of its economy stands as an imperative. Diversification, a strategic shift into various products and markets, offers the potential for economic resilience and growth (Wilson, 2019). This shift is vital for breaking away from dependency on single income sources, fostering multiple revenue streams, ensuring economic stability, and aligning with globally agreed-upon development goals (United Nations, 2020). This section of the paper defines economic diversification and sustainable development and further discusses two major components (agriculture and manufacturing) of diversification for sustainable development in Nigeria.

Economic Diversification

Diversification refers to a strategic direction that takes companies into other products and/or markets by means of either internal or external development (Wilson, 2019). Economic diversification is the process of shifting an economy away from a single income source toward multiple sources from a growing range of sectors and markets. Traditionally, it has been applied as a strategy to encourage positive economic growth and development (United Nations, 2020). A diversified economy is one that has a number of different revenue streams and provides nations with the ability to sustain growth because there is no reliance on one particular type of revenue. This diversification provides nations with the security and reliability that they need so that if one economic revenue stream fails, the nation knows that they have several other options for revenue (Ogbonna, 2017). Economic diversification is very relevant for developing countries to create jobs and foster structural transformation and economic development; that need has been recognized in key internationally agreed development goals, including the 2030 Agenda for Sustainable Development (Clovis, 2017).

Sustainable Development

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The overall goal of sustainable development (SD) is the long-term stability of the economy and environment; this is only achievable through the integration and acknowledgement of economic, environmental, and social concerns throughout the decision-making process (Emas, 2015). Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Puja, 2020). Sustainable development is the organizing principle for meeting human development goals while simultaneously sustaining the ability of natural systems to provide the natural resources and ecosystem services on which the economy and society depend. The desired result is a state of society where living conditions and resources are used to continue to meet human needs without undermining the integrity and stability of the natural system (Rinkesh, 2020).

Components of Diversification for Sustainable Economic Development in Nigeria

Nigeria, renowned for its abundant natural, mineral, and human resources, stands at the precipice of untapped potential that remains integral to its economic development (Abasilim&Ayoola, 2017). This untapped potential extends to both renewable and non-renewable resources. Notably,

solar energy, an abundant but underutilized renewable resource, holds the promise of future exploitation. Furthermore, substantial natural gas reserves, often produced alongside crude oil, await comprehensive utilization. The vast expanse of arable land presents an opportunity for agricultural production (Abasilim&Ayoola, 2017). In this context, the untapped potential of Nigeria's agricultural and manufacturing sectors, coupled with its burgeoning youth population, emerges as a pivotal factor obstructing the nation's optimal economic growth. Consequently, it is incumbent upon Nigeria to harness these abundant reservoirs of resources through agricultural and manufacturing initiatives, propelling the country towards sustained economic development. Therefore, the next headings further discuss how enhancing agricultural and manufacturing sectors can serve as diversification tools.

1. Agricultural sector as a diversification tool.

The agricultural sector in Nigeria, encompassing livestock production, crop production, agricultural economics, and agricultural engineering, has long been a cornerstone of the nation's economy. Despite its significance, the sector faces persistent challenges, including low yields, inadequate inputs, and limited cultivation areas. The nation's excessive reliance on oil has resulted in neglect and underinvestment in agriculture, which exacerbates these problems (Oji-Okoro, 2011). Previous government initiatives, like the National Accelerated Food Production Project (NAFPP), aimed to educate farmers and enhance agricultural practices. However, these efforts were hampered by financial constraints, hindering their effectiveness (Adamu and Ibrahim, 2016; Nokob, 2016b). In recent years, the Nigerian government, under President Buhari, has undertaken new agricultural programs to promote food sustainability and security. Measures such as the 2016 ban on rice imports and the implementation of the "Anchor Borrowers Programme" (ABP) injected N40 billion to support small and medium-scale farmers, fostering increased production and the supply of raw materials to agro-processors (Oyetunji, 2017). These initiatives, coupled with the introduction of the Green Alternative Policy (2016–2020), signify a concerted effort to diversify the economy, creating an ecosystem that prioritizes agricultural growth and development (Emiefele, 2016).

The Nigerian agricultural landscape, while historically vital, requires strategic interventions to overcome its challenges and drive sustainable growth. By addressing issues such as limited access to credit, inadequate inputs, and outdated farming techniques, the government can empower local farmers and enhance productivity. Furthermore, investing in agricultural education, research, and technology can equip farmers with the necessary knowledge and skills to optimize their practices. Collaboration with international organizations and financial institutions, along with transparent evaluation and implementation of policies, will be crucial in ensuring the success of these agricultural initiatives. Through these comprehensive efforts, Nigeria can transform its agricultural sector into a robust, diversified economic engine, fostering employment, eradicating poverty, and contributing significantly to the nation's overall economic prosperity.

In exploring the role of agriculture in the economic development of low- or middle-income countries like Nigeria, several previous empirical studies were analyzed. Uzonwanne (2015) conducted a study on the impact of economic diversification on Nigeria's economic growth amid dwindling oil revenue. The findings indicated a significant positive relationship between

economic diversification and long-term economic growth. The study recommended that the government should create an enabling environment that promotes business success and healthy competition among various sectors of the economy. Similarly, Suberu et al. (2015) examined the diversification of the Nigerian economy toward sustainable growth and economic development. They advocated for diversifying Nigeria's economy into modern agricultural production to address the country's mono-economy challenge. Their descriptive survey revealed the potential of diversification in driving Nigeria's economic growth upward, although the study's limitations included relying solely on descriptive statistics such as means, median, and standard deviation without subjecting the findings to rigorous statistical tests.

A more recent study by Gangas (2017) explored economic diversification and infrastructural development as strategies for poverty alleviation in Africa, focusing on the Nigerian perspective. The research argued that Nigeria and other African countries should concentrate on producing and industrializing commodities in which they possess comparative advantages over other nations. For instance, Akpan (2009) investigated the relationship between private sector development and economic diversification using panel data analysis from West African countries. The study emphasized that diversification is crucial for achieving sustainable economic growth and development. However, challenges in Nigeria, such as limited market access and inadequate infrastructure, have hindered effective diversification efforts. These studies collectively underscore the importance of strategic diversification policies and the need to address barriers to successful economic diversification in Nigeria.

The implications of the recent studies on economic diversification in Nigeria are profound for the country's unemployment crisis. The findings emphasize the urgent need for targeted policies that promote diversification, particularly in the agriculture and manufacturing sectors. By leveraging comparative advantages and addressing existing challenges, Nigeria can potentially unlock economic growth, create employment opportunities, and alleviate poverty. However, the studies also highlight the importance of addressing barriers such as limited market access and inadequate infrastructure. To combat unemployment effectively, the Nigerian government must prioritize comprehensive reforms, fostering an enabling environment for diversification initiatives.

2. Manufacturing sector as a diversification tool

The manufacturing sector, often considered the backbone of any economy, holds immense potential for economic transformation and sustainable development. Its capacity to generate employment, contribute significantly to the gross domestic product, and alleviate poverty is well documented (Nsikan, 2018). Lessons from developed and emerging economies like China, Singapore, and Malaysia underscore the positive correlation between manufacturing performance and national economic development. Embracing a shift from conventional low-skilled manufacturing, resource-rich economies are encouraged to explore resource-based manufacturing and primary commodity processing, a strategy that has effectively enhanced economic growth, as evidenced by Malaysia's successful transition (Freire, 2021).

Moreover, the concept of local content has gained prominence as a crucial strategy for achieving socio-economic progress and sustainability. It involves the development of local skills, technology transfer, and the utilization of local manpower and manufacturing capabilities beyond

resource revenues (Asamoah, 2010). By prioritizing local content development, countries can retain their wealth within their borders, create job opportunities, and empower their citizens. Nigeria, in particular, can benefit significantly from embracing this strategy. The Minister of Industry, Trade, and Investment, Enelamah, has emphasized the importance of increasing local content in manufacturing processes. Implementing measures such as backward integration, which focuses on local sourcing of materials, can reduce imports and further enhance domestic production. To maximize the potential of the manufacturing sector and combat unemployment effectively, the Nigerian government must create an enabling business environment that fosters innovation, entrepreneurship, and local industry growth (Enelamah, 2018).

In their paper titled "Economic Diversification in Nigeria: Any Role for Solid Mineral Development," Ahungwa, Haruna, and Rakiya (2014) conducted a thorough analysis using both quantitative and qualitative methodologies. Their research illuminated the long-standing neglect of the solid mineral sector by the Nigerian government and highlighted its substantial potential to significantly contribute to the country's economic growth. Their findings underscored the pressing need for increased government investment in the solid mineral industry, advocating for economic diversification as a means to alleviate poverty and generate employment opportunities within the country. This aligns with the conclusions drawn by Olaleye and Adegbiyi (2013), who, through an extensive examination of trade openness, export diversification, and political regimes across 116 countries spanning 35 years, established a significant relationship between trade openness and specialization, emphasizing the importance of diversification in the development trajectory of developing nations.

The existing body of literature emphasizes the pivotal role of diversification, as opposed to specialization, in securing favorable terms of trade. Two crucial effects, the portfolio effect and the dynamic effect of diversification, are identified as catalysts for economic growth, where a wider range of product production leads to more stable export earnings (Lugeiyamu, 2017). However, Nigeria's diversification efforts have historically centered on natural resource exploration, neglecting the manufacturing sector, despite its potential to drive greater diversification and development. This oversight has resulted in missed opportunities for sustainable economic growth, highlighting the imperative for a recalibration of Nigeria's diversification strategies to encompass the multifaceted aspects of its economy, including robust support for the manufacturing sector. The studies conducted by Ahungwa, Haruna, and Rakiya (2014) and Olaleye and Adegbiyi (2013) underscore the critical need for the Nigerian government to reevaluate its diversification strategies. Emphasizing solid mineral development and embracing trade openness, these findings emphasize the necessity of prioritizing diversified economic activities over narrow specialization. This academic insight aligns seamlessly with the core aim of this study, emphasizing the urgency for Nigeria to shift its focus towards a holistic diversification approach, incorporating sectors such as manufacturing and solid minerals. Implementing comprehensive policies that facilitate diversification not only ensures a stable trade environment but also fosters sustainable economic growth, a central tenet of this research endeavor.

Barriers to Diversification in Nigeria

The diversification of the economy is a critical concern for both developed and underdeveloped nations (BOT, 2017). There is a pressing need for the effective implementation of monetary expansion strategies to enhance economic growth. Diarra et al. (2011) highlighted that overspecialization hampers the effectiveness of monetary enhancement efforts in developing nations. Overspecialization occurs when nations excel in specific economic sectors but struggle to apply their expertise in other areas or related activities. This challenge arises due to limited access to funding, regulatory constraints, weak production capacities, and various factors that hinder their ability to diversify (BOT, 2017).

Policymakers and other influential factors play a significant role in shaping financial diversification for national development (Damilola, 2015). It is imperative for policymakers to recognize that focusing solely on a single sector or resource with enhancement potential does not promote sustainable growth in the long term, especially within the diversification framework. Osakwe (2018) emphasized that the government and its agencies in underdeveloped nations possess the necessary policy instruments for effecting fundamental changes and driving the diversification process. However, the choice of appropriate instruments is pivotal in determining the success of economic diversification in the long run.

Additionally, Nigeria faces significant challenges in its agricultural sector, including limited access to cultivable land, leading to low productivity (Ogunmodedert al., 2020). The country's agricultural landscape is predominantly composed of smallholder landowners due to the archaic land tenure system. Lawry (2015) highlighted that secure land tenure is essential for agricultural development, and unless people have clear tenure security, African agriculture will struggle to thrive. Factors such as biofuel production, crude oil extraction externalities, desertification, climate change, and a growing population leading to land use for residential purposes have further reduced the available land for agricultural cultivation in Nigeria. Addressing these challenges is crucial for promoting economic diversification and sustainable agricultural growth in the country.

The agricultural sector in Nigeria grapples with a significant challenge: poor storage facilities, leading to substantial post-harvest losses. Due to inadequate storage options, farmers are compelled to sell their products immediately after harvest, often at low prices due to market surpluses. Ufabor (2017) emphasized this issue, noting that the country faces substantial food waste due to the lack of proper storage and processing facilities. Research indicates that more than one-third of agricultural products are lost or wasted during post-harvest operations, underscoring the urgency of addressing this problem (Kumar & Kalita, 2017). Mitigating post-harvest losses, especially in less developed countries, presents a crucial long-term solution to increase food availability, alleviate pressure on natural resources, reduce hunger, and enhance farmers' livelihoods.

Inadequate infrastructure compounds the challenges faced by Nigerian agriculture, particularly the absence of a comprehensive network of feeder roads that would facilitate the efficient distribution of farm produce from rural production centers to urban consumption hubs. Post-harvest losses are a result of inadequate transportation infrastructure and the inaccessibility of rural areas during rainy seasons. Additionally, the lack of irrigation facilities further complicates matters, transforming agriculture into a seasonal occupation as farmers heavily rely on

unpredictable rainfall. According to Njoku (2000), the extreme weather variability's impact on production causes poor planning and income losses for farmers. Furthermore, the agricultural sector struggles with limited or non-existent credit facilities, hindering its development. Smallholder farmers find it challenging to acquire vast land for cultivation, and mechanized farming machinery remains out of reach due to financial constraints. Even when credit facilities are available, they often come with high costs or stringent conditions, impeding farmers' ability to invest and expand. To propel Nigerian agriculture into the 21st century as a modern, commercially viable, and lucrative sector, addressing these challenges and investing in robust storage infrastructure, transportation networks, irrigation facilities, and accessible credit options are imperative (Njoku, 2000).

Corruption presents significant impediments to the diversification efforts in Nigeria as resources earmarked for various sectors of the economy are siphoned off through illegal channels, disrupting the intended allocation. Furthermore, weak corporate governance practices among leaders and ineffective government institutions and parastatals exacerbate the challenges faced in achieving diversification. Another critical obstacle to economic diversification is the lack of education and a poor educational system. A knowledgeable and creative workforce is essential for successful diversification, which also requires research and experimentation to examine the potential of various economic sectors. In Nigeria, a considerable portion of the population lacks formal education, hindering the development of a knowledgeable workforce. Moreover, the country's educational system often prioritizes administrative skills over productivity and innovation. Consequently, many graduates lack practical skills and efficiency, as the focus is often on acquiring certificates rather than cultivating practical abilities. This disconnect between formal education and essential skills hampers the country's ability to diversify effectively and underscores the pressing need for educational reforms to align with the requirements of a diversified economy.

Diversification Models of Malaysia, Indonesia, and India

The diversification models of Malaysia, Indonesia, and India serve as valuable case studies in this research. Historically, these countries bore a striking resemblance to Nigeria in terms of their economic structures and policies. In the 1960s, Malaysia, and in the 1980s, both Indonesia and India, heavily relied on natural resources, similar to Nigeria's current situation. Malaysia's primary resources were agricultural commodities, specifically rubber and tin, whereas Indonesia's oil sector accounted for approximately 10% of its GDP, producing 1.5 million barrels of crude oil per day. Oil revenue constituted about 70% of government revenue in the early 1980s, mirroring Nigeria's reliance on oil revenue during the early 2010s. Additionally, the employment share in the industrial sector for Indonesia and India in the 1980s was around 15%, comparable to Nigeria's current rate of just over 12%. In contrast, Indonesia and India currently boast higher employment shares in the industrial sector at approximately 23% and 26%, respectively (Yao & Liu, 2022).

During the import substitution period, all three countries experienced robust state intervention through various trade and industrial policies. Malaysia implemented the Pioneer Industries Ordinance in 1958, offering incentives and tariff protection for manufacturing. Indonesia's industrial policies in the early 1980s involved restrictive and discretionary investment

procedures, often focusing on strategically important sectors like petrochemicals and auto parts. India, too, had stringent industrial licensing regulations before the 1990s, dictating the location and scale of manufacturing plants. At the moment, Nigeria's government is getting involved in trade by enforcing protectionist policies and providing credit support. These policies include tax breaks for early adopters, limits on imports and foreign currency, and minimum loan-to-deposit ratios to help domestic businesses (Yao & Liu, 2022). These historical and contemporary parallels provide crucial insights for understanding Nigeria's diversification challenges and potential strategies for overcoming them.

The implications for Nigerian unemployment are profound, considering the challenges identified in the diversification models of countries like Malaysia, Indonesia, and India. Nigeria's heavy reliance on oil revenue, lack of diversified economic sectors, inadequate infrastructure, and poor educational systems hinder the country's ability to generate sufficient employment opportunities. The absence of effective diversification policies and the prevalence of corruption further exacerbate the problem, diverting resources away from sectors that could create jobs. Additionally, limited access to credit facilities and insufficient investment in agriculture and manufacturing sectors hinder the growth of small-scale businesses, leading to reduced job opportunities. Addressing these challenges through targeted policies, investments in education and skill development, and fostering an environment conducive to business growth is essential for reducing unemployment in Nigeria and ensuring sustainable economic development.

Reforms carried out by the case study countries

The reforms implemented in Malaysia, Indonesia, and India were characterized by heightened international market competition and a strong focus on knowledge accumulation. In the 1970s, Malaysia strategically promoted foreign direct investment in manufacturing by establishing free-trade zones, offering tax incentives, and investing in the education of its workforce. Moreover, there was a significant emphasis on technological upgrading, which played a pivotal role in Malaysia's economic diversification efforts.

Indonesia, in the 1990s, introduced decisive reforms that streamlined customs procedures, substantially reducing clearing time and import costs. Import liberalization and trade deregulation were also implemented, leading to the removal of quantitative restrictions and a significant reduction in non-tariff barriers for importers. These reforms laid the groundwork for Indonesian exporters to access competitive inputs from international markets, transforming Indonesia into an export-oriented and globally competitive economy.

Similarly, India's New Industrial Policy and the export-import policy in the early 1990s marked a paradigm shift. Industrial licensing was eliminated, foreign investment rules were relaxed, and sweeping trade liberalizations were introduced. While manufacturing sector liberalization was somewhat limited, the liberalization in the service sector alone ushered in a period of rapid diversification and substantial improvements in living standards. These reforms not only facilitated economic diversification but also propelled India towards becoming a more globally competitive player in the international market.

Globally, the agricultural sector plays a pivotal role in promoting the overall welfare of nations, fostering economic growth, reducing poverty, and ensuring food security. Nations endowed with arable land often diversify their economies through agriculture, leading to increased employment opportunities and enhanced economic growth. This phenomenon is evident in various countries, such as Malaysia, Tanzania, Venezuela, and Angola. Malaysia, for instance, strategically harnessed its agricultural sector, particularly palm oil production, contributing significantly to its economic growth. In 2015, Malaysia emerged as the largest producer and exporter of palm oil globally, shipping over 19.5 million tons of palm products valued at \$16.8 billion in export earnings (MPRC, 2015).

Similarly, Tanzania, an African nation akin to Nigeria, focused on diversifying its sources of revenue by emphasizing the agricultural sector. Agriculture serves as the backbone of Tanzania's economy, contributing over 30 percent to its GDP and employing 67 percent of the labor force, with a significant portion of this labor being provided by women, surpassing 70 percent (Megan, n.d.). Despite challenges, Tanzania's agricultural progress has been instrumental in achieving economic diversification and growth, with a consistent annual gross domestic product growth rate of nearly 7 percent over the past decade. Despite these advancements, a considerable portion of the population still faces extreme poverty, highlighting the need for continued efforts to sustain and expand the positive impact of the agricultural sector on Tanzania's economic development.

Lessons and Applicability to the Nigerian Context

The COVID-19 crisis presents Nigeria with a unique opportunity to reevaluate its economic landscape and reconsider its industrial policies. Despite the challenges it faces, Nigeria possesses immense potential. As the largest economy in Africa (World Bank, 2014), it contributes to more than 20% of the continent's household consumption and 15% of its manufacturing output. The country's substantial market size is appealing to both foreign and domestic investors. Furthermore, Nigeria is witnessing rapid technological advancements, with significant growth observed in sectors like e-commerce and business-to-business markets, doubling revenue annually since 2010 (Bughin, Chironga, and Desvaux, 2016). Given historical precedents where crises have been transformed into opportunities, Nigeria finds itself at a strategic crossroads, offering a chance to diversify its economy in the aftermath of the COVID-19 crisis.

In moving forward, Nigeria should adhere to three fundamental principles that have proven effective in countries successfully implementing industrial policies. Firstly, state intervention should be limited to addressing market failures, ensuring that interventions are targeted and efficient. Secondly, industrialization efforts should be oriented towards exports, emphasizing the country's participation in the global market. Lastly, policies aimed at promoting domestic industries must prioritize competition and strict accountability, fostering an environment conducive to innovation and growth (Cherif and Hasanov, 2019). Central to these industrial policies is the enhancement of productivity, which necessitates the continuous introduction of new goods and technologies, coupled with a focus on building human capital. Unfortunately, Nigeria has experienced persistently low productivity, particularly in the non-oil sector, highlighting the urgency for comprehensive reforms to bolster economic growth and development.

The pillars of Nigeria's development strategy are poised to shift towards agriculture, energy, transport, and the digital economy, aligning with the recent Nigeria Economic Sustainability Plan established amid the COVID-19 crisis. Concentrating efforts on these sectors holds the potential to enhance the economy's productive capacity and generate essential employment opportunities.

Nigeria's agriculture sector, historically overlooked, suffers from persistent low productivity. While initiatives like the Anchor Borrowers Program, import bans on food items, and border closures were introduced in the last administration to rejuvenate the sector, enduring progress demands addressing fundamental challenges. These challenges encompass the outdated land tenure system, lack of mechanization, inadequate irrigation, seed quality, procurement procedures, distribution inefficiencies, storage limitations, restricted market access, and limited adoption of research and technologies. Cross-country comparisons underscore the symbiotic relationship between productivity gains in the agriculture sector and concurrent industrialization efforts. By strategically directing both public and private resources towards resolving these fundamental challenges, Nigeria can establish a robust foundation for its industrialization, fostering sustainable economic growth and development.

Conclusion and Implications

In conclusion, this comprehensive exploration of Nigeria's economic diversification journey illuminates the multifaceted challenges and opportunities inherent in transitioning from a resource-dependent economy to a diversified, industrialized nation. Long-standing neglect has resulted in low productivity and inadequate infrastructure in the agricultural sector, which is a cornerstone of economic development. The study underscores the importance of addressing fundamental issues such as land tenure systems, mechanization, irrigation, seed quality, and market access to enhance agricultural productivity. Additionally, successful models in nations like Malaysia, Indonesia, and India serve as evidence of the manufacturing sector's crucial role in fostering diversification and sustainable growth. State intervention, aimed at fixing market failures and promoting export-oriented industrialization, coupled with a focus on human capital development, emerges as a key strategy for Nigeria's economic transformation.

Furthermore, the study sheds light on the challenges hindering diversification, including corruption, limited access to credit, inadequate infrastructure, and poor education systems. It emphasizes the need for stringent accountability, efficient resource allocation, and policy reforms to create an enabling environment for economic diversification. The COVID-19 crisis serves as a pivotal moment for Nigeria to reassess its industrial policies and focus on sectors like agriculture, energy, transport, and the digital economy to bolster economic resilience and job creation.

Incorporating lessons from successful diversification models and adopting a holistic approach that addresses both systemic challenges and sector-specific issues can pave the way for Nigeria to achieve sustainable economic diversification, reduce dependency on oil revenues, and pave the path for inclusive growth and development.

Implications for Politics and Governance in Nigeria

The findings from this study hold significant implications for Nigeria's political landscape and the pressing issue of unemployment. Politically, addressing the challenges hindering economic diversification requires strong leadership, effective governance, and robust policy implementation. Political will is crucial to curbing corruption, streamlining bureaucratic processes, and enacting reforms that foster economic diversification. The political landscape needs to be conducive to transparency, accountability, and the rule of law, enabling the implementation of long-term economic policies aimed at diversification and job creation.

Unemployment issues in Nigeria are closely linked to the success of economic diversification efforts. By focusing on sectors such as agriculture, energy, transport, and the digital economy, the government can create a conducive environment for job growth. Political decisions that prioritize investment in these sectors, promote entrepreneurship, and provide necessary infrastructure can lead to increased employment opportunities. Additionally, addressing challenges like inadequate education and skills training is paramount to ensuring the workforce is equipped for the demands of a diversified economy.

Moreover, political stability is vital for attracting foreign investment, which can further stimulate economic growth and job creation. A stable political environment instills confidence in investors, leading to increased economic activity and employment opportunities. Therefore, political reforms that enhance stability, promote good governance, and prioritize economic diversification can have a direct positive impact on reducing unemployment rates in Nigeria. Therefore, the political landscape in Nigeria plays a pivotal role in the success of economic diversification initiatives and, consequently, in addressing the challenges of unemployment. A conducive political environment, marked by strong leadership, effective governance, and strategic policy decisions, can pave the way for sustainable economic growth, job creation, and improved livelihoods for the Nigerian populace.

References

- Akhuemonkhan, I., Raimi, L., & Sofoluwe, A. (2013). Entrepreneurship education and employment stimulation in Nigeria. *Journal of Studies in Social Sciences*, 3(1).
- Alhasan, N. U., & Iyabo, A. (2013). Revitalizing technical and vocational education (TVET) for youth empowerment and sustainable development. *Journal of Educational and Social Research*, 3(4), 149
- Akhuemonkhan, I., Raimi, L., & Sofoluwe, A. (2013). Entrepreneurship education and employment stimulation in Nigeria. *Journal of Studies in Social Sciences*, 3(1).
- Abasilim, A. N., Ayoola, A. O., & Odeyemi, O. A. (2017). Entrepreneurship: The tool for economic diversification in Nigeria. *FUTA Journal of Management and Technology*, 1(3), 104–112.
- Adamu, B. and Ibrahim, I. A. (2016) 'Poverty alleviation in Nigeria: An Assessment of Government Policies'. Proceedings of Academics World 46th International Conference, Dubai, UAE.
- Akpan, E.O. (2009) Oil price shocks and Nigeria's macro economy.[Online]. Available at:<http://www.csae.ox.ac.uk/conferences/2009-EDiA/papers/252-Akpan.pdf>

- Asamoah, J. (2010), Local content in the oil and gas industry. Retrieved from <https://www.oilandgasiq.com/strategy-management-and-information/articles/local-content-in-the-oil-and-gas-industry>
- Ahungwa, G.T., Haruna, U. and Rakiya, Y. A. (2014) 'Trend analysis of the contribution of agriculture to the gross domestic product of Nigeria (1960 - 2012)', *IOSR Journal of Agriculture and Veterinary Science (IOSR-JAVS)*, 7(1), pp. 50-55.
- Bughin, J., Chironga, M. and Desvaux, G., 2016. *Lions on the Move II: Realizing the Potential of Africa's Economies*. McKinsey Global Institute.
- Clovis, F. (2017), Economic diversification: explaining the pattern of diversification in the global economy and its implications for fostering diversification in poorer countries. Retrieved from <https://www.oecd-ilibrary.org/docserver/4966e5c0-en.pdf?expires=1598080097&id>
- Cherif, R. and Hasanov, F., 2019. The Return of the Policy That Shall Not Be Named: Principles of Industrial Policy. International Monetary Fund Working Paper WP/19/74.
- Damilola A, Ayooluwa A (2015) Export diversification and economic growth in Nigeria: An empirical Analysis. Retrieved online from <http://www.academia.edu>.
- Dike, V., Bureau, E. W., Levine, B., & Okeke, C. (2013). Technical and Vocational Education and Training (TVET): Understanding the Nigerian Experience. In E. W. Bureau, B. Levine, & C. Okeke (Eds.): ProQuest Dissertations Publishing.
- Emeh, I. E. J. (2012). Tackling youth unemployment in Nigeria; the Lagos state development and empowerment Programmes Initiatives. *Afro Asian Journal of Social Sciences*, 3(3.4), 2229-5313.
- Emas, R. (2015), The concept of sustainable development: definition and defining principles. Retrieved from [https://sustainabledevelopment.un.org/content/documents/5839GSD R%202015](https://sustainabledevelopment.un.org/content/documents/5839GSD%20R%202015)
- Emeh, I. E. J. (2012). Tackling youth unemployment in Nigeria; the Lagos state development and empowerment Programmes Initiatives. *Afro Asian Journal of Social Sciences*, 3(3.4), 2229-5313.
- Enelamah, O. (2018), Government seeks higher utilization of local content in manufacturing. Retrieved from <https://www.businessamlive.com/govt-seeks-higher-utilization-of-local-content-in-manufacturing>
- Enders, C. K. (2017). Multiple imputation as a flexible tool for missing data handling in clinical research. *Behaviour Research and Therapy*, 98, 4-18. doi:10.1016/j.brat.2016.11.008
- Freire C (2021). Explaining the pattern of diversification in the global economy and its implication for fostering diversification in poor countries. *Journal of Economic and Social Affairs*. DESA working paper No. 150.
- Gangas, S. (2017) 'Relationship between economic growth and poverty reduction in Nigeria', *Pyrex Journal of Business and Finance Management Research*, 3(2), pp. 34-56. <https://knoema.com/atlas/Nigeria/Poverty-rate-at-national-poverty-line>

- Hales, R. (2016), The importance of a diversified economy. Retrieved from <https://www.amarilloedc.com/blog/the-importance-of-a-diversified-economy>
- Kumar, D. & Kalita, P. (2017). Reducing post-harvest losses during storage of grain crops to strengthen food security in developing countries. Retrieved from www.ncbi.nlm.nih.gov
- Ogbonna, N. (2017), Economic diversification: understanding it within the Nigerian context. Retrieved from <https://ogbonnanwamaka.com/2017/03/20/economic-diversification-understanding-it-within-the-nigerian-context-part->
- Okoye, E. I., Adeniyi, S. I. & James, O. N. (2019). Effect of forensic accounting on fraud management on selected firms in Nigeria. *International Journal of Economics, Business and Management Research*, 3(12), 149-168.
- Lioudis, N.K. (2019), The importance of diversification. Retrieved from <https://www.investopedia.com/investing/importance-diversification/>
- Ledford, J. R., & Lucas, W. A. (2013). The Impact of Entrepreneurship Education on Entrepreneurial Self-Efficacy. *International Journal of Business and Social Science*, 4(5), 52-58.
- Lawal, A. W. (2014). Technical and vocational education, a tool for national development in Nigeria. *International Letters of Social and Humanistic Sciences*(14), 53-59.
- Reischl, T. M., Zimmerman, M. A., Morrel-Samuels, S., Franzen, S. P., Faulk, M., Eisman, A. B., & Roberts, E. (2011). Youth empowerment solutions for violence prevention. *Adolescent Medicine: State of the Art Reviews*, 22(3), 581-600.
- Reischl, T. M., Zimmerman, M. A., Morrel-Samuels, S., Franzen, S., & Faulk, M. (2011). Stages and Cycles in Empowerment for American Indian Youth. *The Journal of Community Psychology*, 39(3), 301-313.
- Sean, L. (2018), What are the advantages of economic diversification? Retrieved from <https://www.quora.com/What-are-the-advantages-of-economic-diversification>
- Sazama, J., & Young, K. (2006). *15 points: Successfully involving youth in decision-Making*. Youth on Board.
- Suberu O. J., Ajala O. A., Akande M. O., Olure-Bank Adeyinka. (2015) Diversification of the Nigerian Economy towards a Sustainable Growth and Economic Development. *International Journal of Economics, Finance and Management Sciences* 3 (2) 107-114
- Puja, M. (2020), What is the importance of sustainable development? Retrieved from <https://www.yourarticlelibrary.com/environment/what-is-the-importance-of-sustainable-development/9910>.
- Lugeiyamu JE (2016) is export diversification a key force to Africa's growth? Cross country evidence. (Master's Thesis, Jakonping University, International Business School).
- Njoku, P. C. (2000). Nigerian agriculture and the challenges of the 21 Century. *Agro- Science Journal of Tropical Agriculture, Food, Environment and Extension*, 1(1), 1 -28.
- Nsikan U (2018) Trend analysis of the performance of Nigeria's manufacturing sector, 1960-2010. *International Journal of Arts and Humanity (IAH) Ethiopia* 7: 109-116.

- Olaleye, R. J, and Adegbiyi, N.J (2013) ‘Export diversification and economic growth in Nigeria: An empirical test of relationship using a Granger causality test’, *Scholar link research Institute Journal*, 2(5), pp. 34-45
- Olaleye, R. J, and Adegbiyi, N.J (2013) ‘Export diversification and economic growth in Nigeria: An empirical test of relationship using a Granger causality test’, *Scholar link research Institute Journal*, 2(5), pp. 34-45
- Olajide, W., &Akojenu, S. (2017, July 11). Youth empowerment, necessity for Nation’s future. *Stocks Watch News*. <http://stock-sng.com/wp-content/uploads/2017/07/THIRTEEN-GOING-THIRTY-JULY-7.htm>
- Osakwe PN (2018) What drives export diversification? New evidence from a panel of developing countries. UNCTAD research p-3.
- Ogunmodede, A.M., Ogunsanwo, M.O. and Manyong, V. (2020), Unlocking the potential of agribusiness in Africa through youth participation: An impact evaluation of N-Power Argo-Empowerment program in Nigeria. *Sustainability*, 12, 5737; doi:10.3390/su12145737. www.mdpi.com/journal/sustainability
- Rinkesh, (2020), What is sustainable development? Retrieved from <https://www.conserve-energy-future.com/what-is-sustainable-development-and-its-goals.php>
- Ufabor, K. A. (2017). Nigeria agriculture and sustainability: Problems and solutions. Retrieved from www.google.com
- Uzonwanne, M. C. (2015) ‘Economic diversification in Nigeria in the face of dwindling oil revenue’, *Journal of Economics and Sustainable Development*, 6(4), pp. 61-67.
- United Nations, (2020), Economic diversification. Retrieved from <https://unfccc.int/topics/resilience/resources/economic-diversification>
- Yu, M.-C., Goh, M., Kao, H.-Y., & Wu, W.-H.(2017). A comparative study of entrepreneurship education between Singapore and Taiwan. *Management Decision*.
- Wilson, K. (2019), What are the advantages of economic diversification? Retrieved from <https://www.quora.com/What-are-the-advantages-of-economic-diversification>
- Yao J and Liu, Y (2022). Diversification of the Nigerian Economy. International Monetary Fund. Not for Redistribution.
- Zimmerman, M. A. (2000). Empowerment theory: Psychological, organizational and community levels of analysis. In J. Rappaport & E. Seidman (Eds.), *Handbook of community psychology* (pp. 43–63). Kluwer Academic/Plenum.
- Zimmerman, M. A. (1995). Psychological Empowerment: Issues and Illustrations. *American Journal of Community Psychology*, 23(5), 581-599.