Diversification of the Nigerian Economy through Human Resource Development and Utilization

Friday Ogbo Edeh1* & Ikechukwu Dialoke2

1Department of Business Administration, Alex Ekwueme Federal University, Ndufu-Alike, Ebonyi State, Nigeria
2Department of Industrial Relations, Michael Okpara University of Agriculture, Umudike, Nigeria

*Corresponding author: edeh.ogbu@gmail.com


Doi: https://doi.org/10.38157/society_sustainability.v2i1.72


Research Note

Abstract

The purpose of this paper is to highlight the significance of diversification of Nigeria’s economy through human resource development and utilization. It is on record that most developed countries in the world diversified their economy through the development of their citizens and thereafter utilized them in all the sectors of the economy. The narrative research design was adopted as it involves the use of secondary sources of data from Newspapers, Journals, and other online sources. This paper concludes that diversification of the Nigerian economy measured in terms of human resource development and utilization in the areas of manufacturing diversification, financial diversification, foreign direct investment, fiscal diversification, regional diversification, and job diversification has the capacity of revitalizing and sustaining Nigeria’s economy. Therefore, human resource development policies in Nigeria should focus on education, technology, biotechnology, agriculture, aircraft, vehicle manufacturing, manufacturing of military gadgets such as weaponry and drones. The Nigerian government should also implement equal regionalization of industrial zones for equitable distribution of resources across all regions to avoid marginalization.

Keywords: Human resource planning, Human resource development, Utilization, Diversification, Regional diversification, Production diversification, Nigeria

1. Introduction

For Nigeria to make tremendous positive progress in education, agriculture, information and communication technology, research, manufacturing, tourism, healthcare, aviation, democracy, nanotechnology, biotechnology, and sports; its human resource must be developed to be able to compete with other emerging countries around the world especially during and after pandemic uncertainties. The advancement of India, South Korea, Singapore, Malaysia, and China today was made possible as a result of their ability to develop and utilize their own citizens in all
sectors of their economy which if imbibed by the Nigerian government will put the country in
the lists of emerging countries in the world. It is arguable that even the machines and other
robotic artificial personalities in the world today were developed and managed by people.
Hence, human resource development cannot be relegated in the diversification of Nigeria's
economy via non-oil producing sectors.

From the foregoing, scholars of human resource management have argued that human resource
is a key factor in all economic activities and in any means of endeavor, no matter what is to be
achieved anywhere in the world (Nel, Werner, Du Plessis, Ngalo, Poisat, Sono, Van Hoek &
Botha, 2011). With this in mind, diversification of the Nigerian economy can be achieved when
its citizens are developed and utilized in the areas of computer applications, software
development, social media, aircraft, warplane manufacturing, research, vehicle manufacturing,
drones development, and other electronic devices. In the words of Muhammed (2014), human
resources are important for boosting innovation in any economy, especially in research and
development as well as in management skills that lead to better products and economic
processes. As a result, the potentials of Nigerian human resources can be utilized to contribute
positively to the economic diversification and development provided, the government ensures
the enabling environment by partnering with other advanced countries for knowledge
exchange. If this is done, it will attract foreign investment in biotechnology, biomedicine,
technology, industrial expansion within the six geo-political zones of Nigeria. An example is
what the Japanese International Co-operation Agency (JICA) had done in Zambia. JICA
supported the development of Africa’s first mobile phone in Zambia, known as MTech. JICA
has trained local Zambians on how to assemble mobile phones and they also planned to
establish a design house including research and development center for mobile phone
technology in that country and also for exporting them to the rest of the world (Mobile

Supporting the potentiality of human resource development, President Muhammadu Buhari on
16th January 2016 opined that human capital development is an important factor in the quest for
economic diversification of Nigeria (Nationaldailyng.com, 2016). The president made this
known at the fifth convocation of the National Open University of Nigeria (NOUN) on Saturday
16th, January 2016 at Abuja. The president was represented by Prof. Julius Okojie, the
immediate past executive secretary of the National Universities Commission (NUC). The
President contended,

“Recent events in the oil and gas sector has undoubtedly demonstrated that this great
nation’s economy cannot survive mainly on the oil and gas sector but requires a deliberate
and conscious diversification of the economy. The success of such diversification of
the economy will depend on the benefits accruing from the development of human capital
through education. The top candidates for such endeavors certainly include agriculture, solid
minerals, hospitality industry, information and communication technology, and other
sectors” (Nationaldailyng.com, 2016).
The President listed India, Singapore, China, Japan, and South Korea as countries that had diversified their economies through human resource development. Human resource development is the key to the diversification of any economy because; “an army without a gun is like a gun without a bullet”. Japan’s economic diversification since the end of World War II as a result of the great emphasis the country placed on human resource development. In support of this assertion, TICAD (2016) elucidates that Japan has long believed that highly-skilled human resource holds the key to the economic diversification of any country.

Hacket (1999) in his submission posited, “If we invest in machines, we must have a loss in depreciation, but if we invest in people, we may find out that they appreciate in values as they again experience in business”.

In line with the above contentions, Botswana permanent secretary in the Ministry of Education and Skills Development, Ms. Grace Muzila on March 27, 2016, declared at the official opening of the Tertiary Education Conference in Gaborone:

“Human resource is the everlasting diamonds that can diversify our country’s economy. We cannot have the other sectors without human resources, for all the sectors to succeed it is through human resources” (Muzila, 2016).

Muzila (2016) elucidated that by 2022 the human resource would replace the mining sector as the mainstay of the economy.

In support of human resource development, Oman Sultanate, His Majesty Sultan Qaboos Bin asserts,

"Development is not a goal in itself. Rather, it exists for building man, who is its means and producer. Therefore, development must not stop at the achievement of a diversified economy. It must go beyond that and contribute to the formation of the citizen who is capable of taking part in the process of progress and comprehensive development”(Al-Lamki, 2000).

Drawing from the above, countries like South Korea, Singapore, and Malaysia understood the significance of human resource development and utilization; and this has put them in the world stage of the advanced economy today. For instance, before the advent of diversification, South Korea was regarded as one of the poorest countries in the world. South Korea diversification was championed by Park Chung-Hee (former military president, 1961-1979). He capitalized on technological advancement. Park’s economic advancement was commonly referred to as the Miracle on the Han River (Kleiner, 2001). South Korea, under the leadership of President Park Chung-Hee, focused on building up large economic champions, or Chaebols (business conglomerates), which was against American advice to focus on small-and-medium-sized companies (South Korea Development Model,2011).

Homi, Koji, and Woojin (2011) posited that Park’s policy laid the foundation for successful South Korean brands in the world market today, such as Samsung and LG. President Park took a pragmatic approach to fight corruption; instead of cracking down on corrupt businessmen as advised by the United States; rather, Park took away their bank shares and assigned them to invest in import-substitution industries, such as fertilizers (Homi, Koji, and Woojin, 2011). Nigerian government can borrow Park’s approach to the fight against corruption since such approaches have yielded positive results in diversifying the Korean economy.
Another example of a country that has diversified its economy through human resource development and utilization is Singapore. Singapore is a city-state with no resources, limited land with a small population, creating the explosive growth and development of the past half-century has meant running it like a corporation – using highly trained, highly paid leaders, inviting the world’s best and brightest to its workforce with an open-door policy, and with a near-zero tolerance for dissent among the masses (Carolynne, 2013). Carolynne (2013) also added that the success story of Singapore’s diversification is a planned modern economy with efficient public services, an educated population, and a per-capita share of the gross domestic product of more than $60,000, the highest in Southeast Asia.

Researches have shown that Singapore’s policymakers have identified the island state as a global city and as such, sought to attract innovation-oriented multinational enterprises by touting Singapore’s advantageous location as a regional and global center (Bhaskaran, 2009; Ghesquiere, 2007; Neo and Chen 2007, Ngiam, 2007; Ong, 2009; Tan, 2009; Tan, 2009; Williamson, 2004) as cited in Austin (2012). Singaporean policymakers also identified a strategic over-reliance on electronics and decided to diversify other sectors of the economy such as finance, tourism, and medicine, whilst developing new ones like biotechnology, specialized design, as well as innovative engineering. Another step taken by the Singaporean government was the encouragement of investors to establish their headquarters in Singapore through tax and infrastructure incentives (Austin, 2012).

In 2006, Singaporean government set aside more than thirteen billion United States Dollars ($13 billion) to promote research and development over the next five years as part of its goal to increase gross expenditure on research and development from 2.25 percent to 3 percent of gross domestic product (GDP) within that period (Singapore Economic Development Board, 2016). If the Nigerian government will emulate Singapore and South Korea’s strategy on diversification, especially in the areas of human resource development; there will be a paradigm shift from crude oil dependency to a knowledge-based economy.

Singapore’s adopted two strategies for its diversification. The first relies on importing the latest global technological advances to increase capital and labor productivity by encouraging foreign direct investments and hiring foreign talents as a means of knowledge transfer (Gulf-times, 2014). The second rests on providing the right legal, governance, and intellectual environment to grow and nurture the acquired human resource in order to innovate and create new technological advances (Gulf-times, 2014). In this regard, Singapore ranks first in the economic incentive regime for a knowledge-based economy and fourth in the world in terms of innovation in the World Bank’s Knowledge Economy Index (2012).

The third country that developed and utilized its human resource is Malaysia. Malaysia is an economy dominated by the production of raw natural resources, such as tin and rubber. Malaysia today has a diversified economy and has become a leading exporter of electrical appliances, electronic components, palm oil, and natural gas. After the Asian financial crisis of 1997-1998, Malaysia continued to post solid growth rates, averaging 5.5 percent per year from 2000-2008 (www.worldbank.org).
Lastly, Aniago and Ejiofor (1984) submitted that the Nigerian manpower problem is not essentially an educational problem; rather it lies in the inefficient utilization of its human resource. This implies that; irrespective of the clamor for the provision of affordable education for all, the utilization of educated human resources is very important.

2. Literature Review
2.1. Diversification
Diversification has been a major discourse when it comes to economic advancement, business expansion, relocation from one business to another even in the political arena. In this paper, various arguments from different scholars on what the concept connotes will be sought. For Jones and George (2006), diversification is a strategy of expanding operations into a new business or industry and producing new goods or services. On the other hand, Kazmi (2008) viewed diversification as a substantial change in business definition – single or jointly in terms of customer functions, customer groups, or alternative technologies of one or more of a firm’s businesses. Johnson, Scholes, and Whittington (2008) defined diversification as a strategy that takes an organization away from both its existing markets and its existing products. Having examined the above arguments on the meaning of diversification from an organizational perspective, this paper perceived diversification with respect to the economy as a "process of searching for an alternative source of revenue whether natural or man-made that can be sustainable over the time”.

2.2. Typologies of Diversification
There are different types of diversification. However, this paper presents organization and economic diversification strategies. For organizational diversification, Jones and George (2006), and Kazmi (2008) asserted that diversification strategy includes related or concentric and conglomerate or unrelated. Related diversification is a strategy of entering a new business or industry to create a competitive advantage in one of the organization’s existing divisions or businesses. For instance, if a diversified organization adopts one of its branch researches, the other branches will use it as an advantage without spending for the same research. But in pursuing related diversification, managers often seek to find new businesses where they create synergies, add values to the new business and hence improve the competitive position of the organization (Jones and George, 2006; Kazmi, 2008). The second type of diversification suggested by Jones and George (2006), and Kazmi (2008) is known as unrelated or conglomerate. Unrelated diversification refers to a situation whereby managers decide to enter new businesses or acquire companies in new industries that are not related in any way to their current businesses (Jones and George, 2006). A good example of unrelated diversification is Dangote Cement, Dangote Salt, Dangote Oil & Gas, and other business combinations.

The above typologies of diversification are centered mostly on an organizational level rather than the economy as a whole. However, Xavier (2016) in the quest to ascertain the best diversification strategies that the countries can embark on, use the following typologies: **Manufacturing diversification**: This refers to the diversification of the economy via the production of goods and services. Diversification can be made possible through
entrepreneurship education by which (talented) Nigerians will be encouraged by the government to acquire formal skills in areas such as shoemaking, manufacturing of armories for the military, vehicle manufacturing, mobile phones production, software development, and aircraft manufacturing. This will reduce the import bill of the country. An example is a recent partnership between the Abia State government and Turkey where the Abia State government asserted that 50,000 shoemakers were sent to Turkey to acquire the latest skills in shoemaking (Nwabughio, 2016).

**Export diversification:** This means breaking into new markets: exporting different products to other countries. It also means improving the quality of existing exports of goods and services.

**Foreign Direct Investment diversification.** Under the foreign direct investment (FDI), Nigeria can attract investors from new countries other than their usual partners.

**Financial diversification.** This refers to the investment of government savings in a diversified portfolio of assets to finance future government expenditure.

**Fiscal diversification:** This is increasing the amount of government revenues (tax) coming from the non-extractive sector. This is another important form of diversification and a way to reduce reliance on oil/mining revenues to finance public spending.

**Regional diversification:** This type of diversification centered on how much economic activity is concentrated on one or two regions/cities. For instance, the concentration of seaports only in Lagos is not good for Nigeria’s economic development. Therefore, the deregulation of Nigerian Ports will boost Nigeria’s external trade if other ports such as Port Harcourt, Warri, Onitsha, and Calabar including other dry ports will be explored. Another example is the upgrade of local airports to that of the international status which will attract more foreign airlines and encourage local airlines to compete in the markets (Chris and Kelvin, 2013).

**Job diversification:** This refers to how jobs are created for the populace in all the geopolitical zones through equal job opportunities and equal industrial policies. Job diversification is also concerned with establishments of more industries across all the geopolitical zones to accommodate teeming populace who are willing and ready to work.

### 2.3. Human Resource Development

Swanson and Holton (2011) posit that human resource development is a process of developing and unleashing human expertise through organizational development and personnel training for the purpose of improving performance. However, McLean and McLean (2000) perceived human resource development as a process or activity that, either initially or over the long term, has the potential to develop adults’ work-based knowledge, expertise, productivity, and satisfaction, whether for personal or group/team gain, or for the benefit of an organization, community, nation, or, ultimately, the whole of humanity. Susan, (2012) [cited in Okoye and Ezejiofor (2013)] argued that human resource development is a framework for helping employees develop their personal skills, knowledge, and abilities. In another argument, Smith (1990) elucidate that human resource development is the process of determining the optimum methods of improving the human resources of an organization and the systematic improvement of the performance and productivity of employees through training, education and development and leadership for the mutual attainment of organizational and personal goals.
Werner and DeSimone (2012) accentuate that human resource development refers to activities that are intended to ensure that organizational members have the skills or competencies to meet current and future job demands. The objective of human resource development is to enhance learning, human potential, and high performance in work-related systems (Bates, Hatcher, Holton and Chalofsky, 2001).

The above definitions offered by the various respected scholars rest solely on organizational settings. Meanwhile, for the purpose of this paper, human resource development is the process of equipping the citizenry with the latest knowledge, competent skills, and funds needed to move their nation forward in the areas of interest at a time to an individual or the nation. In Nigeria today, the methods and processes used in teaching engineering students particularly those in public tertiary institutions can be described as obsolete. The cause of this setback lies in the fact that most of their lecturers are out-of-skill with the latest engineering trends. This reality explains why an engineering student in Singapore, Korea, Malaysia, South Africa, Liberia, and some few private universities in Nigeria used software like AutoCAD, ArchiCAD, among others for engineering drawings whereas their peers in public universities are still making use of pencils and drawing board. These are maladies that need to be addressed if Nigeria wants to get it right.

3. Conclusion and Implications
This paper concludes that diversification measured in terms of human resource development and utilization in the areas of manufacturing diversification, financial diversification, foreign direct investment, fiscal diversification, regional diversification, and job diversification has the capacity of revitalizing and sustaining Nigeria's economy. From its present state of dependency on crude oil, Nigeria may face adverse negative economic effect especially as the world is shifting away from crude oil to other sources of energy.

For diversification to be successful and sustainable in Nigeria, all hands must be on deck. The private sector, academia, and government must collaborate just like what Singapore, South Korea, Malaysia did to diversify and sustain their economy till today. The paper recommended that,

- Nigerian government should implement equal regionalization of industrial zones for equitable distribution of resources across all regions so that no region is marginalized
- Human resource development policies in Nigeria should focus on education, technology, biotechnology, agriculture, aircraft manufacturing, vehicle manufacturing, manufacturing of military gadgets such as weaponry and drones.
- Nigerian government should open more seaports to decongest Lagos port
- Nigerian government should include academia in governance who will serve as advisers and ministers as it is done in Singapore
- Nigerian government should collaborate with non-resident Nigerian engineers, technologists, and scientists to harness the up-to-date know-how.
- There should be a provision of adequate long-term funding for research and development
There should be a five-year action plan for the revitalization of Nigerian tertiary institutions to enable them to compete with other institutions across the globe.

**Author Contributions:** Friday Ogbu Edeh developed the topic, gathered secondary sources of data, and wrote the paper. Ikechukwu Dialoke edited the paper and added the implications of the study.

**Conflict of interest:** The authors declare no conflict of interest.

**REFERENCES**


Gulf-times (2014). *Singapore provides useful lessons in economic diversification for Qatar.*


© 2020 by the authors. Licensee Research & Innovation Initiative, Michigan, USA. This article is an open-access article distributed under the terms and conditions of the Creative Commons Attribution (CC-BY) license (http://creativecommons.org/licenses/by/4.0/).