



AN ALTERNATIVE SEARCH TO OIL SECTOR IN NIGERIA: IMPLICATION FOR NIGERIA'S ECONOMIC GROWTH

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Abstract

Nigeria has depended too long on exhaustible crude oil as the major source of its revenue, giving little attention to other sectors capable of increasing its revenue base for viable development opportunities. This study investigated the potentials that exist in the non-oil sectors of the Nigeria economy. Specifically, the contribution of the agricultural, industrial, construction, trade and service sectors to Nigeria's economic growth were evaluated. Time series data was utilized spanning from 1986 to 2016. Descriptive statistics analysis and Johannsen co-integration test were employed for the analysis. Ordinary Least Square (OLS) and Error Correction Model (ECM) techniques were used to assess the Nigeria non - oil sector contribution to gross domestic product (GDP). The OLS and ECM findings revealed that agricultural and service sectors have positive significant impact on economic growth in Nigeria, while industrial, construction and trade have negative impact on economic growth in Nigeria. Therefore, the study recommends that the government should design a mechanism to improve the efficiency and effectiveness of agricultural sector and service sectors in Nigeria, since their contributions to GDP at long run were positive and statistically significant.

Keywords: Non-oil sector, Economic Growth, Agricultural Sector, Industry Sector

Introduction

Developed countries have paid much attention to developing their human resources rather than its natural resources, which are mostly non-renewable and exhaustible. These developed economies have been able to attain sustainable growth with less natural resource such as, oil than less developed economies that have large quantum of oil. Even countries like Chile, in Latin America and Malaysia, in Asia have experienced sustained economic growth through diversification particularly in agriculture. In Sweden and Finland, for instance, the knowledge and networks established by the thriving foresting sector were instrumental in eventually making these countries highly competitive in a range of high

technology product and helping to keep the forestry sector itself competitive in face of lower cost producer such as Chile Brazil and some Eastern European countries (Ferranti, Perry & Loney, 2002).

Developing nations like Nigeria have for long time focused on natural resources like oil resource. At independence, in the 1960s, Nigeria was known for exportation of agricultural produce, such as cocoa, rubber, bean, palm oil, and cotton (Englana, Duke, Ogunleye and Isma, 2010). These agricultural products that were exported then, served as a source of export earnings for the nation. The non- oil sector has been neglected since the discovery of oil in commercial quantity in 'Oloibiri', in the present-day Delta State. Nigeria has been an important player in world affairs economically and otherwise, particularly being the 7th largest producer of crude oil in the organization of Petroleum Exporting Countries (OPEC) (OPEC Annual Statistics, 2010/11).

Unfortunately, the heavy reliance on oil has periodically caused economic down turns and has not reflected in the overall welfare of the citizens. For instance, the dwindling oil revenue of the mid 1980s resulted in economic down turn as it was evident in the depleted foreign reserves; inflation, unemployment and high budget deficit. This economic crisis led to the introduction of 'Structural Adjustment Programme' (SAP) in 1986. SAP was meant to stimulate domestic production and broaden the supply base of the nation, this was to be achieved through the process of diversification particularly, in the agricultural sector. However, little or no progress was made in diversifying the economy as Nigeria government continually depended on the oil sector. The sector witnessed another economic recession in 2016 due to dwindling revenue from oil. and the environmental pollution which has affected the means of livelihood of the oil producing states.

Specializing only on oil, exposes a country to revenue fluctuations because of unstable oil price. It also limits local production, reduces job opportunities for citizens, affects income and slow down the growth rate of a country. Countries that export large amount of oil products are exposed to oil price shock. Abebefe (1995), and Adenugba & Dipo (2013), noted that, Nigeria's over dependence on crude oil is dangerous for two reasons; first, because crude oil is a wasting asset with a proven reserve which would eventually become depleted and second, the vagaries of the oil market has resulted in a significant decline in government earnings, because of the exogenously determined price of crude oil.

Nigeria has experienced fluctuations in crude oil price at different periods of time, which have affected her revenue; increased fiscal deficit and caused many socio-economic problems in Nigeria. The dismal performance of the Nigeria economy in the face of dwindling oil revenue should rekindle interest on the importance of non-oil sector in the growth and developmental process of the Nigeria economy. Apart, from the problem of oil price shocks, the demand for oil by international communities is expected to drop because of the ongoing research on oil substitutes.

Lately, some oil substitutes such as; Jatropher oil, shey oil and castor oil have been discovered. Hence, the aspiration of the Nigeria government should be that of; altering the structure of production and consumption pattern, diversifying the economic base and reducing dependence on oil, with the aim of putting the economy on a part of sustainable growth. The implication of the above is that, while rapid growth in output as measured by the real gross domestic Product (GDP) is important, the transformation of the non- oil sector of the economy is even more critical. Even the United Arab Emirate UAE that has huge

deposit of oil, has in recent years been able to diversify her economy (Haouas and Heshmati, 2014).

The continuous dependence on oil, as the main source of revenue can jeopardize Nigeria economic growth because of its exposure to price stocks and its non-renewable nature. Therefore, the main objective of this paper, is to search for alternatives to the oil sector, that can promote economic growth of Nigeria. The specific objective is to evaluate the contributions of the non-oil sectors such as; agriculture, industrial, construction, trade and service sectors in Nigeria. The study is subdivided into five sections, which are; the introduction, review of relevant literature, methodology, presentation and discussion of result, and conclusion and recommendation.

Review of Relevant Literature

Conceptual Review

The oil sector as described by Odulara (2008), is a sector that is made up of petroleum and gas, which is further divided into the upstream and downstream sectors. Agwor (2015), also explained that there is the upstream and downstream in the oil industry otherwise known to be the petroleum sub-sector. It means that the oil sector is made up of two sub-sectors namely; petroleum and gas. However, Usman, Ikemefuna and Abdullahi (2015), state that, oil and gas can be used interchangeably and are either known as petroleum, oil or crude oil, this implies that the oil sector can be regarded as either the oil sector or the gas sector. Oil and gas sector were also used by Adeyemi and Abiodun (2013), in describing the oil sector. The definition of the oil sector for this study will be, a sector comprising of petroleum and gas.

The non-oil sector comprises mainly of agricultural, mineral and manufacturing product (Awe and Ajayi, 2009). These non-oil sectors have vast potentials for increasing Nigeria revenue source base. Olurankinse and Bayo (2012), explained the non-oil sector to consist of agriculture sector, mineral sector, industrial sector (semi-manufacture, manufacture sub-sector). In a more recent study by Ogba, Park and Nakah (2018), the major non-oil sectors considered were; agricultural, manufacturing, solid mineral, and service. This study evaluated the agricultural, industrial, construction, trade and service sectors.

Economic growth can be referred to as, increases in a country's production or per capita income (Olofin and Salisu, 2001), this means that, nations with low level of output are not experiencing economic growth, because high level of productivity boost economic indicators such as; Gross Domestic Product (GDP) and per capita income. Peter (1991), also defined economic growth as gradual and steady change in the long run, which comes about by a gradual increase in the rate of savings and population. Economic growth in this case, is not attained within a short period of time, it takes a longer period. The increase in savings may be as a result of increase in productivity which leads to increase in income, which eventually increases savings of individuals. Economic growth as explained by Sidi, Abdullahi and Isa (2017), is the expansion of a country's capacity to produce goods and service its people want within a given period. The above is an indication that GDP can be used as a proxy for economic growth because, it measures the total amount of goods and services produced in a country annually.

Empirical Review

The Structural Adjustment Programme (SAP) had a significant effect on non-oil sector export development (Momodu and Masa, 2008). The primary data was collected from some

exporting firms through questionnaire and was analyzed using chi-square. However, it was observed in the study that, there was poor implementation of the programme. The contribution of the non-oil sector to the transformation of the Nigeria economy particularly, cocoa production was examined by Adebile and Amusan (2011). It was reiterated in the study that, the continuous reliance on the oil sector possess danger to the sustenance of Nigeria's GDP. Additionally, the work noted that, unfavorably agricultural policies contributed to the poor level of agricultural performance in the country and the potential of beans export was also enumerated.

An analysis on the impact of non-oil sector on economic growth was undertaken by Olurakinse (2012). Employing the Ordinary Least Square (OLS) technique, it was discovered that, non-oil export had a positive effect on Nigerian's economic growth. The result of the work also showed that the non-oil revenue and output performed poorly. In other words, revenue and output from the oil sector were excess compared to that of the non-oil sector. This is an indication that Nigeria is over dependent on the oil sector.

Using co-integration techniques and Vector Auto regression (VAR) model, Nwosu and Okafor (2014), examined the relationship between government revenue and expenditure in Nigeria from 1970-2011. Total Government Expenditure (TEXP) was divided into capital and recurrent expenditures while Total Government Revenue (TREV) was disaggregated into Oil Revenues (Oil REV) and Non-oil Revenues (Non-REV). The findings of the study showed that, there is a long run relationship between the disaggregated total expenditures and the disaggregated total revenue from oil and non-oil sector as depicted by the co-integration result. Also, VAR result revealed an unidirectional relationship between total expenditure and total revenue (oil and non-oil revenue) which indicated changes in expenditure, triggers changes in revenue from both oil and non-oil revenues.

Riti, Gubak and Madina (2016), work was on the growth of non-oil sectors being a key to diversification and economic performance in Nigeria. Agriculture, manufacturing and telecommunication were the non-oil sectors evaluated using Autoregressive Distributive Lag (ARDL) and granger causality. It was discovered that, these non-oil sectors had significantly determined economic growth in Nigeria.

Ogba, Park and Nakah (2018), conducted a study on the impact of non-oil revenue on economic growth in Nigeria. Error correction were used to examine the impact of non-oil revenue on economic growth in Nigeria. Agricultural Revenue Contribution (ARC), Manufacturing Revenue Contribution, Solid Mineral Revenue Contribution (SMRC), Service Revenue Contribution (SRC), Company Income Tax (CIT), Custom and Excise Duties Tax (CED) constitutes the independent variables together with the revenue from the non-oil sectors of the Nigerian economy. Again, economic growth was measured using Nigerian's GDP for the study period. The study found out that ARC, MRC, SRC and CIT had a significant impact on economic growth while SMRC and CED were statistically insignificant on economic growth. Even though, CIT had a significant impact on economic growth, but the relationship was negative. There was also a negative relationship between economic growth and SMRS. A long run relationship was established between all the independent variables representing the non-oil sectors and the dependent variable GDP. The above suggest that, the non-oil sectors have the tendency to boost economic growth in Nigeria.

Theoretical Issues

The theory that relates to this study is premised on the 'Natural Resource Curse', it is so because, the theory demonstrates the need to reduce dependence on natural resources, it also explains how nations that depend solely on their natural endowment experience slow rate of economic growth. The Natural Resource Curse Theory was initially introduced by Auty in 1993 subsequently, series of studies on resource curse hypothesis were undertaken by Sachs and Warner (1995), Auty (1997), Ross (1999), Jensen and Wantchekon (2004) and Collier and Hoeffler (2005). The Natural Resource Curse Theory is all about how natural resources endowment has brought curse instead of blessings to nations having abundant of natural resources.

It is a paradox, when countries with huge natural resources do not experience growth and countries with less natural resources experience growth. Nigeria has abundant natural resources ranging from; crude petroleum, solid mineral and many others, yet, the nation is experiencing slow growth rate. There are basically three Resource Curse models namely; the Dutch Disease, Rent-Seeking and Institutional Models. Diversification plays an important role in developmental process of Nigeria, this is so because, the revenue from the oil sector has led to negative growth rate in Nigeria. Hence, the issue of the non-renewable nature of oil is an indicator to look out for other options.

Methodology

This study used secondary data covering the period of 1986 to 2017 when SAP programme was introduced. The choice of this time frame is because, one of the objectives of SAP was to diversify the Nigeria economy from the oil sector to the non-oil sector. Again, SAP programme was a radical approach to diversify the Nigeria economy from oil to the non-oil sector. Ordinary Least Square and descriptive statistics were adopted to evaluate the contribution of the non-oil sectors to the growth of the Nigerian economy.

Model Specification

Agriculture, industrial, construction, trade and service sub-sectors were chosen as independent variables, while the dependent variable is Gross Domestic Product (GDP) which serves as proxy for Nigeria's economic growth. The model is stated as;

$$RGDP = f(AGC, INDSC, CONTR, TRADE, SSC) \quad (1)$$

RGDP is the Gross Domestic Product, AGC is the Agricultural Sector Contribution, INDSC is the Industrial Sector Contribution, CONTR is the Construction Sector Contribution, TRADE is the Trade Sector Contribution and SSC is the Service Sector Contribution. The econometric form is expressed as

$$rgdp_t = \beta_0 + \beta_1 agc_t + \beta_2 indsc_t + \beta_3 contr_t + \beta_4 trade_t + \beta_5 ssc_t + \mu_t \quad (2)$$

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$ and β_5 are parameters to be estimated while μ_t is the error term.

While the Error Correction Model (ECM) that was used in this study is specified as follows:

$$\Delta RGDP_t = \beta_0 + \sum_{g=0}^m \beta_{1g} \Delta RGDP_{t-g} + \sum_{h=0}^n \beta_{2h} \Delta AGC_{t-h} + \sum_{i=0}^o \beta_{3i} \Delta INDSC_{t-i} + \sum_{j=0}^p \beta_{4j} \Delta CONTR_{t-j} + \sum_{k=0}^q \beta_{5k} \Delta TRADE_{t-k} + \sum_{l=0}^r \beta_{6l} \Delta SSC_{t-l} + \beta_7 ECM_{t-1} + \varepsilon_t \quad (3)$$

The model above is used to adjust the estimation until the ECM turned negative. The negative sign of coefficient of the error correction term ECM (-1) shows the statistical significance of the equation in terms of its associated t-value and probability value.

Apriori Expectation

All the independent variables that are, agricultural sector, manufacturing sector, solid mineral sector and service sectors are expected to have a positive relationship with dependent variable GDP. Hence, $\beta_0 > 0, \beta_1 > 0, \beta_2 > 0, \beta_3 > 0, \beta_4 > 0, \beta_5 > 0$.

Presentation and Discussion of Results

Descriptive Analysis of Variables

Table 4.1: Descriptive Analysis of Variables

	RGDP	AGC	INDSC	CONTR	TRADE	SSC
Mean	34530.04	7904.396	2694.890	1019.248	4948.482	10810.99
Median	25267.54	5024.540	1813.810	732.5100	2742.340	7416.290
Maximum	69023.93	16607.34	6684.220	2680.220	11697.59	25374.78
Minimum	15237.99	2891.670	1373.660	335.7600	1788.770	3892.220
Std. Dev.	18086.69	4681.680	1666.293	720.2062	3447.474	7201.580
Skewness	0.708861	0.513939	1.393329	1.171853	0.867563	0.874005
Kurtosis	2.026670	1.726431	3.573061	3.030296	2.142438	2.290572
Jarque-Bera	3.819854	3.459741	10.45458	7.096258	4.838681	4.596815
Probability	0.148091	0.177307	0.005368	0.028778	0.088980	0.100419
Sum	1070431.	245036.3	83541.60	31596.69	153403.0	335140.6
Sum Sq. Dev.	9.81E+09	6.58E+08	83296008	15560911	3.57E+08	1.56E+09
Observations	31	31	31	31	31	31

Source: Output from E-views 9.0 (2018)

The summary of descriptive statistics of relevant variables of study is reported in Table 4.1, as it may be observed from the table, the mean, median, standard deviation as well as the skewness and kurtosis measures of our variables of interest are given. The mean values of RGDP, AGC, INDSC, CONTR, TRADE and SSC are 34530.0, 7904.4, 2694.9, 1019.2, 4948.5 and 10810.9 respectively. Their respective standard deviations are 18086.7, 4681.7, 1666.3, 720.2, 3447.5 and 7201.6 respectively. The Jarque-Bera test of normality shows that the error term in our specified equation is normally distributed. This is evidenced by the respective insignificant Jarque-Bera statistics of the relevant variables.

Stationarity Test of Variables

Table 4.2: Augmented Dickey-Fuller Test

Variables	ADF Statistics	Critical Value	Stationary Status
RGDP	-4.477869	-2.971853	1(2)
AGC	-4.588869	-2.967767	1(1)
INDSC	-4.889812	-2.971853	1(2)
CONTR	-3.464641	-2.971853	1(2)
TRADE	-6.983794	-2.971853	1(2)
SSC	-5.394872	-2.971853	1(2)

The critical values for rejection of hypothesis of unit root were from MacKinnon (1991) as reported in e-views 9.0.

Source: Output from E-views 9.0 (2018)

Table 4.2 shows the Augmented Dickey-Fuller stationarity test results of the six economic variables used in this study. From the results, all the economic variables were stationary at

second difference except agricultural sector. This implies that the economic variables are fit and suitable to be used for the analysis and the test of Johansen co-integration are required to establish whether or not the variables are co-integrated and also show whether there are long run relationship among them.

Pairwise Granger Causality Tests

Table 4.3: Pairwise Granger Causality Tests

Null Hypothesis:	Obs	F-Statistic	Prob.
INDSC does not Granger Cause RGDP	29	13.4677	0.0001
RGDP does not Granger Cause INDSC	29	6.26833	0.0065
CONTR does not Granger Cause RGDP	29	5.75658	0.0091
RGDP does not Granger Cause CONTR	29	5.89453	0.0083
RGDP does not Granger Cause TRADE	29	4.84724	0.0171
RGDP does not Granger Cause SSC	29	5.04155	0.0149
AGC does not Granger Cause INDSC	29	4.56892	0.0208
AGC does not Granger Cause CONTR	29	4.09433	0.0295
AGC does not Granger Cause TRADE	29	13.6297	0.0001
AGC does not Granger Cause SSC	29	7.73440	0.0026
CONTR does not Granger Cause INDSC	29	3.69728	0.0398
INDSC does not Granger Cause CONTR	29	7.11202	0.0038
TRADE does not Granger Cause INDSC	29	11.6680	0.0003
SSC does not Granger Cause INDSC	29	7.33054	0.0033
INDSC does not Granger Cause SSC	29	7.64134	0.0027
TRADE does not Granger Cause CONTR	29	6.02946	0.0076
SSC does not Granger Cause CONTR	29	9.08801	0.0012
CONTR does not Granger Cause SSC	29	6.14575	0.0070

Source: Output from E-views 9.0 (2018)

The table 4.3 shows the Pairwise Granger Causality Tests, from the results, all the listed pair of variables have causal relationship among them. That is there is a causal relationship among the variables given the probability values of the variables at 5 percent level of significance. Therefore, the null hypotheses which stated that there are no causal relationships among variables are rejected.

Co-integration

Table 4.4: Johansen Co-integration Test

Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.948860	242.4018	95.75366	0.0000
At most 1 *	0.848816	156.1796	69.81889	0.0000
At most 2 *	0.842870	101.3912	47.85613	0.0000
At most 3 *	0.631075	47.72143	29.79707	0.0002
At most 4 *	0.321726	18.80374	15.49471	0.0153
At most 5 *	0.229104	7.545838	3.841466	0.0060

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized		Max-Eigen	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.948860	86.22221	40.07757	0.0000
At most 1 *	0.848816	54.78838	33.87687	0.0001
At most 2 *	0.842870	53.66979	27.58434	0.0000
At most 3 *	0.631075	28.91769	21.13162	0.0033
At most 4	0.321726	11.25791	14.26460	0.1418
At most 5 *	0.229104	7.545838	3.841466	0.0060

Max-eigenvalue test indicates 4 cointegratingeqn(s) at the 0.05 level * denotes rejection of the hypothesis at the 0.05 level,
 **MacKinnon-Haug-Michelis (1999) p-values

Source: Output from E-views 9.0 (2018)

Table 4.4, shows the co-integration results and long run relationship existing among the variables of study. The result shows the various variables converge in the long run, thereby depicting the existence of long run relationship among the economic variables. The long run relationship exists at 5% level of significance according to the Trace test statistics and the Eigenvalue. Therefore, since there is long run relationship among the variables, the study then employs the Error Correction Model to estimate the short run relationship and impact among the economic variables.

Discussion of Regression Results

Table 4.5: Long-run regression results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6029.699	541.7127	11.13081	0.0000
AGC	1.619743	0.275557	5.878067	0.0000
INDSC	-0.117223	0.848546	-0.138145	0.8912
CONTR	0.923216	4.571502	0.201950	0.8416
TRADE	0.523326	0.776638	0.673834	0.5066
SSC	1.154613	0.775735	1.488412	0.0491
R-squared	0.998439			
Adjusted R-squared	0.998127			
F-statistic	3197.697			
Prob(F-statistic)	0.000000			
Durbin-Watson stat	1.619161			

Source: Output from E-views 9.0 (2018)

From the long-run regression results obtained in Table 4.5, the following interpretation can be inferred; a unit increase in agricultural sector contribution (AGC), construction sector contribution (CONTR), trade sector contribution (TRADE) and service sector contribution (SSC) on the average holding. Other independent variables constant will lead to 1.619743, 0.923216, 0.523326 and 1.154613 unit increase in real gross domestic product respectively. A unit increase in industry sector contribution (INDSC) on the average holding, other independent variables constant will lead to 0.117223 unit decrease in real gross domestic product respectively. Finally, based on the probability value, the agricultural sector contribution (AGC) and service sector contribution (SSC) were statistically significant in explaining the variation in real gross domestic product in Nigeria while construction sector contribution (CONTR), trade sector contribution (TRADE) and industry sector contribution (INDSC), were statistically insignificant in explaining the variation in real gross domestic product in Nigeria. The R-squares and the F-statistics of 99 percent and 3197.7 statistics respectively shows that, there is strong relationship between the sectors and real gross domestic product in Nigeria.

Table 4.6: The Error Correction Model Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(RGDP(-1))	0.175907	0.096219	1.828203	0.0841
D(AGC)	0.360840	0.185770	1.942399	0.0679
D(INDSC)	0.888179	0.446777	1.987971	0.0622
D(INDSC(-1))	2.203567	0.475974	4.629594	0.0002
D(CONTR)	-5.943840	2.216390	-2.681766	0.0152
D(TRADE)	-0.810415	0.372749	-2.174161	0.0433
D(SSC)	1.815976	0.343609	5.285001	0.0001
ECM(-1)	-0.564206	0.092660	-6.088963	0.0000
R-squared	0.999960			
Adjusted R-squared	0.999819			
F-statistic	7085.955			
Prob(F-statistic)	0.000000			
Durbin-Watson stat	2.009846			

Source: Output from E-views 9.0 (2018)

From the short-run regression results obtained in Table 4.6 the following interpretation can be inferred; Since the variables were found to be cointegrated implying that, they have long run equilibrium relationship, it is necessary to test for short run relationship. From table 4.7, the ECM parameter is negative (-) and significant (-0.564206) which shows that 56 percent disequilibrium in the previous period is being corrected to restore equilibrium in the current period. It has been established that, the variables are cointegrated and also have short run relationship established from the ECM. All the independent variables were positively related to real gross domestic production Nigeria except construction sector contribution (CONTR) and trade sector contribution (TRADE). Finally, all the independent variables were statistically significant in explaining the variation in real gross domestic product in Nigeria, while the real gross domestic product (RGDP) at lag one, agricultural sector contribution (AGC) and industry sector contribution (INDSC) were statistically insignificant in explaining the variation in real gross domestic product in Nigeria.

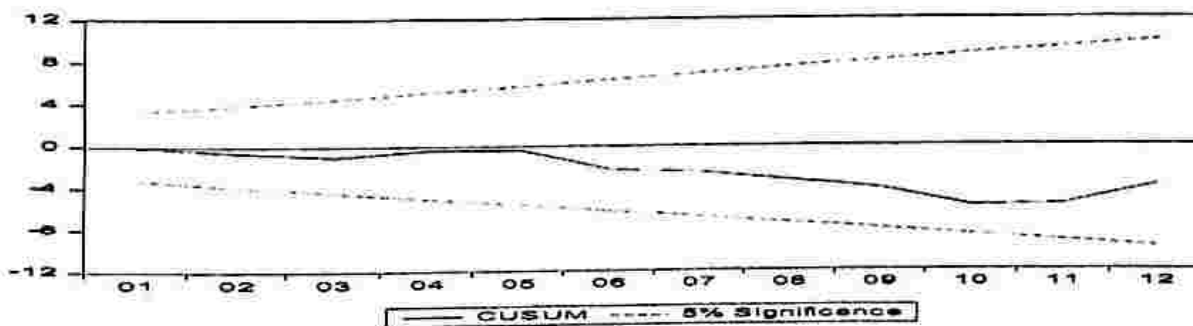


Figure 4.1: CUSUM TEST OF MODEL STABILITY

Fig 4.1 revealed that, the CUSUM test falls within the 5% critical region. This shows that, the parameters are stable over the sample period studied (1986- 2016) as such; there is no structural break in the parameters.

Conclusion and Recommendations

In conclusion, the study revealed that, at the long run, the agricultural sector contribution (AGC), construction sector contribution (CONTR), trade sector contribution (TRADE) and service sector contribution (SSC), were positively related to real gross domestic product, while industry sector contribution (INDSC) was positively related to real gross domestic product. Also, at the short run all the independent variables were statistically significant in explaining the variation in real gross domestic product in Nigeria, while the real gross

domestic product (RGDP) at lag one, agricultural sector contribution (AGC) and industry sector contribution (INDSC) were statistically insignificant in explaining the variation in real gross domestic product in Nigeria. Ogba et al (2018), have earlier reached a similar finding.

Based on the findings, the study recommends the following policies;

- i. government should design monitoring and evaluating mechanism to improve the efficiency and effectiveness of agricultural sector and trade sector in Nigeria, since their contributions to GDP at long run are positive and statistically significant.
- ii. similarly, government should design mechanism to improve the efficiency and effectiveness of service sector in Nigeria, since its contribution to GDP at short and long run is positive and statistically significant.
- iii. government should review the policies of construction sector contribution (CONTR) and industry sector contribution (INDSC) to improve the efficiency and effectiveness of these sectors, due to their poor and insignificant contributions to real gross domestic product in Nigeria.

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