



INFLUENCE OF NON-OIL SECTOR COLLABORATION FOR ECONOMIC DIVERSIFICATION TOWARDS SUSTAINABLE DEVELOPMENT IN RIVERS STATE

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Abstract

This study investigated the influence of non-oil sector collaboration for economic diversification towards sustainable development. Two research questions were posed to guide the study and one hypothesis was tested. The entire population of 30 directors in the selected ministries was studied by the researchers and no sample was drawn. Data for this study were collected by means of a structured questionnaire. The questionnaire adopted a rating scale and 29 directors in the selected ministries who returned their instrument were studied. Test-re-test method was used for the reliability test, which yielded reliability co-efficient of 0.78. Mean and standard deviation were used to answer the research questions while chi-square (χ^2) was used to test the hypothesis. Findings revealed that there were benefits when non-oil sectors collaborate in diversifying the economy for sustainable development. Based on the findings, discussions were made, and conclusions drawn. Recommendations were made amongst others that: government should review and improve incentives to support the growth of the non-oil sectors and consider the introduction of a special stimulus package to encourage investments in the non-oil sectors of the economy.

Keywords: Non-Oil Sectors, Collaboration, Economic Diversification, Stability, Sustainable Development, Rivers State.

Introduction

Nigeria is a great nation with 36 States and every State is faced with the challenge of ensuring that it has an economy that is stable and not prone to shocks and fluctuations as a result of internal and external factors. In the bid to achieve this, each State has to diversify its stream of income (revenue) flows by greatly involving the non-oil sectors. The non-oil sectors of an economy can generally be described as those group of economic activities which are outside the petroleum and gas industry or not directly linked to them. These include the financial sector, agricultural sector, environmental services, power sector, health services, commerce and industry sector among others. (Adulagba, 2011 & Onwuala, 2012).

Over the years, the non-oil sectors have been neglected and this has led to the non diversification and development of the economy to address the needs of the States which include employment, productive activities and infrastructures as only a marginal few can be absorbed by the oil industry. This neglect has also led to limited opportunities for the rest of the population to participate in the State economy. Everyone including the government looks up to the oil sector in determining standard of living, and since the other sectors of the economy are poorly developed, there cannot be any assured standard. Hence, there is dissatisfaction and disgruntlement among the people and as such there is urgent need for the States to diversify her



economies to curb unemployment and stabilize their economies for sustainable development. (Anyachie and Arieji, 2015).

Collaboration is a process in which entities share information, resources and responsibilities to jointly plan, implement and evaluate programs of activities to achieve a common goal. Collaboration means to co-labour, to co-operate and work across boundaries in multi-sector relationships to achieve common goals, (Eppel, 2008). Collaboration in its simplest definition is working together to achieve a common purpose. (Camarinha-Matos & Afsarmanesh, 2008).

Across the range of definitions, there are common characteristics. Essentially, collaboration looks for ways to work better together to achieve greater efficiencies and scale of outcome. However, informed by the monolithic economy which has been persistently threatened by the instability of crude oil prices in the international market, government needs to come to terms with the growing demand for economic diversification. This economic transformation has become necessary to address the challenges of rising unemployment and social crisis by expanding the horizon of employment generating activities especially in the non-oil sector where potentials remain great and largely unexploited (Riti, Gubak and Madini 2016).

Again, it must be averred that without the mobilization of long-term savings to support the consolidation of future growth and development, there cannot be any sustainable economic development. Accordingly, to achieve inclusive growth, macroeconomic stability and sustainable development, the States must begin as a matter of urgency to de-emphasize the habit of consumption and ostentatious living (consuming what the States do not produce) and imbibe the culture of savings and wealth creation, based on increased productive/output, economic diversification and self-sustenance. (Onwalu, 2012).

In the first instance, economic diversification is a process of broadening the range of economic activities both in the production and distribution of goods and services. It does not necessarily entail increase in output but it enhances stabilization of economies by diversifying the economic base. The issue of economic diversification should be viewed from the perspective of sustainable development to ensure long-term stability of the economy. Observed from this angle, it has the capacity to fundamentally strengthen an economy's adaptive ability and safeguard its long-term prospects in the face of depletion of the basic natural resources and the vagaries of economic fluctuations under the pressure of competition in globalization. (Anyachie and Arieji, 2015)

Economic diversification has the propensity to meet the basic requirements for sustainable development like meeting the basic needs of the poor which revolves around the provision of jobs, food, health, clothing and shelter by opening diverse avenues of economic activities which accommodates a broad spectrum of people. It also boosts the expansion of environmental ability to meet people's needs by improving the technology, social organization, diversity of areas of economic activity and not over-exploiting one aspect of natural mental degradation. (Zhang, 2007)

Finally, a diversified economy helps support multiple businesses within it. A diversified economy creates a sustainable cycle of economic activities as more and more businesses or sectors of the economy are tapped (exploited), business activities



grow and supporting industries improve and increase their level of production and quality of goods and services. Thus, the standard of living and development will be sustained.

The potentials of the non-oil sectors are great. For instance, the Rivers State Ministry of Culture and Tourism promote the diverse cultural heritage of Rivers people and identify and develop the tourism potentials of the State as a means of job creation, wealth generation as well as inculcating the pride and dignity in a local art work and cultural values. (Rivers State Newspaper Corporation, 2012). The Rivers State Ministry of Agriculture entered into partnership with private investors to engage in large scale fishing, livestock farming and other farming activities to create jobs and to increase the revenue base of the State.

Statement of the Problem

It has been observed that other sectors of the Rivers State economy have been neglected so much so that it has led to non-diversification and development of the economy to address the needs of the State. The neglect of the development of other sectors of the State economy has created mass unemployment as only a marginal few can be absorbed by the oil industry. It has limited opportunities for the rest of the population to participate in the State economy. It is in this regard that this paper focused on the influence of non-oil sectors collaboration for economic diversification towards sustainability in Rivers State.

Purpose of the Study

The aim of this study was to access the influence of non-oil section collaboration for economic diversification towards sustainable development in Rivers State. Specifically, the study sought to:

1. identify the benefits of non-oil sector collaboration for economic diversification towards sustainable development in Rivers State.
2. determine the roles of non-oil sector collaboration in diversifying the economy towards sustainable development in Rivers State.

Research Questions

The following research questions guided the study.

1. What are the benefits of non-oil sectors collaboration for economic diversification towards sustainable development in Rivers State?
2. What are the roles of non-oil sector collaboration in diversifying the economy towards sustainable development in Rivers State?



Hypothesis

This hypothesis was tested using chi-square

Ho: There is no significant relationship in the responses of the respondents regarding the influence of non-oil sector collaboration for economic diversification towards sustainable development in Rivers State.

Method

The study was in Rivers State of Nigeria. The study has a population of 30 directors from the three selected Ministries in Rivers State which included Rivers State Ministry of Education, Rivers State Ministry of Agriculture and Rivers State Ministry of Culture and Tourism. See table one (1). The entire population was studied by the researchers as no sample techniques was considered necessary. The study used an inferential statistics with a descriptive research design. Data from the study were collected by means of questionnaire developed by the researchers. The questionnaire used rating scale of Strongly Agree (SA), Agree (A), Disagree (D) and Strongly Disagree (SD). The initial copy of the questionnaire was face and content validity validated by three experts. Test re-test method was used to test the reliability of the items. The researchers distributed 30 copies of the questionnaire to the respondents but in all, 28 copies of the instrument were retrieved. Mean and standard deviation were used to analyze the research questions and the criterion mean score of 2.50 and above was used to accept an item. Chi-square was used to test the hypothesis.

Table 1: Population distribution

S/N	Rivers State Ministries	Directors
1	Rivers State Ministry of Education	14
2	Rivers State Ministry of Agriculture	12
3	Rivers State Ministry of Culture & Tourism	4
	Total =	30

Source: Research Data 2017

Results

The results obtained from the respondents are shown below:

Research question 1

What are the benefits of non-oil sector collaboration in diversifying economy towards sustainable development?

Table 2: Benefits of non-oil sector collaboration for economic diversification towards sustainable development.

S/N	Item	\bar{X}	SD	Remark
1	There will be an improved quality of human capital development in the society.	3.36	0.78	accepted
2	The risk in the economy as a result of over dependence on one sector will be greatly reduced.	3.36	0.87	accepted
3	There will be production of variety of products for sustainable development.	3.18	0.86	accepted
4	The high level of unemployment will be greatly reduce and poverty	3.57	0.57	accepted
5	Collaboration of non-oil sectors will bring about better	3.32	0.72	accepted



infrastructures

Grand mean & Standard deviation = 3.36 0.76

Source: Research Data 2017

Table 2 show that all the items are accepted showing that they are benefits of non-oil sector collaboration. This is based on responses of the respondents as the grand mean and standard deviation of 3.36 and 0.76 confirmed it.

Research 2

What is the role of non-oil sector collaboration in economic diversification towards sustainable development?

Table 3: The roles of non-oil sector collaboration in diversifying the economy are;

S/N	Item	\bar{X}	SD	Remark
1	Non-oil sectors collaboration will bring about social responsibilities	2.96	1.00	accepted
2	Sharing of vital information needed for sustainability will be possible.	3.04	1.04	accepted
3	Collaboration of non-oil sector will provide enabling environment for the development of traditional small scale/cottage enterprises for domestic and export promotion	3.14	0.80	accepted
4.	Collaboration of non-oil sectors will introduce the economy to new income flows.	3.32	.72	accepted
5	Collaboration of non-oil sectors will plan and develop policies that will mobilize long term savings to support the consolidation of future growth and development	3.07	.90	Accepted
Grandmean/SD=		3.11	0.89	

Source: Research Data 2017

Data in table 3 show that the respondents considered all the items in the table as roles of non-oil sector collaboration for economic diversification towards sustainable development. The grand mean and standard deviation of 3.11 and 0.89 attested to it.

Table 4: Chi-square (X^2) test of the Respondents on benefits and Roles of Non-Oil Collaboration for Economic Diversification towards Sustainable Development.(N = 28)

Table 4(a) contingency table

Group	SA	A	D	SD	Total
RSMOE	5	4	2	2	13
RSMOA	4	4	2	1	11
RSMOCT	1	1	1	1	4
Total	10	9	5	4	28

Source: Research data, 2017

Table 4(b): chi-square (x^2) observed and expected table

O	E	o-e	(o-e) ²	$\frac{(o-e)^2}{e}$	X ² cal	x ² crit	Decision
5	4.64	0.36	0.13	0.03			



4	3.93	0.07	4.90	1.25			
1	1.43	-0.43	0.18	0.13			
4	4.18	-0.18	0.03	0.01			
4	3.54	0.46	0.21	0.06	3.04	7.82	accepted
1	1.29	-0.29	0.08	0.06			
2	2.32	-0.32	0.10	0.04			
2	1.96	0.04	1.60	0.82			
1	0.71	0.29	0.08	0.11			
2	1.86	0.14	0.02	0.01			
1	1.57	-0.57	0.32	0.20			
1	0.57	0.43	0.18	0.32			
				3.04			

Source: Research data, 2017

The analysis shows that the calculated value of χ^2 is less than the critical value of χ^2 at 3.04 and 7.92 respectively. The researchers rejected the null hypothesis. Based on the hypothesis testing, the researchers concluded that there is a significant relationship between a diversified economy and sustainable development in Rivers State. In other words, to have a sustainable development in the State, the economy needs to be diversified.

Discussion of Findings

Findings from Table 2 which is for the first research question showed that the respondents agreed that the collaboration of non-oil sectors will be beneficial for diversifying the economy towards sustainability. This finding is in agreement with the views of Adeyemi and Abiodun (2013), Riti, Gubak and Madina (2016) and Anyaehie and Areji (2015) who held that for rapid sustainable development, there is need to move from mono-cultural economy in order to promote industrialization, productivity and create productive jobs. In agreement to their views, the researchers upheld that there are benefits when the non-oil sectors collaborate in diversifying the economy towards sustainability in Rivers State.

Findings from the second research question revealed that the respondents agreed that all the items in the table are roles that non-oil sectors play when there is collaboration in diversifying the economy towards sustainable development. In agreement to this view, Onwualu, (2012) maintained that non-oil sectors collaboration bring about social responsibility in the society and provide enabling environment for the development of better infrastructure.

Conclusion

This paper was conceptualized on the influence of non-oil sector collaboration for economic diversification towards sustainable development. It discussed the benefits of economic diversification through the collaboration of non-oil sectors. It was concluded that there is an urgent need to diversify the economy from over dependence on oil in order to achieve a sustainable economic development.



Recommendations

Based on the findings of the study and conclusion, the following recommendations were put forward by the researchers that the government should:

1. consider the introduction of a special stimulus package to encourage investments in the non-oil sector of the economy with particular emphasis on the agricultural and tourism sectors where huge capital requirement has continued to discourage investment.
2. review and strengthen existing policies towards ensuring a balanced economic development.
3. partner with private investors to engage in large scale fishing, livestock farming and other farming activities to create jobs and to increase the revenue base of the State, and also promote application of modern technology to agricultural production.

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