

# 12

---

## Knowledge Economy: The Way Forward for a Dwindling Economy and Its Sustainability in Nigeria

---

**DR. OPUNNE T. AMIE-OGAN**

*Department of Educational Management,  
Faculty of Education, Rivers State University,  
Port Harcourt*

**And**

**DR. PRITTA MENYECHI ELENWO**

*Department of Educational Management,  
Faculty of Education, Rivers State University,  
Port Harcourt*

### Abstract

*The paper examined knowledge economy: the way forward for a dwindling economy and its sustainability in Nigeria. Knowledge economy is production and consumption services based on knowledge-intensive scientific research and experimentations that contribute to accelerated growth of a nation's economy. Nigeria has continued to undermine her rich intellectual capital in charting a novel course in knowledge management as Switzerland and the United States rather she tend to be contented with a monolithic economy of oil which is challenged with the emergence of oil from other parts of the world. Developed nations no longer depend on agriculture and manufacturing as the main stay of their economies; reasons for which Nigeria ought to think critically to adopt knowledge-based economy to reengineer her ailing economy. This paper identified some of the causes of Nigeria's dwindling economy to be lack of policy direction, insecurity, lack of diversification, corruption, lack of adequate infrastructure and lack of quality education. The discourse also gave direction on the way forward for Nigeria's dwindling economy by proffering solutions to the aforementioned causes of Nigeria's dwindling economy. The researchers were of the view that sustainability of Nigeria's dwindling economy could reform the educational system to match current realities all over the world through the application of*

*appropriate policy plan for a paradigm shift and engaging the best brains to forestall brain drain. None-the-less the government is to blame as regards Nigeria's dwindling economy because it failed to diversify the economy, advance technology and do not possess the political will to fight corruption irrespective of whose ox is gored. All these and more have continued to truncate the pace of Nigeria's economy. The paper suggested among others that government should diversify its economy by adopting an inclusive knowledge-driven economy to restore the economy of the nation.*

**Keywords:** Knowledge Economy; Dwindling Economy; Sustainability; Diversification

## **Introduction**

Knowledge economy is an economic system in which the production of goods and services is based principally on knowledge-intensive activities that contribute to advancement in technical and scientific innovation. Hayes (2021), defined knowledge economy as a system of consumption and production that is based on intellectual capital. It is the ability to capitalize on scientific discoveries and applied research. Knowledge economy is focused on the essential importance of intellectual capital in the 21<sup>st</sup> century economy. It presents a wholesome view of how human capital which is a combination of qualitative higher education, knowledge, skills and abilities could be effectively combined to produce intellectual properties through engineering and scientific research outcomes for wealth creation. According to World Bank (2006), knowledge economy could be defined using four pillars which are: institutional structures that provide incentives for entrepreneurship and the use of knowledge; availability of skilled labor and good education system; access to information and communication technology (ICT) infrastructures and a vibrant innovation landscape that includes academia, the private sector and society. Based on these criteria, all countries belonging to the Organization for Economic Co-operation and Development (OECD) are moving towards becoming knowledge economies with the exception of Nigeria in Africa. On the World Bank's Knowledge Economic Index, the continent's score is only a third of North America's and half of East Asia and the Pacific's (World Bank Knowledge Economic Index, 2016).

According to Team (2020), the rapid expansion of knowledge and the increasing reliance on computerization, big data analytics, and automation are changing the economy of the developed world to one that is more dependent on intellectual capital and skills, and less dependent on the production process. Also, studies have shown that success in the knowledge-driven economies of both the United Kingdom and the United States of America have been due, in

large part, to skilled workforce and human resources. Virtually, across all the sectors of their economies, their workers are highly skilled and better educated. In the technology industry, for instance, where innovation is at the fore, the value of a company or its intangible assets reside almost entirely in the knowledge and creativity embodied in its intellectual property and workforce (Chukwuemeka, 2016). Investing in knowledge and skills acquisition by all Nigerians should be a top priority. With the dwindling state of the nation's economy, there is an urgent need to formulate worthwhile policies that should be passionately implemented so that more citizens could access unfettered qualitative higher education.

Knowledge remains a veritable tool to removing the impediments associated with underdevelopment. Therefore, government agencies and citizens must seek and promote knowledge. In the same vein, experts in different fields of endeavour must make themselves readily available to support others to also succeed. The former Minister of Science and Technology in Nigeria, Dr. Ogbonnaya Onu, in a positive move to reengineer Nigeria's dwindling economy was of the view that, "it has become clear that a nation that desires to develop, modernize her economy and remain competitive, must embrace knowledge, especially, scientific and technological knowledge." It was reiterated that, the need to move from resource-based economy to knowledge-based economy is necessary now, more than ever before, considering the recent near collapse in crude oil prices that exposed the vulnerability of the Nigerian economy. This has occasioned the urgency for Nigeria to diversify her economy in order to withstand future shocks arising from the decline in commodity prices in the international market.

Nigeria's economy could be strategically positioned to strive if the current realities of lack of policy direction, insecurity challenges, lack of economic diversification, corruption, lack of adequate infrastructure and lack of quality education which are causes of Nigeria's dwindling economy and its sustainability seem to be noticeable as underdevelopment indices. Hence this study examined knowledge economy: the way forward for a dwindling economy and its sustainability in Nigeria. The discourse unraveled the conceptualization of knowledge economy; causes of Nigeria's dwindling economy: who is to blame?, sustainability of Nigeria's economy: the way forward, conclusion and suggestions.

### **Conceptualization of Knowledge Economy**

The term knowledge economy as a concept was coined from, 'The Age of Continuity' a book written by Drucker in 1969, to describe a shift from traditional economies to ones where the production and use of knowledge are paramount (Vaidya, 2023). Knowledge economy was further defined as the economy in which the knowledge of workers is integral input element in organizations and nations alike. In the view of Hayes (2021) it is a system of

consumption and production that is based on intellectual capital. Knowledge economy is characterized by highly educated labour force, information infrastructure, intangible assets and multipronged innovation systems. In particular, it refers to the ability to capitalize on scientific discoveries and applied research. Ideally, knowledge economy represents a large share of the activity in most highly developed economies that unravels a vista of new opportunities for indefinite wealth generation.

In the view of Powell and Snellman (2014) knowledge economy is production and services based on knowledge-intensive activities that contribute to an accelerated pace of technical and scientific advance, as well as rapid obsolescence. The key component of a knowledge economy is a greater reliance on intellectual capabilities than on physical inputs or natural resources. Mills and Smith (2018), opined that knowledge economy involves making available platforms to systematically share timely information with relevant stakeholders, in ways that help organizations attain greater competitive advantage. The idea of knowledge economy in this regard, is a deliberate management action in ensuring that relevant functional areas in the organization are well informed about new trends that call for innovativeness in order to have a competitive advantage over others in business. On the other hand, Inbaya and Palaniappan (2020) were of the view that knowledge economy enables organizations to invest in knowledge systems that will successfully improve performance at work and create a competitive advantage. In addition, Nwokoro (2015) opined that knowledge economy consists of a range of programmes that helps in creating future benefits by focusing on employee training; skill set development, and the overall development of human assets. From the foregoing definitions, knowledge economy involves building a nation's economy through commercialization of intellectual properties. This can only be actualized when a nation has a skilled workforce.

### **Causes of Nigeria's Dwindling Economy: Who is to Blame?**

The causes of Nigerian's dwindling economy are numerous but for the purpose of this study the following were discussed:

#### **1. Lack of Economic Policy Direction**

Lack of robust economic policy direction on the part of the government is one of the causes of Nigeria's dwindling economy. An economic policy is a compass that every government looks up to for direction and absence of it can scare investors away and put a stop to economic activities thereby affecting the Gross Domestic Product (GDP), the Gross National Product (GNP), Per Capita Income, Exchange Rate, Inflationary Trend, Balance of Trade, Interest Rate, Balance and Balance of Payment. Nigeria recorded a recession in 2016 followed by a second recession in 2019 occasioned by the COVID-19 pandemic which caused a

**Elenwo**

significant decline in oil revenues as global economic activities were stalled for several months. It is in view of the afore that the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture asked the Federal Government to urgently implement policies to prevent Nigeria falling into a third recession by the end of 2022 due to the perceived nation's worrisome economic growth (Kolawole, 2023). A good example of the lack of policy direction on the part of government is the issue of annual budget. According to Aremo (2019) budget is the single most important policy vehicle of government for giving effect to a country's economic and social priorities. The budget is a monetary plan of actions which when not properly followed leads to abysmal failure. The time it takes for the budget to be presented and passed into law is very important. By implication, it means extra budgetary spending which may not match its present income, thus impacting on the economy negatively. Also, of concern is the unguided utterances of Nigeria's politicians and the appointees of the government who undauntedly scares investors away. Imagine a scenario where a member of the economic team of the country comes on air to state that the country's economy is sliding into recession, this statement is not only damaging but also scares investors away. Also, by this unguided statement, it will be very difficult for the investors to invest in the country's economy which in turn weakens that country's economy.

**2. Insecurity**

Another dreaded cause of Nigeria's dwindling economy is insecurity. Nigeria is facing a lot of security challenges, ranging from pipe line vandalism, terrorism, banditry, herders and farmers clash, kidnapping of citizens and expatriates. Currently, the Boko Haram insurgency whose deadly operations are dominating the North East, and sparsely spread to other parts of Northern Nigeria has left untold hardship on citizens. Many from that part of the country live in perpetual fear as lives are lost on daily basis hence leaving the economy of the region comatose. The story is not different in South-South Nigeria where the Niger Delta Avengers and Movement for Emancipation of the Niger Delta (MEND) have taken arms against the government of Nigeria by vandalizing oil pipelines and taking oil workers hostage for ransom (Igwela, Amie-Ogan & Osuji, 2022). The group often demand ransom from the government in Naira or Dollars running into millions and in some cases kill their victims. In addition, there is also the Movement for the Actualization of the Sovereign State of Biafra (MASSOB) in the South-East. MASSOB started as a harmless group seeking for Emancipation of South-East Geopolitical Zone but has recently metamorphosed to a dreaded secessionist group whose activities have negatively affected the economy of the people of South-East through their Monday sit at home (Ugwu, 2023); killings and kidnappings of unsuspecting victims (Sahara Report, 2022). Worthy of note, is the emergence of Odua People's Congress (OPC) in the South-West which has also been unsettling the people from the region. The Aare

Onakakanfo of Yorubaland, Gani Adams regrettably stated that within a period of two (2) years N3 billion was paid as ransom to release about 400 people kidnapped. Within the reporting period about 400 people were also killed or maimed in the said region. Government on the other hand spent a lot of monies procuring arms and ammunitions used in fighting these groups with the view of restoring peace in the affected areas. In giving credence Worgu (2016), averred that militancy had indeed taken its toll on the Nigerian economy with the country losing over ₦1.8 billion daily due to attacks on oil installations by militants. All these put together continue to threaten our national security, peaceful coexistence and impact negatively on the country's economy. These humongous amount of money that is wasted daily could be utilized to achieve knowledge economy through the acquisition of information technology infrastructures, skilled labour force, training, qualitative higher education and conducting scientific researches.

### **3. Lack of Diversification**

Nigeria's economic woes could be attributed to its monolithic economy and over dependence on revenues accruing from oil as a dominant source of revenue for the country. Literature noted that about 85% to 90% of Nigeria's revenue comes from oil. It was reiterated that with the discovery of oil other sectors of the economy were neglected. In spite of Nigeria's forest reserves, it neglected its vast agricultural potentials, which used to be its foreign exchange earner and also failed to diversify its economy through exploration of mineral resources which are natural endowments (Tsanni, 2017). This has become a national challenge, as Nigeria finds it difficult to easily finance its budget and meet the expectations of her citizenry anytime there is a fall in the price of the nation's black gold (crude oil). Hence the solution of adopting knowledge economy to increase wealth generation has become eminent.

### **4. Corruption**

Corruption is a prominent cause of Nigeria's dwindling economy which has eaten deep into the fabrics of the country. Particularly, corruption deters the implementation of government's economic policies as its perpetrators are some top government functionaries who do so with impunity, disregarding consequences this may cause. The nation's economy dwindles due to so several militating factors such as looting from government's treasury, misappropriation of government funds, over inflation of contracts, kickbacks, nepotism, budget padding and other fraudulent practices in the various arms of government and sectors of the economy. Additionally in 2018 there were revelations of several government employees receiving annual salaries in excess to the tune of \$1 million. Furthermore, it was buttressed that corruption runs through every level of the Nigerian government. These levels range from considerable contract fraud at the top through petty bribery, money laundering schemes, embezzlement and seizing salaries from fake workers which amounts to billions of dollars

(<https://en.wikipedia.org>). In a related view Legend (2022) reported some cases of embezzlement in Nigeria which involved the accountant general of the Federation stealing a sum of 80 billion Naira during his four-year term. There was also a case of a military ruler General Sani Abacha who ruled Nigeria from 1993 to 1998 but unfortunately in the year 2022, which was 24 years later, millions of dollars looted by the deceased were still recovered. Others are Mr. Abulrasheed Maina Pension Scheme Scam whereby 141,790 pensioners were not paid and the pension boss was accused of looting a sum of N195 billion. The Police Pension Fund Fraud which involved its former director Mr. Esai Dangabar and five others were accused of misusing N32.8 billion for payment of pensioners. In spite of this ugly trend, the Economic and Financial Crimes Commission (EFCC) as an institution has not lived up to its expectation to eradicate corruption problems plaguing the nation. The EFCC fight against corruption is mostly targeted at the perceived enemies of the government in power. Corruption Perceptions Index report review slammed on Nigeria as the 150<sup>th</sup> corrupt nation out of 180 countries in the world with a corruption score of 24.00 (Transparency international, 2022). By this report, it means Nigeria is 83.3% corrupt which indicates a high percentage index for corruption. This report is definitely not a good one for Nigeria. In a related review of Knowledge Economy Index (KEI) of countries in the world in 2015 showed Denmark, Sweden, Finland, Netherlands, Norway, Canada, Switzerland, United Kingdom and United States as the top ranking nine countries in knowledge economy (Khoema,2021). Sadly Nigeria ranked 118<sup>th</sup> position (Knowledge Economic Index, 2019). This goes to show the country's inability to generate, adopt and diffuse knowledge for wealth creation which knowledge economy hopes to achieve.

##### **5. Lack of Adequate Infrastructure**

The unprecedented non availability of information communication infrastructures, adequacy of high level of education, training in Science, Technology, Engineering and Mathematics (STEM) and absence of innovativeness and entrepreneurial spirit in the country have contributed so much to the dwindling of Nigeria's economy. Also inadequate power supply across the nation has really been a potential stumbling block in the growth of cottage industries and other economic activities in the country. Belt and Road Initiative (BRI) is a strategy initiated by the People's Republic of China that seeks to connect Asia with Africa and Europe via land and maritime networks with the aim of improving regional integration, increasing trade, and stimulating economic growth (European Bank for Reconstruction and Development,2023) However, these initiative cannot go through due to some major issues Nigeria contends with especially in the rural areas where internet connectivity and power supply are poor to drive industrialization in the country.

## **6 Lack of Quality Education**

The Nigerian education sector is faced with myriads of challenges ranging from lack of funding, brain drain, lack of competent teachers to incessant strike actions by lecturers. These problems have immensely influenced the teaching-learning process negatively and to a high extent contributed to institutions churning out graduates who are poorly trained and lack the requisite knowledge to drive the economy of the nation on graduation. Institutions have also failed to tap into the educational trends that are significant drivers of productivity in advanced and emerging markets that ensure the town and gown helix whereby the academia share innovative knowledge with the industries for knowledge boost in productions for societal benefits. In corroboration Emefiele (2021), charged educational institutions to ensure effective collaboration with industry players in key sectors of the nation's economy, in the training of relevant manpower to minimize mismatches between the skills required by firms and the educational qualifications of the graduates.

A critical examination of the causes of Nigeria's dwindling economy, shows that the Nigerian government is to blame as regards her lagging behind on the path of industrialization despite being the growth of her democracy which spans over two decades. The government over these years have not demonstrated such political will to strategically solve the problem of Nigeria's dwindling economy. It has neglected investment in knowledge economy to boost production and industrialization. Many developing countries who started manufacturing activities for economic emancipation at the same period with Nigeria such as China, Malaysia, India and so forth have diversified their economies to meet evolving economic challenges. Additionally, Nigeria has not also been able to diversify her economic ventures into renewable energy such as solar, wind, hydro and green energy. Unfortunately, it can be unequivocally stated that, the government has not invested in privileged opportunities through knowledge economy to create jobs and generate wealth for her citizenry.

### **Sustainability of Nigeria's Dwindling Economy**

Sustainability is the ability to exist and develop without depleting natural resources for the future. Similarly, sustainability development is development that meets the needs of the present without compromising the ability of future generations (twi.global.com). This is achievable in a dwindling economy by embracing knowledge economy as a tool for meeting the needs of the present and not undermining the needs of future generations. An economy that is bedeviled by lack of policy direction, implementation and monitoring results is likely to go comatose. Therefore, following the identification of a couple of critical indicators of Nigeria's dwindling economy, this paper aptly states that quality

**Elenwo**

higher education in Science, Technology, Engineering and Mathematics (STEM), skilled labour, information and communication technologies, innovativeness etcetera are indices necessary for resuscitation and sustainability of a dwindling economy. Fundamentally, as regards the gloomy economic situation, Nigeria must reinvent herself by engaging in knowledge economy. Academic institutions, companies engaging in research and development (R&D), programmers developing new software and search engines for data to improve treatments are all components of a knowledge economy. Research results and information gathering is shared with different skilled workers. Farmers use software applications and digital solutions to manage their crops better; advanced technological based medical procedures such as robot-assistant surgeries, or schools that provide digital study aids and online courses for students (<https://www.investopedia.com>). Particularly, tertiary education which is the platform for developing human resources for socio-economic development must be Nigeria's focus. This could be achieved through significant reform and remodeling of her educational system to accommodate more of science, engineering and technology as obtainable globally in meeting global realities. Other ways through which the dwindling economy of Nigeria could be sustained include :increasing institutional reform to create knowledge intensive co-ordination of the economy; strengthening the creation of a new paradigm of opportunities in order to realize the goal of Nigerian's economic sustainability (which can be achieved by engaging some experts who can think out of the box to foster a workable and realistic solution); tackling the challenges of food security by repositioning agriculture and industrialization towards export-based economy to increase a consistent value chain; reduction of external borrowing; deliberate efforts must be made to step up the utilization of the nation's intellectual property and finally Nigeria must employ the services of the best brains who will bring their wealth of knowledge and expertise to bear in tackling insecurity in the country.

**Knowledge Economy: The Way Forward for a Dwindling Economy and its Sustainability**

The way forward for a dwindling economy and its sustainability, the have been proffered as follows:

1. Policy direction:

The economy could be reengineered through resilient and robust policy direction. It is absolutely necessary to improve on the constitutional laws backing the policy direction by reviewing some of the existing economic policies in order to meet the evolving trend of the nation's economic landscape. Again, appropriate measures should be taken to stem the tempo of appointments made. Government appointees should be people capable of doing comprehensive research so as to play advisory roles by presenting to government viable blueprint towards

sustainable solution to the dwindling economy. Also, there should be timely presentation and passage of the budget to remove bottlenecks in its implementation so as to attract investors.

2. Security: The perennial threat to the Nigeria's economy can be tackled by strategically sustaining the balance through the introduction of community policing which will make the traditional rulers to be directly involved in the security architecture of the country. Also, intelligence gathering is also key to safety of life and property.

3. Diversification of the economy: As we sought for better ways to revamp and revitalize the dwindling economy, it is pertinent to tap into diversification of the economy. Nigeria is frantically endowed with vast natural and human resources that need to be harnessed to scale up the nation's production base for economic excellence. Nigerians must plan to raise its value added tax on goods and reduce its reliance on crude oil sales. All over the world technology is changing organizations and all sectors of the economy while innovation has become a major driving force for viability of nations through the judicious use of technology. In the same vein, Nigeria needs to key into the ICT sector to accelerate the sustainability of her economy.

4. Corruption: The issue of corruption can be exterminated if those in authority can develop the political will to eliminate the abuse of power, bribery and deal decisively with anyone found culpable irrespective of the individual's societal status and relationship with those in the corridor of power.

5. Adequate infrastructure: To really boost the economy, there must be deliberate steps to construct good roads, provide good power supply and health infrastructure.

6. Quality education: Nigerian education needs a complete overhaul through adequate provision of educational resources, to ensure that Nigerian universities can produce high caliber of well-trained and skilled graduates who would eventually become the drivers of the Nigerian economy in the future.

7. Lastly, revitalization and deepening of a knowledge driven-economy will realistically be an indispensable key in resolving the rootcauses of the Nigeria dwindling economy.

## References

Arema, G. (2019). Budgeting and service delivery in Nigeria. *International Journal of Scientific Research in Education*, 11(3), 311-325.

Akinlotan, O .(2021). N3bn paid to kidnappers in Yorubaland within two years. Retrieved from : <https://www.premiumtimesng.com/regional/south-west/480263-n3bn-paid-to-kidnappers-in...>

Knowledge Economy: The Way Forward for a Dwindling Economy and Its Sustainability in Nigeria - **Dr. Opunne T. Amie-Ogan and Dr. Pritta Menyechi Elenwo**

---

Chukwuemeka, F. A. (2016). *Developing knowledge economy in Nigeria*. Retrieved from SciDevNet, 9<sup>th</sup> of June, 2023.

Corruption in Nigeria. (2022). Retrieved from [https://en.wikipedia.org/wiki/Corruption\\_in\\_nigeria](https://en.wikipedia.org/wiki/Corruption_in_nigeria).

Drucker, P. (1969). *The age of discontinuity: Guidelines to our changing society*. New York: Harper and Row.

Emefiele, G. I. (2021). *National development and knowledge economy in the digital age: Leapfrogging SMEs into the 21<sup>st</sup> century. A public lecture delivered at the 51<sup>st</sup> convocation of university of Lagos*. Akoka: Lagos State.

European Bank for Reconstruction and Development (2023). Retrieved from: <https://www.edrd.com/what-we-do/belt-and-road/overview.html>

Hayes, D. (2021). What is knowledge economy, criteria and example. Retrieved from: <https://www.investopedia.com/terms/k/knowledge-economy.asp>.

Igwela, J., Amie-Ogan, O. T. & Osuji, C. U. (2022). Effects of militancy activities on secondary school students. *Journal of Education and Practice* 6(2), 1-22.

Inbaya, H. & Palaniappan, S. (2020). Development of knowledge management systems for Libyan institutes of higher learning. *International Journal of Business Society*, 4(3), 44-49.

Legend, S. (2022). Corruption and embezzlement in Nigeria. Retrieved from: [naijabet.com](http://naijabet.com).

Knowledge Economic Index (2019). Retrieved from [https://en.wikipedia.org/wiki/knowledge\\_Economic\\_Index](https://en.wikipedia.org/wiki/knowledge_Economic_Index).

Nwokoro, M. (2015). President Obasanjo's purposeful development in the aviation sector. *Air Transport Update*, 2(3), 34-58.

Powell, W. W. & Snellman, K. (2014). The Knowledge Economy. *Annual Review of Sociology*, 3(1), 199–220.

Sahara Reporter.s (Aug. 28, 2022). Stop kidnapping, killing in the name of Monday sit-at-home enforcement, IPOB warms criminals. Retrieved from

: <https://saharareporters.com/2022/08/28/stop-kidnapping-killing-name-monday-sit-hom-enf...>

Team, C. F. I. (2020). *An economy dependent on human capital and intangible assets, such as proprietary technology.*

Transparency International. (2022). Corruption perceptions index. Retrieved from: <https://www.transparency.prg./en/press/2022-corruption-perceptions-index-reveals-scant-pro>

Tsanni, A. (July 24, 2017). Nigeria and the dangers of a monolithic economy. Retrieved from : <https://www.africannewspage.net/2017/nigeria-dangers-monolithic-economy/>

TWI Ltd .(2023). What is sustainability and why is it important? Retrieved from: <https://www.twi-global.com/technical-knowledge/faqs/faq-what-is-sustainability>.

Ugwu, C .(April 11, 2023). IPOB declares sit-at-home in South East. Retrieved from : <https://www.premiumtimesng.com/news/more-news/592905-ipob-declares-sit-at-home-in-so...>

Vaidya, D. (2023). Knowledge economy definition. Retrieved from: <https://www.wallstreetmojo.com/knowledge-economy>

Worgu, A. (2016). A look at ending militancy in Niger Delta. Retrieved from: <https://www.tandfonline.com/doi/abs/10.1080/10576100802206566>.