

Review

Agriculture as a mitigating factor to unemployment in Nigeria

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Abstract

This paper seeks to establish that unemployment could be drastically reduced through a functional agricultural system. The agricultural sector may not have achieved much due to numerous problems plaguing agriculture in the country, but with the new policy of the Federal Government through the Federal ministry of Agriculture hopes are high. The new agricultural policy will herald in a policy direction via new policy strategies that will lay the foundation for sustained improvement in agricultural productivity and output, resulting in the objective of reduced unemployment, if not full employment becoming a reality in Nigeria. We therefore advise that the Nigerian Government and all relevant stakeholders continue in their quest towards reducing unemployment while they give their undivided support, in making sure that agriculture continues to enjoy increased budgetary allocation and access to credit facilities to finance its activities and accomplish its goal of unemployment reduction.

Keywords: Unemployment, agriculture, mitigate, work force, wage.

INTRODUCTION

In terms of employment, agriculture is by far the most important sector of Nigeria's economy, engaging about 70% of the labor force. Agricultural holdings are generally small and scattered; farming is often of the subsistence variety, characterized by simple tools and shifting cultivation. The economic benefits of large-scale agriculture are recognized, and the government favors the formation of cooperative societies and settlements to encourage industrial agriculture. Large-scale agriculture, however, is not common. Despite an abundant water supply, a favorable climate, and wide areas of arable land, productivity is restricted owing to low soil fertility in many areas and inefficient methods of cultivation. Effective land tenure reform and provision of training in development of agriculture related industries suitable for unskilled Nigerians could make agriculture a more viable source of employment opportunities and building wealth for citizens. Also, Governmental organizations and landowners could be encouraged to make land available to poor Nigerians on a more equitable basis for agricultural related industries. Until such occurs, agriculture will continue to be an unviable source of

employment opportunity and poverty alleviation for most Nigerians.

Unemployment is one of the developmental problems that face every developing economy in the 21st century. International statistics portray that industrial and service workers living in developing regions account for about two-thirds of the unemployed. (Patterson *et al*, 2006). Unemployment has been a problem in Nigeria, especially since 1980, when the nation's economy took a turn for the worse as world petroleum prices tumbled, the Nigerian currency became devalued, corruption became rampant, and the population of Nigeria ballooned at a breathtaking pace (Akintoye, 2008).

The decline in agricultural production has brought terrible consequences which include skyrocketing unemployment rate, food crisis, inflation, corruption and poor attitude to work. In the last few years, Nigeria has consistently been featured on the negative side of the difference Human Development Reports in the world. These reports indicate that life expectancy in Nigeria has drastically reduced to 45 years; real income of most families has woefully reduced, unemployment is scandalously high. Nigeria is topping the list of countries with malnourished children and the quality of health and education services in the country has deteriorated beyond comprehension. The country is also rank as the

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20th on the table of countries with the largest number of hungry people in the world. According to Sharma *et al.* (2010), functional investment in all sectors of agriculture will help solve the problems of unemployment, hunger and poverty in the country.

We shall, in our study consider the key concepts, unemployment in Nigeria and agriculture as a mitigating factor to unemployment, which will invariably result in reduced poverty, improved standard of living, improved productivity, and an overall improvement in economic performance among other benefits.

Conceptual and theoretical issues

Unemployment in Nigerian

Gbosi (1997) defined unemployment as a situation in which people who are willing to work at the prevailing wage rate are unable to find jobs. In recent times, the definition of unemployment by the International Labor Organization states that “the unemployed is a member of the economically active population, who are without work but available for and seeking for work, including people who have lost their jobs and those who have voluntarily left work (World Bank, 1990). The application of this definition across countries has been faulted, especially for the purpose of comparison and policy formulation, as countries characteristics are not the same in their commitment to resolving unemployment problems, more so, the preponderance of housewives who possess the ability and willingness to work, the definition of the age bracket all stand as limitations to the definition by ILO (Douglasson *et al.*, 2006).

According to the Central Bank of Nigeria (2003) the national unemployment rate, rose from 4.3 percent in 1970 to 6.4 percent in 1980. The high rate of unemployment observed in 1980 was attributed largely to depression in the Nigerian economy during the late 1970s. Specifically, the economic downturn led to the implementation of stabilization measures which included restriction on exports, which caused import dependency of most Nigerian manufacturing enterprises, which in turn resulted in operation of many companies below their installed capacity. This development led to the close down of many industries while the survived few were forced to retrench a large proportion of their workforce, furthermore, the Nigerian Government also placed an embargo on employment. Specifically, total disengagement from the Federal Civil Service rose from 2, 724 in 1980 to 6,294 in 1984 (Odusola, 2001). Owing to this, the national unemployment rate fluctuated around 6.0% until 1987 when it rose to 7.1 percent. It is important to state here, that SAP adopted in 1986, had serious implications on employment in Nigeria, as unemployment rate declined from 7.1 percent in 1987, to as low as 1.8 percent in 1995, after which it rose to 3.4 percent in 1996,

and hovered between 3.4 and 4.7 percent between 1996 and 2000 (Douglasson *et al.*, 2006).

The analysis from agricultural point of view suggests that people who have been majorly affected by unemployment are a great proportion of underprivileged Nigerians in rural areas where agriculture is primarily subsistence, land is not easily accessible or not fully utilizable, credit facilities are lacking and improved production methods are not practiced. In recent times however, the situation has been compounded by the increasing unemployment of professionals such as accountants, engineers, among others. According to a 1974 survey, reported by Ademba (2006) graduate unemployment accounted for less than 1 percent of the unemployed, in 1974, by 1984, the proportion rose to 4 percent for urban areas and 2.2 percent in the rural areas. Graduate unemployment, (Akintoye, 2008) accounted about 32% of the unemployed labor force between 1992 and 1997. It is impressive to note here that, in 2003, Nigerian's unemployment rate declined substantially to 2.3 percent. This decline was attributed to the various government efforts aimed at addressing the problem through poverty alleviation programmes and an increased number of people who got engaged in agricultural activities.

It is worrisome to note that the current unemployment rate in Nigeria is high and was reported to be 19.7%, 20.1% and 21% in 2009, 2010 and 2011 respectively by the National Bureau of Statistics (NBS). This has placed Nigeria as the 12th country in ranking unemployment rate in Africa (Figure 1).

The Nigerian Bureau of Statistics (NBS) has also recently released the 2011 unemployment data which reveals a wide dichotomy between states in the North and those in the southern part of the country. According to the released data, the bottom ten in the jobless list are; Zamfara State with 42.6%; Bauchi, 41.4%; Niger, 39.4%; Gombe, 38.7%; Nasarawa, 36.5%, Jigawa, 35.9%; Edo, 35.7%; Yobe, 35.6%; Adamawa, 33.8%, and Kaduna with 30.3%. Only Edo State with 35.7% unemployment rate is among the bottom ten states listed. Osun State lead the employment levels list with 3.0%, followed by Kwara, 7.1%; Lagos, 8.3%, and Oyo, 8.9%. The Nigerian population was put at 170m, and 70% of that figure are said to be within the ages of 17 and 65. It therefore means that the 23.9% data released by the NBS as the national unemployment rate reveals that 40.6m of working age Nigerians lack any form of employment whatsoever.

Causes of Unemployment

There are many causes of unemployment and it is vital that we understand them in order to combat this social evil. People who lack skills, knowledge, tools, beliefs, and values to perform financially rewarded activities are not

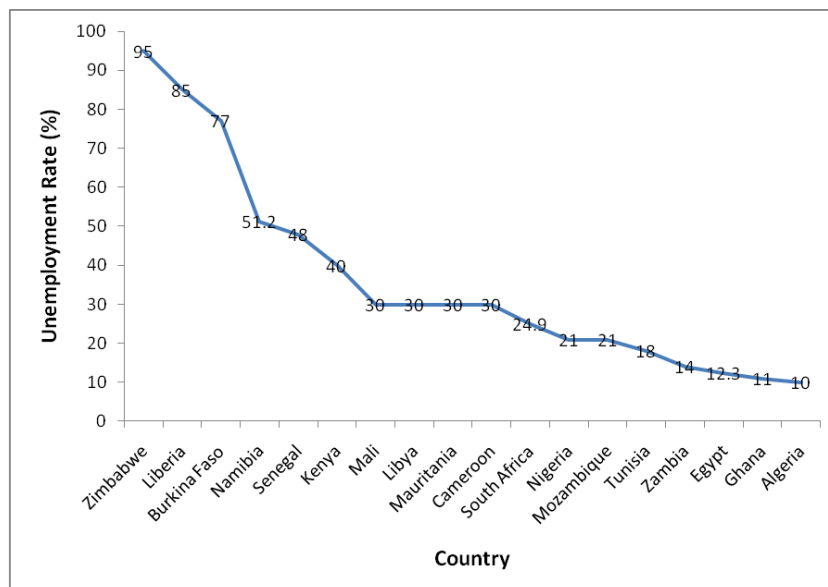


Figure 1. Unemployment rate in some African countries, Source: Sorrentino C (2000)

usually employable. This results in a lack of employment opportunities, as employers tend to locate their businesses where appropriate human resources are available. The vicious cycle of poverty and unemployment therefore continues unabated. Provision of employment opportunities to the masses is a means of ensuring participation of all citizens in the national development process. Lack of employment opportunities for many Nigerians has resulted in large number of Nigerians living in poverty. In turn, poverty leads to alienation of poor people (who are often rural residents) from political-economic functioning of their society. This cycle is complete when alienation further decreases these citizens interest in developing the skills, knowledge, tools, beliefs, and values to perform financially rewarded activities. Corruption and insincerity of Nigerian leaders and citizens have caused unemployment to rise at an alarming rate.

Another important cause of unemployment is economic recessions. When the economy is not growing, then jobs are not being created, thus resulting to unemployment rises. Combating recession can be achieved through a prudent fiscal policy that includes incentives to invest and to spend money, including lower taxation and interest rates. Recession is a reason why conservatives want sustainable growth with a prudent fiscal policy. Recklessness in public finances means that a recession strike harder and does a lot more damage.

Over regulation is an important cause for unemployment. Too much burden on a business' shoulder and that business cannot afford to expand and, with its expansion, to create more jobs. There are too few

jobs offers for the demand, a shortage that leads to poverty and chronic unemployment. This means that adding burdens to the economy will not create new jobs. It will, in fact, make the amount of new jobs created decrease.

A cause of unemployment that cannot be overlooked is lack of information about available jobs. If people don't know that jobs are there, then they will not take them. It is also important that, when people do know about possible employment opportunities for them, they are able to take them. Dissemination of information is fundamental in any market, and in the job market it is fundamental as well.

Effects of High Rate of Unemployment

High and persistent unemployment has presented some challenges for the economy. It has eroded the funding base and it has increase the demand of welfare programs because of the consequences for poverty and inequality resulting from high unemployment. Some effects of unemployment include increasing poverty, prostitution, intra ethnic hostilities, depression, increase in crime as well as family disputes and broken marriages. Unemployed individuals become more and more dissatisfied and resort to riots and demonstrations. Due to unemployment, the economy's GNP will be less than the potential GNP, that is to say what is possible of full employment. This difference is known as the GNP gap. The gap is positive but can be slightly negative if the actual GNP exceeds potential GNP and this can be possible only when the employed labour works overtime

or firms run their plants beyond their capacity.

Agriculture as a Solution for Unemployment

In order to eradicate unemployment and poverty in Nigeria, innovative methods need to be used to successfully tackle unemployment and poverty. In Nigeria, tackling unemployment requires development and implementation of programs that will directly benefit the poor, by restructuring sources of Nigeria's gross domestic product to significantly include variety of industries that are labor intensive, such as cottage industries.

Improvement in agricultural production by making land available to private and public organizations to set up industries in the most economically depressed areas of Nigeria, and providing training in setting up industries (especially cottage industries) to unskilled or economically deprived Nigerians would make ownership of small scale industries a viable source of employment opportunities and building wealth for many Nigerians. In addition, businesses and governmental entities can also be encouraged via incentives to locate industries that are labor intensive in areas with the highest incidences of poverty, which will usually be the rural areas of Nigeria, as a means of providing employment opportunities to these citizens.

Successive government in Nigeria has always initiated programmes towards promoting agriculture to guarantee food security and reduce youth unemployment. However, these programmes have not yielded the desired results due to corruption, structural weakness, mismanagement and undue politicization. The new agricultural policy of the Federal government of Nigeria, if properly implemented, will herald in a new policy direction via new policy strategies that will lay the foundation for sustained improvement in agricultural productivity and output

Functional investment by individuals, government and the organized private sector in agriculture will help solve the problems of unemployment and poverty in Nigeria. One of the main objectives of agricultural activities is to provide food for man. Agriculture provides employment opportunities, raw materials for industries and foreign exchange earning to Nigeria. It has been reported that in Nigeria today over 65% of the population derived its income from livestock rearing, crop farming, forestry or fishing. Agriculture has many branches which allow people to specialized and gain employment in those

fields. Some branches of agriculture includes Agronomy, Soil science, Animal science, Agricultural engineering, Agricultural economics, Agricultural extension education, home economics, Horticulture, Forestry, Fisheries, Veterinary Medicine etc. Agricultural graduates can be gainfully employed in Banks, Agricultural Research institute, Schools, Universities, Private farms, Nigerian Agricultural Insurance Corporation, Local, State/Federal Department / Ministry of Agriculture, Agricultural Development Programmes (ADPS) and above all can be self employed. The self employed graduates can earn his/her income from livestock enterprises, crop production and function as an Agricultural consultant.

CONCLUSION

Agriculture, if properly embraced and funded will guarantee food security, reduction of poverty and unemployment rate in Nigeria. Diversification of the Nigerian economy through a functional investment in agriculture by individuals, government and the organized private sector will help solve the problem of unemployment and poverty in Nigeria.

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