

## **Unemployment in Nigeria: leveraging the opportunities Agriculture offers/sector**

### **Abstract**

*Agriculture is an important sector in the economy of Nigeria. It is a source of employment for a significant number of the population and has been a stimulant in our economic development continuum. Because of these, public policies from independence have focused on it with the aim of promoting food security, provision of agricultural raw materials to the industrial sector, reducing poverty through employment, providing income earning opportunities and foreign exchange. Agro-enterprise is gradually assuming new dimension and scope in many economies and designed to absorb idle hands. Agro-enterprise is an option to adopt to make agriculture appealing in the present contemporary realities and absorb the teeming unemployed hands. The study was specifically a position paper that focussed on agribusiness as a tool to boosting job creation, increases in productivity and the income bases of both farmers and subsidiary business concerns that will develop from opportunities that agriculture offers because a reasonable number of Nigeria's population are in agriculture and the development of agribusiness will go a long way in reducing unemployment that is visible in the economy, provide food security and grow the economy. However, various constraints such as access to credit and infrastructure among others must be addressed through good policies.*

**Key words: Agro-enterprise, Agriculture, Employment, unemployment, Economy**

### **Introduction**

Agriculture is an important sector in the economy of Nigerian. It is a source of employment for a significant number of the population and has been a stimulant in our economic development continuum. Because of these, public policies from independence have focused on it with the aim of promoting food security, provision of agricultural raw materials to the industrial sector; reduction in poverty level through employment and income earning opportunities and foreign exchange. Despite these, the sector has remained stagnated and continues to decline in its contribution to the development of the nation. Nigeria has high potentials to produce varieties of crops whose production hold high potentials for job creation for the unemployed labour force especially in the agriculture value chain. Economic growth in Nigeria in the recent past has not been pro-poor, insufficient in job creation and not sufficiently broad based but is led mainly by crude oil and gas which is not sustainable in the long run and, not been sufficiently structurally transformative (Ogunleye, 2017)

Nigeria today is facing serious challenges because of the growing rate of unemployment, and over the years adequate attention has not been given to agriculture which for decades has been the mainstay of the economy and can provide to a large extent meaningful jobs to millions of job seekers [17-20]. However, Nigeria has held on to crude oil prospecting and paid little attention to the traditional agriculture and like other oil-dependent nations, any fall in global oil prices sends multiple ripples in the economy which they cannot control because it is externally induced. Despite a few good

approaches taken by the government to improve on agriculture and make it an employment providing component of the economy, a lot still need to be done.

Unemployment rate is the statistics of the number of people able and actively looking for a job when compared to the percentage of a country's labour force. About 1.8 million Nigerians walk into the labour market annually with little hope of finding a job. There have been varied reports on the unemployment status of Nigeria over the years. Unemployment has remained unacceptably high. In the fourth quarter of 2015 it was 10.4% and 13.9% in the third quarter of 2016. In the same vein, underemployment was 18.7% in 2015 and rose to 19.7% in the third quarter of 2016 (Ogunleye, 2017). Trading Economics (2018) reported the unemployment rate rose to be 18.80 percent in the third quarter of 2017 from an earlier range of 16.20 percent in the second quarter. Other concerned authorities have stated that with unemployment rate presently at 23.9 per cent and a youth population of about 20.3 million mostly unemployed, a huge social tragedy is just a matter of time away. According to the Federal Ministry of Youth Development report of 2008, Nigeria had about 4.5 million annually, new job seekers into the labour market. This number consists of about one million school drop outs, 2.2 million who will not go beyond primary school, one million who will not go beyond secondary and 300,000 tertiary school graduates without the hope of finding a job. This troubling statistics made Nigeria to be classified along Mauritania, Cape Verde and Cote d'Ivoire as nations that have acute unemployment level globally. Prompt action is needed to redress this (Yakubu, 2018).

In the same vein, Ironini (2018) stated that the Nigerian National Bureau of Statistics pegged Nigeria's unemployment rate at 12.1% for the first quarter of 2016, with an estimated youth unemployment of 48% and about 4.5 million Nigerian graduates stepping into the labour market annually from the tertiary institutions. The reality of the statement above comes to the fore whenever an agency of the government or any other corporate organisation advertises for job openings or vacancies for employment. Unemployment may have contributed to the present wave of crime in the society. The quickest solution to unemployment is the development of the agriculture sector. Our potentials in agriculture puts us in a position to absorb several idle hands and even diversify and develop subsidiary firms that can absorb further idle hands, however, this is not the case. Successive governments have made attempts in the past to reform and rejuvenate the agriculture sector, most turned up to be mere window dressing. Ironini (2018) pointed out that since the 1970s, sharp drops in agricultural production correlates with increases in revenues from crude oil extraction. Previously Nigeria has been the leading exporter of cocoa and other agricultural crops like oil palm etc. Production of cocoa in particular has dropped significantly and, Nigeria today imports palm oil whose multiplier effect in the value chain would have engaged several idle hands as the products and by-products of the oil palm are the raw materials feeding several industries and would have impacted the

economy positively. The table below provides a picture of reported value of the unemployment rate in Nigeria and the history behind it (Trading Economics.com/nigeria (2018)).

**Table 1: The unemployment rate in Nigeria between 2016-2018**

<u>Calendar</u>		<u>Actual</u>	<u>Previous</u>		<u>TEForecast</u>
2016-08-31	Unemployment Rate	13.3%	12.1%		13%
2016-12-21	Unemployment Rate	13.9%	13.3%		13.5%
2017-06-15	Unemployment Rate	14.2%	13.9%		14.1%
2018-07-30	Unemployment Rate				17.3%
2018-07-30	Unemployment Rate		18.8%		17.9%
<u>2018-12-22</u>	<u>Unemployment Rate</u>				<u>17%</u>

**Source:** Trading Economics.com/Nigeria(2018)

**Table 2: Analysed economic variables in Nigeria**

<u>Nigeria Labour</u>	<u>Last</u>	<u>Previous</u>	<u>Highest</u>	<u>Lowest</u>	<u>Unit</u>
Unemployment Rate	18.80	16.20	19.70	5.10	percent
Population	190.89	185.99	190.89	45.14	Million
Living Wage Family	131700.00	131700.00	131700.00	131700.00	NGN/Month
Living Wage Individual	40100.00	40100.00	40100.00	40100.00	NGN/Month
Employed Persons	69090.00	70354.90	70665.90	66951.00	Thousand
Employment Change	187226.00	155444.00	499521.00	79465.00	Jobs
Employment Rate	81.20	83.80	93.60	81.20	percent
Unemployed Persons	15998.00	13585.20	15998.00	4672.00	Thousand
Wages High Skilled	57200.00	57200.00	57200.00	57200.00	NGN/Month
Wages Low Skilled	25500.00	25500.00	25500.00	25500.00	NGN/Month
<u>Youth Unemployment Rate</u>	<u>33.10</u>	<u>29.50</u>	<u>33.10</u>	<u>11.70</u>	<u>percent</u>

**Source:** Trading Economics.com/nigeria (2018)

### **Agriculture and employment opportunities**

In Africa, agriculture for the time being is the sector that can absorb large numbers of job seekers and guarantee a meaningful work that will benefit both the public and private sectors. In Sub-Sahara Africa, majority of the teenagers work in agriculture. At age 15, 60 percent of those working, and about 90 percent of those working in agriculture are youth. The number working outside agriculture rises with age, presumably because young school leavers at higher grades enter other sectors. In the rural areas, youths with limited educational opportunities are constrained staying in school for long, and agriculture is noted to employ more than 90 percent of 15 to 16-year-olds. About 80 percent of people from ages 24 and above remain in agriculture (European Development Days (EDD), 2017). So, agriculture may hold the solution.

Agriculture has a potential to foster inclusive growth in our economy. It ensures food security for the people, provides raw materials for the industries and other developments. Stepping up agriculture and

agribusiness may hold high expectations for the shift from the dependence on oil to a sustainable and diversified economy. Because it is labour intensive agriculture can create numerous jobs and reduce the present cases of unemployment. This in addition will also help in checking rural-urban migration especially by the youth and the attendant crimes and city slums (Ogunleye, 2017). The need is urgent to create jobs and diversify the economy in Nigeria. The country's youth population is burgeoning and millions will enter the workforce each year, however, few jobs are created comparatively.

Many youths will delight in a future outside agriculture; however there are many good employment opportunities on and off the farm both in the upstream and downstream activities. What should be figured out is how to make the agricultural sector and its upstream and downstream activities more competitive by introducing innovations, investment in supportive rural infrastructure and services and other sundry developments that will make agriculture sufficiently attractive and interesting to young and older farmers alike. This will eradicate extreme poverty, boost prosperity and create jobs (Christiansen, 2017). The time has come to re-visit agriculture, partner with farmers, the private sector, and research institutions and improve on the opportunities that agriculture offers and improve on productivity (EDD, 2017).

Wabote (2018) noted that until of late, Nigeria regarded petroleum as a commodity rather than a resource. This resulted to a situation where the country's value adding activities and chances of capturing the full benefits of the derivatives of petroleum were almost lost. He observed that the oil and gas sector has never been a huge employer of labour when compared to agriculture opining that with Nigeria's huge unemployed population of about 16 million as released by the Bureau of Statistics (NBS), Nigeria needs to extend as advocated for in the petroleum sector, the Local Content agenda to other sectors like Agriculture. He also argued that if Nigeria must derive the benefits from Agriculture, all the derivatives in the agricultural supply chain must be incorporated to create jobs and enhance the economy warning that the mistake of commodity trading must not be repeated with agriculture.

A former agriculture minister, Dr. Adesina commented that growth in agriculture remains the fastest way to creating employment in Nigeria. He observed an upward spiralling unemployment rate in Nigeria that is growing at 11 per cent annually and a youth unemployment rate of more than 50 per cent. He believes agriculture has the ability to tackle the challenge of unemployment, stating that the North Central of Nigeria has the lowest rate of unemployment in the country because of their engagements in agricultural activities. Citing Kenya and Malawi as examples of nations that embarked on agricultural transformation that is creating jobs, he noted that private sector driven marketing institutions drove these countries into being a force to reckon with in global horticulture market. Nigeria he insists can become a leading player globally in food markets and grow wealth for

several farmers. This can be achieved if agriculture is treated as a business that can aggressively create employment, wealth and guarantee food security. This way, the government will no longer exclude the private sector in agricultural policies, but would rather focus on the value chains that Nigeria has comparative advantages in and develop strategic partnerships for a market-led transformation in the agricultural sector (Babatunde, 2012)

### **Agro-entrepreneurship (agripreneurship) and reductions in unemployment**

The Indian government tried to promote and enhance growth in her economy and development. This she initiated by pursuing a growth and development policy plan that lay emphasises on entrepreneurship and self-employment. Nigerian government adopted the same measure in time past; however, the initiative was not very successful because of policy inconsistencies and truncations arising from changes in regimes. Moving from wage employment to self-employment may have been a programme in the economy of some developed nations and Nigeria may be thinking in the same direction. To be gainfully self-sustaining, an individual must move from wage employment to self-employment (Palanivelu and Madhupriya, 2013).’ Nigeria is in a position to encourage this transition using agriculture as the launch pad because a significantly large number of the population are engaged in the agriculture sector already. The move may not pose serious problems if agribusiness is positioned to take up the challenge’ (Uche and Familusi, 2018).

Agriculture’s seasonal nature creates the problem of seasonal and cyclical unemployment. People may be employed however; their marginal productivity may be near zero. This disguised feature of agriculture is a principal factor forcing people from rural to urban areas and creating pressure on cities and worsening unemployment. Agro-entrepreneurship can be adopted as a solution to this problem as individuals can now be engaged in and off- farm season and with the huge number of people engaged in agriculture, cases of unemployment will go down drastically. Encouraging and developing entrepreneurs in agriculture is seen to be an alternative because it will help to reduce the burden of food insecurity, generate employment for rural idle hands, curb rural-urban migration, enhance national income and aid industrial development as agriculture supports the industrial sector through the provision of raw materials. There are several types of self-employment opportunities that can be developed from the agricultural sector through entrepreneurship skills such as preservation of seasonal vegetables, seed processing and preservation, food processing and packaging, preservation of seasonal fruits, use of solar community dehydration centres for seeds, selective farming for vegetables and flowers seedlings. The list is not exhaustive (Marichamy, 2016). This though will require the development of special markets and export openings.

In the next 10 years, only about one out of four of Sub-Saharan Africa's youth will be able to find a wage job, and a small fraction of the jobs will be "formal" (white collar) employments in modern enterprises. Most will end up working in family farms or enterprises. The challenges in employment will not just be to create formal jobs no matter how important it may be, the real challenge may be to increase the productivity of about 80 percent of the workforce who will be engaged in the informal sector and to address the underemployment that will result in the economy (EDD, 2017). With Nigeria's potentials in agriculture, agro-enterprise may be a viable alternative as it offers independence and limitless innovations and may be privately driven.

The youths will be attracted to the farm if they can generate returns quickly. This invariably presents opportunities for innovative solutions to finance and access to markets. We can attract youths who will engage in farming in novel ways and also work in industries in terms of inputs, services and value adding agribusiness. Certain value chains have greater appeal to the youths appeal than others, especially those of short production circle and high value. Examples of such attractive value chains include fresh vegetables and aquaculture for a healthier and diverse diet from and demanded by the ever growing urban middle class which, if adequately planned and managed, can supply all year-round income instead of the cyclical cum disguised unemployment that may result from the on and off-season scenario of conventional agriculture practices. Hence, the need to create and develop opportunities in a more modern agricultural sector, in enterprises that can provide inputs and sundry services to farmers, and a downstream marketing and agro-processing segments of agri-food chains. Value adding can come in different shapes and forms however; this will depend on the product which may include sorting and grading, processing, packaging and labelling, chilling and cool chain operation (EDD, 2017).

Akinwumi, emphasizing on value chain said it is being adopted in Agricultural Transformation Agenda (ATA) with the aim of repositioning Nigeria agriculture as a business enterprise that would improve our living standard, ensure food security and create wealth and employment. To achieve these objectives eleven agricultural commodities were selected for experimentation in the value chains. The chosen commodities were rice, sorghum, cocoa, maize, soybean, oil palm, cotton, cassava, livestock, fisheries and horticulture (Babatunde, 2012). This initiative will generate new and good jobs both at the down and upstream sectors and foster new opportunities in storage, processing, logistics, and other related services. Many off-farm employment opportunities will emerge. The value chain approach enables farmers to improve their productive capacities, add value to their products, gain better access to markets, and deepen relationships with different stakeholders in those value chains (Shriver, 2012)

Adesopeet *al.*(2015) demonstrated the job creating potential of agriculture with a common and popular crop, the cassava, a multi-faceted crop, and proved that different agricultural crops has multiple promising features that any enterprising mind can cash into. From the ordinary cassava alone, the group was able to develop various products to the amazement of the farmers from the cassava crop they have been producing and trading away as a commodity. For the local farmers and sundry participants in the workshop this was not only unimaginable but interesting. The table below shows the various cassava derivatives from cassava alone.

**Table 3: Derivatives of processed Cassava in agripreneurship value chain line**

Source of product	Derivative	Remark
Cassava	High-quality flour	Baking raw material
	Toasted granules(garri)	A popular dish
	Odourless cassava paste(fufu)	A popular dish
	Cassava chips	A processing raw material
	Tapioca	Snack
	Starch	Edible/ used in textile industry
	Cassava/wheat rolls	Snack
	Cassava/wheat chin chin	Snack
	Cassava flour cookies	Snack
	Cassava strips	Snack
	Cassava flour doughnuts	Snack
	Cassava threads	Snack
	Cassava pastry/ pan cake	Snack
	Cassava croquettes/ meat balls	Snack
	Cassava crisps/fritters	Snack
	Cassava bread/meat	Snack
	Cassava meat cake/French fries	Snack

**Source: Adesopeet *al.*, 2015.**

The table shows over eighteen products derived from cassava alone and note that this represents eighteen enterprises that can give birth to other ancillary or subsidiary servicing firms. Other farm products like Cassava hold similar capabilities in this innovative wonders and exploits. Note however that its derivatives are not limited to these ones on display only. Cassava is a veritable raw material in the pharmaceutical industries and other industries. What will be needed is the spirit of enterprise and and its employment in agriculture.

Uche and Familusi (2018) commented that Agriculture may be seen as a low-tech venture with limited dynamics by smallholder farmers. This view has changed in contemporary perceptions in the last decade as a result of economic liberalization and reductions in protection policies in agricultural markets in the face of a fast evolving critical society. Agriculture enterprises must therefore take advantage of these developments, additional product quality requirements, innovations in value chain management and food safety. These will make room for new entrants into the value chains and innovative portfolio entrepreneurship (Nagalakshmi and Sudhakar, 2013), creating more jobs.

### **Conclusions and Recommendation**

From the ongoing discussion, the authors conclude and recommend the development of a specifically tailored bureaucracy that will articulate a vision for agro-business. Institutionalization of a value chain is advised through the establishment of networks within the farms through processing factories to the markets. This will address the unorganized nature of players in the value chains. The agriculture sector has underperformed over the years when measured on the grounds of the metrics of employment generation, productivity and growth. To this end, we recommend provision of credit to smallholder farmers as this will assist in dealing with the challenges of limited or lack of access to credit which is a common scene in the sector and limits production and output. Increase in return to agriculture investments to smallholder and commercial farmers and price monitoring should be a priority, this will help to eliminate the excesses of middlemen and their speculative activities that takes away the profits that ordinarily should come to the farmers. Agriculture value chain should be developed as a strategy for deepening and diversifying job creation in diverse farm and non-farm activities within the agricultural value chain. This will require skills acquisition and development in relevant areas capable of promoting youth engagements in various agricultural activities. The land use governance that has been a major challenge constraining agriculture productivity should be addressed. This requires the reform of land titling issues in the country.

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