

# AGRO-INDUSTRIAL VENTURES AS A MEANS OF GENERATING RURAL EMPLOYMENT IN NIGERIA

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## **Abstract**

In contemporary times, the issue of unemployment in Nigeria has risen to an embarrassingly disproportionate level, hence the federal government's persistent policies and programmes to arrest the situation. The rural-urban drift by the youths in search of greener pastures has resulted otherwise to increase in social vices like crimes, prostitution, armed robbery, drug abuse, drug pushing etc. This paper attempts a discussion on the rationale for the use of agro-industrial ventures as a means of generating rural employment in Nigeria which will reverse the trend. Problems inhibiting the establishment and management of agro-industrial ventures as well as measures to alleviate the problems were discussed. In conclusion, this paper is of the modest opinion that if the measures suggested are strictly adhered to, agro-industrial ventures will ultimately act as a catalyst in reducing unemployment level in our rural areas.

## **Introduction**

The world economic depression of the early 1980s caused a rapid deterioration of the Nigerian economy. Industrial output shrank to an all time low and commercial activities were consequently reduced leading to massive loss of job opportunities for millions of Nigerians.

Today the unemployment situation has reached desperate and alarming proportions with the increased turnout of graduates from tertiary institutions. In the urban centres, where the educated tend to congregate the unemployment rate is rather epidemic running over 20%. In the rural areas, it is no less severe. The youths and graduates of various grades are the worst hit of all unemployed Nigerians (ranging upwards of six million) three quarters are under twenty-five years of age. With growing joblessness there is also growing despondency among youths and their parents (Umar, 1989). The youth restiveness in the Niger Delta and other parts of the country are cases in point.

While the unemployment situations prevail in both the rural areas and urban centres in Nigeria there is an observable phenomenon of some kind of skewed labour mobility in favour of the urban centres. The result of the migration of people from the rural areas to urban centres in Nigeria is the congestion, pollution and escalation of crimes and other social vices in the latter. While the migrants are posing a threat to urban life, the rural areas are also losing in terms of retaining growth of resources within the local environment. The obvious reason for this phenomenal drift of labour from rural areas to urban centres in Nigeria is the concentration and availability of social amenities in the latter and assured wage differentials in favour of the seemingly easy going "natural" tension-free rurality with its disconcerting morass of abject poverty and rustic existence.

A wide range of policies and approaches have been formulated to promote agricultural development and curb unemployment, but a closer examination of their concepts; the variety of the mechanisms and programmes for achieving it, their practical manifestations in space within the country, we come up against an apparent paradox. While the emphasis in most cases has been the introduction of improved farming practices to augment smallholder productivity, the attention given to agro-industrial ventures as a means of generating rural employment has been peripheral. While this paper is not intended for the detailed examination, it is pertinent to know that their negative applications have continuously led to two diametrically opposite habitational normal of extremes of living conditions and escalating rural unemployment in Nigeria in this twenty first century.

## **Rationale for Use of Agro-Industrial Ventures as a Means of Generating Rural Employment in Nigeria**

In Nigeria today rural agro-industrial ventures should be investigated with a new interest particularly by the government and those agencies and institutions seeking strategies that are capable of accelerating the process of development and reduction of unemployment problems. This concern is justified and long overdue not because the issue is new but because the gap in economic development

and contributions between the urban and rural sectors have continued to grow wider giving rise to social crisis and dissatisfaction. Generally, the rural areas have very little opportunities for employment, education and good living, yet over 80% of the Nigerian population live in these areas directly dependent on agriculture for their livelihood (La-Anyane, 1976). Because agriculture is the primary occupation and main source of livelihood for the Nigerian rural populace better efficiency in agricultural production through the introduction of more agro-industrial ventures, maintenance and sustenance of existing ones will serve as means of generating rural employment for over 80% of the country's population and consequently reduce the traumatized rural-urban migration.

Agro-industrial ventures development should be seen as an integral part of Nigeria's economic development, which in turn should be considered as a vital part of overall national development. As highlighted earlier, programmes for economic development, such as the successive National Development plans and programmes which do not properly take agro-industrial development into account are, by that omission at least, not fully articulated and are, therefore, not destined to yield the anticipated end-results of creating employment, national economic prosperity and self reliance (Sullivan and Ikpeze, 1980). The case for agro-industrial ventures is incontrovertible. A myriad of spread and synergetic effects are likely to result from a successful agro-industrialization programme. Examples of such benefits are:

- i. More rural employment opportunities;
- ii. Increased income and standard of living for the mass of the low income population residing in the rural areas;
- iii. Increased revenue to the local, state and federal governments for general developmental efforts as a result of transaction on exports;
- iv. Improvement in the balance of payments as a result of both import substitution and export promotion;
- v. The diffusion of improved technical and managerial skills etc. One benefit that will be particularly significant in the case of the Nigerian economy is the movement away from the present precarious dependence of the economy on the fortunes of the petroleum sector to a salutary diversification of the economy.

It is believed that small-scale agro-industrial ventures are the most relevant to optimum generation of rural employment in the present socio-economic development level of Nigerian economy. Their relevance derives from the following considerations:

- i. Even though their contribution to value added in solving unemployment problems and income growth be disproportionately low, more value-added is retained locally than in the case of large scale manufacturing firms;
- ii. They are more adaptable than larger concerns to the inadequacy of socio-economic infrastructure and the narrowness of markets which characterize Nigerian rural areas; and
- iii. They provide invaluable learning opportunities for future entrepreneurs, managers and technicians of large-scale indigenous businesses.

From this point of view, the development of small-scale agro-industrial ventures is seen as one of the necessary conditions for mass rural employment, and for the long-run self-employment opportunities and replacement of large-scale often foreign business by indigenously owned and operated ones.

Some examples of tested viable small scale agro-industrial ventures that can spark off rural employment in Nigeria include:

- Agricultural production ventures (Crop and livestock),
- Processing of agricultural products,
- Packaging and grading of agricultural products,
- Butchering and cold store,
- Timber marketing,
- Textile and garment making,

Restaurants,  
Palm kernel and palm oil processing;  
Agricultural used product recycling,  
Soap and detergent making,  
Refuse collection,  
Weaving, etc.

### **Problems Hindering the Establishment and Management of Agro-Industrial Ventures in Nigeria**

The relative failure of the Nigerian economy to maximize the objective of rural agro-industrialization is due to the menace of a number of constraints. These problems are inextricably bound up with those of the economic underdevelopment of the Nigerian rurality. The most prominent of these difficulties are those associated with the availability of financial capital; lack of entrepreneurship, management ability and technology; inadequate socio-economic infrastructure; uneven spatial development and foreigners' participation in Nigerian agricultural and rural modernization process. These issues are discussed below.

#### **a. Shortage of Financial Capital**

One of the most serious problems inhibiting the development of agro-industrial ventures in Nigeria is the shortage of financial capital. Ordinarily, there are three main sources of finance for both the commencement of agro-industrial operations and subsequent expansion. These are institutional credit, equity finance and proprietorship. None of these sources of capital is at present significantly viable for small-scale rural agro-industrial businessmen in Nigeria. Nigerian industrialists suffer from marked lack of access to institutional credit. The main reason for this is that only a few of them have enough assets to satisfy the collateral requirements of institutional lenders such as commercial banks. An additional is that to the chagrin of institutional lenders, many of them do not keep clear and accurate records of their financial transactions.

Floation of shares is also not a viable source of finance because most of the indigenous agro-industrial firms are sole-proprietorship not limited liability companies; and as such, they do not float shares. With regard to proprietorship as a source of finance, there is no evidence to believe that indigenous businessmen are able to muster substantial funds from private savings or are so profitable in their business operations as to plough back substantial sums into their businesses. Because, in most cases, so little is generated internally, and many rural agro-industrialists have marked tendency to mix businesses with personal finance, only a negligible margin is available from internal earnings to be ploughed into industrial expansion (Kurt, 1962).

**b. Lack of Entrepreneurship, Management and Technology**

The situation in Nigeria is that we lack both the entrepreneurship, management and technology. This implies that the ability of rural agro-industrialists to perceive and zero in on profitable industrial opportunities, and to manage complicated rural industrial operations, is severely limited. Little wonder that many Nigerian businesses are risk-averse, preferring to invest in such unimaginative and uncomplicated operations as real estate, transportation, and retailing while avoiding risk-prone agro-industrial ventures.

The issue of technology goes hand in hand with those of entrepreneurship and management. The search for superior production functions is the process through which the most efficient technology is identified and adopted by an entrepreneur.

However, the fundamental problem facing rural agro-industrialization in Nigeria at present is neither that of identifying efficient technology nor that of managing what is adopted, but the fact that the indigenous technological base is extremely low. Suffice it to note that the interrelated and mutually reinforcing trilogy of problems - lack of entrepreneurship, inadequate management and a low indigenous technological base - is one of the key obstacles to the rural agro-industrialization in Nigeria.

**c. Inadequate Socio-economic Infrastructure**

Rural industrialists in Nigeria are faced with the problem of inadequate infrastructural facilities. Socio-economic infrastructure includes such facilities as transportation, power, telecommunication, water supply, hospitals, schools, Police, etc. The main argument in favour of the provision of these facilities is that they generate external economies, which help to make the operation of business and non-business organisations feasible. The inadequacy and often lack of such ancillary items in the rural areas of Nigeria obviously retards the progress of agro-industrialization.

**d. The Drawbacks of Foreign Participation in Nigerian Agricultural Development Process**

Participation by foreign concerns in the Nigerian industrialization has contributed to the development of industrial enclaves, thus worsening the problem of spatial imbalance in the distribution of industrial development in disfavour of agro-allied industries. The preponderance of foreign investment in the economy has compromised the nation's economic and political independence. Much of the foreign investment is bound up with the development and operation of large multinational companies, which are known to have the capacity to wield enormous political and economic power in developing countries. In addition, their presence ensures substantial leakages abroad of income through remittance to their home countries, of profits, dividends and earnings of expatriate employees (Bauer, 1954). The participation in the sponsorship of Nigerian agricultural and rural development projects by donor agencies to dictate the pace and direction of our development process. This indirectly affects the establishment of agro-industrial ventures because the technologies advanced may not match individual proprietors.

**Measures to Alleviate the Problems, Which Hinder the Growth of Agro-Industrial Ventures in Nigeria.**

**A. Initiation of Credit Schemes and Cooperative Societies**

With respect to the obstacle posed by the shortage of financial capital small-scale industry credit schemes should be initiated in all local governments and states of the federation with effective co-ordination with the programmes of the National Directorate of Employment (NDE) and National Poverty Eradication Programme (NAPEP). This will ensure that genuinely interested individuals receive loans and apply them correctly in the establishment of small-scale agro-industrial ventures in the rural areas. Formation of Co-operative Societies among the unemployed persons should be encouraged and used as instruments for the disbursement of loans to prospective rural industrial ventures.

**b. Entrepreneurship, Management and Technology**

In cognizance of the problems arising in these areas, federal and state industrial development centres should be established and located at the rural areas of Nigeria. The major objectives of these centres should be the training of entrepreneurs and staff and applied research into agro-industrial products, involving the design of products for small-scale industries, and management and training. The National Directorate of Employment's (NDE) Entrepreneurship Development Programme (EDP) is welcome solution to this problem. The emphasis should be on recognizing a business opportunity, mobilizing resources and persisting to exploit that opportunity. Potential entrepreneurs should be given intensive orientation course. The EDP programme should cover self-evaluation, business identification, market research and feasibility studies, marshalling of resources to start business, obtaining bank loan, managing business, record keeping and accounting, marketing management,

legal aspects of business, etc.

**c. Infrastructure**

Recognizing the two operating scenarios in Nigeria, one, is the enervating deadweight of suffocating rurality with its disconcerting morass of abject poverty and rustic existence. The other is the modernized, mechanized, sophisticated and wealthy living that is urbanity-Deliberate policies should be formulated to provide and equate rural infrastructure and bridge the gap between the two dichotomous living conditions in Nigeria.

This will ensure viable economic activities in the rural areas of Nigeria and accelerate the growth of rural agro-industrial ventures.

**d. Foreign Participation**

The attitude of the Nigerian government to foreign participation in our national economy has, on the whole, been quite liberal. Such a permissive policy has been necessitated by the need to attract from abroad the capital, management, and technical know-how, which we lack domestically. Thus foreign concerns enjoyed substantial concessions and incentives in the way of tax holidays, accelerated depreciation, repatriation of capital, profit, and earnings of employees, tariff protection from competing imports, etc. This trend has, however, run up against nationalistic sentiments. Nigerians should have control over greater part of their national economy. The Indigenization Decree of 1972 should be reviewed to reflect changing situations. Such measures will enhance the prosperity of rural agro-industrialization.

**Conclusion**

The quest for gainful employment for all Nigerians has remained the focus of successive regimes/administrations in Nigeria. Comprehensive policies and programmes have subsequently been put in place which if strictly implemented might have turned Nigeria into African-Japan. But for lack of political will most of the policies and programmes have remained unrealised. Hence the continued search for solution to the problem of the embarrassing unemployment situation and its attendant social vices in the country. Even though our submissions here may not be all inclusive, it our candid opinion that if the options given above are adhered to, it will lead to an appreciable reduction in the level of rural unemployment and the risks associated with rural-urban migration will be considerably reduced. For the ability of any society to productively manipulate its resources to her advantage enhances the much talked about economic empowerment.

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