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Human Capital Development for Agricultural Business in Nigeria

Global Networks, Global Perspectives and Global Talent
Discussions on the Development of Human Capital in Agribusiness¹

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Abstract

An investment in people is vital to transforming businesses in Nigeria so a vibrant and entrepreneurially-driven agricultural sector can flourish. Previous failures in large private-sector projects in Nigeria have resulted from the low-level investment into human capital development of agricultural businesses; economic instability and security. The development of the agricultural sector and smallholder farmer requires collaboration among governmental policymakers, educational institutions and private industry. The talent gap in science must be closed in order for a new generation of agricultural business entrepreneurs to transform the numerous challenges into opportunities.

Keywords: Human Capital Development, agricultural business, Nigeria

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Introduction

Favorable business opportunity can be found in Nigeria's agricultural sector in production, storage, processing and marketing. The major crops produced include rice, maize, cassava, soyabean, beniseed and groundnut. The country is self-sufficient in tomato, onion, pepper and okra production. Nigeria also has abundant resources for livestock and fish. Although agricultural investment opportunities exist in these areas, most start-up enterprises hardly survive beyond three years. This is due to the high cost of production, poor macroeconomic framework, high investment capital, uncoordinated government policies and the high risk of engaging in agricultural business. In order for economic growth and social advancement to thrive in Nigeria, an investment in human capital is required to build a productive, competitive and functional workforce.

In the 1960s, Nigeria was an agricultural economy. It was among the world's leading producers of cocoa, palm oil, groundnuts, cotton, rubber, and hide & skin.² Agriculture sector contributed over 60% to the GDP. Today, agriculture contributes 40% to the GDP while oil contributes only 13% to the GDP. Nigeria has diverse and rich vegetation capable of supporting a heavy population of livestock. The country is blessed with reasonably abundant rainfall of between 300mm – 4000mm per annum, as well as an extensive coastal region that is very rich in fish and other marine products. Nigeria has 79 million hectares of fertile land of which only 46% of these have been cultivated. Fertilizer consumption of 7kg/ha is one of the lowest in the world. There is low livestock production and high fish imports of about 700,000MT annually.³ Unfortunately, there is one extension worker to every 25,000 farm families compared to best practice of one to every 500-1000. The country record reports 15% - 40% in losses due to inability to process agricultural products.⁴

Framework for Human Capital Development in Agricultural Business

Human capital plays a critical role in economic growth and development because human beings occupy the center of production, distribution and consumption chain. From a macroeconomic perspective, the accumulation of human capital productivity, facilitates technological innovations, increases returns to capital and makes growth in agriculture more sustainable.

The productive workforce in Nigeria's agriculture is aging and needs to be replaced with young educated farmers that will introduce innovation and modernity into agricultural practices. Education is essential as the supplier of trained manpower and a prerequisite to accomplishing entrepreneurial goals. Agricultural ventures must be attractive, profitable and sustainable to induce economic growth. These major attributes can be achieved through scientific research to develop quality inputs, improve agronomic practices and develop good management skills. Likewise, agricultural extension services ought to be upgraded to provide the education needed to modernize production practices and change our past ways and perception of agriculture as a provider of home food to a feasible business opportunity. The concept of Farmers' Field School⁵ offers a vital solution to developing a more productive workforce in the agricultural sector.

During the period from 2004-2010, Nigeria experienced sustained high growth rates, but employment responded rather sluggishly. The structure of unemployment remained basically the same during this period as agriculture self-employment continued to dominate the country's labor market. The 7 % growth in the agricultural sector reflects an increase in crop production derived from the expansion of farmlands, rather than increased productivity. Although sustaining and improving upon the recent expansion is important, strengthening both forward and backward linkages among the sectors is a more critical for business growth and poverty reduction through increased employment and income generation.

² See www.npc.gov.ng

³ NFRA. 2008. Agricultural Investment Opportunities in Nigeria. Published by NFRA, Abuja. 3-7.

³ FMA. 2008. FMA, Abuja. 4-6.

⁴ Farmer Field Schools provide on the field training to farmers on best agricultural practices

Nigeria has a population of over 150 million people, of which about 49.1 % are women. The total number of vulnerable groups (women, children, the aged and persons living with various forms of challenges and disabilities) constitute about 70 % of the entire population. To address the issue of training a youthful workforce, particularly in the agricultural sector, the Nigerian government is collaborating with many international organizations, agencies and institutions in running training programs to develop young farmers and replace the aging ones. The Senate of the *University of Agriculture-Makurdi* has approved the establishment of the first ever *Department of Agribusiness and Management*⁶ in a Nigerian university to enhance human capital development for managing agricultural enterprises. The Federal Government of Nigeria has also introduced compulsory courses in entrepreneurship for students in all Nigerian universities. These combined efforts will certainly improve agricultural business landscape in Nigeria.

The Challenges of Human Capital Development in Nigeria

It is imperative to provide professional development opportunities in order to enhance the capacity of Nigerians to develop entrepreneurial skills. Currently, Nigerian education is not functional or responsive to entrepreneurship development in agriculture. Executive capacity is low, as most of the employees have inadequate professional and requisite technical skills. The deplorable state of the nation's infrastructure has continued to rise and this is adversely affecting agricultural business in the country. Low technology in the agricultural sector has hindered the creation of new high-value products that generate employment and incomes comparable to those in high-performing economies. The Nigerian Government must play a major role in promoting gender equality and advancement of women as an integral part of all political, social, economic and cultural development initiatives undertaken by the country. Larger initiatives are also needed which target youth in agriculture in order to improve agricultural business.

Recommendations

1. Farmers' Field Schools should be established in all Ministries of Agriculture to enhance on-the-field training of farmers to adopt modern agricultural practices
2. The Central Bank of Nigeria (CBN) should frequently organize conferences and workshops for entrepreneurs in agribusiness in order to improve management skills
3. Manufacturers of agricultural machineries should provide ongoing training workshops for equipment operators to enhance their capacity to function efficiently

The over dependence on oil with little attention to agriculture and other sectors is responsible for the poor performance of the Nigerian economy. Today, oil and gas accounts for over 80 % of the nation's export revenue. Deliberate government policies should be introduced to provide a conducive environment for agricultural business to be profitable. Policies to enhance Human Capital Development in Agricultural Business should aim to secure the food and feeding needs of the nation; build the capacity for value addition; utilize available agricultural resources and advance technologies, which accelerate growth in the agricultural sector. Agricultural training institutions should develop curricula and teaching models that increase productivity and continually improve production to meet consumer needs. The agricultural business environment should be made attractive in order to increase participation from youth and women in agricultural enterprise development. These combined initiatives will help transform businesses and attract new ventures in Nigeria so a vibrant and entrepreneurially-driven agricultural sector can flourish.

⁶ See www.uam.edu.org