DETERMINANTS OF SELF EMPLOYMENT AND INCOME AMONG AGRIBUSINESS HOUSEHOLDS IN ABIA STATE, NIGERIA

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ABSTRACT

The study examined the factors influencing self employment and income among one hundred100 agribusiness households in Abia State, Nigeria. In analyzing the factors influencing agribusiness household self employment and income, the level and the areas of self employment were also examined. Data for the analysis were collected using structured questionnaire and interview schedule. Descriptive statistics, probit regression and ordinary least square regression were used to analyze the data. Results from the analyses showed that self employment is common among the males. Education, age, gender, distances, landholding, size of household and value of livestock were significant variables that influenced self employment and income respectively. It was generally accepted that self employment is needful to alleviate the masses unemployment problem and to achieve food security goal of the nations especially Nigeria. It is therefore, recommended that the governmental and non governmental organizations, communities, individuals and corporate bodies should put in place policies that will make land and education available to the masses at a least cost to boost innovations and creativity development.

Keywords: Agribusiness, Household, Self, Employment, Income

INTRODUCTION

Re-engineering Nigerian economy in the presence of available resources and business opportunities calls for individual, non-governmental and governmental attention. A re-thinking into the direction of self sufficiency and individual sovereignty is acceptable under agrarian environment with a mundane rush for already-made white-collar-jobs. This provides a formidable basis for a paradigm shift with increased households' involvement in agribusiness enterprises as a viable and veritable option. Agribusiness is the sum total of all the operations involved in the manufacture distribution of farm supplies, production operation on the farms, and the processing, distribution, storage of farm commodities and items made from them (Umebali, 2001). From the foregoing, agribusiness households are households undertaking employment that are based in agribusiness activities. It follows that self employment in agribusinesses may be more of attitudinal, entrepreneurial and phenomenal than other complicated skill based jobs.

Issues relating to employment, entrepreneurship and income have been the major concern of both the government and researchers; most of the studies in entrepreneurship literatures focus on the factors which cause individuals to opt for self employment (Noorderhaven, 2009). Apart from dissatisfaction from previous paid employment, other factors contribute extensively to either pull or push of a household to self employment. Baharak (2010) identified age, gender and education, as personal factors that ginger entrepreneurship and lead to self employment. Echebiri (2005) in examining the probability of being employed considered the following as factors which may influence one's likelihood

of being employed: gender, age, marital status, length of urban residency, dependency ratio, years of formal education, current income and preferred employment choice.

Self employment is not just phenomenal to the poor and those who are not favoured by white-collar employments. A major route for ambitious wage earners to increase their income is to engage in one form of self employment or the other (Norrderhaven, 2009). Lower levels of self employment leads to low income and low socio economic development (Lyigun and Owen 1998). According to CBN Report (1990),the need to increase income through self employment led to the establishment of small firms which may undertake any form of self employment business merchandise (BM), farm produce marketing (FPM), livestock produce marketing (LPM), small confectionery/bakeries (SC), advanced private service(APS), animal production (AP), soap making (SM), crop production (CP) and artisan (ART). These small levels of self employment have higher capacity of generating more employment opportunities in Nigeria (CBN, 1990). Agri-SME which is usually a product of self employment has significant roles to play in the local and national development and growth of various economies. They have aptly been referred to as "the engine of growth" and catalyst for socio–economic transformation of any country as they aid in capital formation (Onwumere, 2008).

The employment that will empower the majority of the households in terms of wealth, income level, socio economic transformation and food security wise is a need to be resolved yet. Also, a way of solving the poor economic mobility of some households calls for a thought. Self-employment may be an important means of achieving wealth, income and economic mobility for some segments of the population. Wealth is perhaps a more important factor in intergenerational mobility than income, and is weakly correlated with income with correlations between income and net worth below 0.30 (Kim, Aldrich and Keister (2004), for review, citing Keister (2000)). Dunn and Holtz-Eakin (2000) examined intergenerational links in the transition to self-employment. They find that parental wealth (to a lesser extent) and human capital (to a greater extent) are more important determinants of self-employment than the self-employed person's own wealth. These findings suggest strong roles for family-specific human capital and the transmission of these skills within households and the role of family wealth in self-employment. However, other researchers argue that many entrepreneurs start their firms with little or no capital (Aldrich 1999). Kim, Aldrich, and Keister (2004) note that the majority of business owners started their firms with less than $5,000, and that other studies show personal wealth is not an important factor both because of the small capital requirements for many types of business and because they can use any number of "boot-strapping" methods to decrease

According to Kim, Aldrich, and Keister (2004) understanding and studying the contemporary experiences, outcomes, and effects on self–employment is required to properly evaluate its determinants, contributions and its potential in enhancing household livelihood strategy performance. The contrary pull-effect of education against self-employment and the effects of rat race to public own jobs to self employment livelihood strategy need be analysed. Self employment can contribute to or constrain economic mobility through several mechanisms. It can affect both intergenerational and intergenerational economic mobility through its direct effects on income and wealth. The problem of inequality of income between the educationally empowered households and their counterpart less educated ones can be tackled through self employment. Empirical findings by Fairlie (2004a) that the self-employed experience faster earnings growth on average than wage/salary workers after a few initial years of slower growth. Simulations based on estimates suggest that earnings among young less-educated workers grow by $771 more per year for self-employed men and $1,157 more per year for self-employed women, than for their respective wage/salary counterparts

(Fairlie 2003). In a later paper, Fairlie (2005a) made comparisons among young workers from disadvantaged families (defined as both parents of the worker have less than a high school education). He finds some evidence that young self-employed men from disadvantaged families earn more than wage/salary workers, but that young self-employed women from disadvantaged families earn less than wage/salary workers.

Based on the above grounds for engaging in self employment and the factors influencing them, the following research questions were asked in order to achieve the purpose of this work: what are the socio – economic characteristics of the household heads? What are the factors influencing self employment and income empowerment? What are the areas of self employment embarked upon by the household in the study area?

Objectives of the study

The major objective of this study was to investigate on the factors influencing self employment and income among agribusiness households in the study area.

The specific objectives of the study are to:
- describe the socio economic characteristics of the household heads
- identify the areas of self employment undertaken by the house hold
- ascertain the factors influencing self employment of agribusiness household heads in the study area.
- determine the factors influencing self employment income of agribusiness households in the study area.

METHODOLOGY

The study was conducted in the three agricultural zones of Abia state which are Aba, Umuahia, and Bende. This State lies within latitudes $4^0\,40^1$ and $6^0\,14^1$ north and longitudes $7^0\,10^0$ and 8^0 east. These agricultural zones were chosen because of the high level of agribusiness activities going on in them. Aba is known for the presence of small scale agribusiness firms, Umuahia and Bende are popular for their arable crop, poultry and animal production.

A multistage sampling technique was adopted to select the agribusiness households for the study. Also, one local government was chosen from each of the zones and they are Aba North L.G.A, Ikwuano L.G.A and Bende L.G.A. Randomly, fifty households were selected from Aba north L.G.A due to its high population density, thirty households was chosen from Ikwuano L.G.A due to the presence of some Federal agricultural establishments and Bende L.G.A considering that most of the indigenes are farmers. In all one hundred household heads were investigated for the factors influencing self employment and income. The data collection was achieved through the use of structured questionnaire and interview schedule aimed at eliciting data on age, education, income, area of employment, distance to the nearest market, landholding, value of livestock and household size. Analysis objective one and two were analysed with the use of descriptive statistics (frequencies, percentages, and tables). Objective three was estimated with a probit regression model. Finally, objective four was estimated with ordinary least square regression function.

The income model is explicitly stated as follows
$$Y= f (X_1, X_2, X_3, X_4, X_5, X_6, X_7)\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots.\ 1$$
Where
Y = Household income measured in naira
X1= Gender (Dummy, where male= 1 and female = 0)
X2= Age measured in years

X3= Education measured by years spent in education
X4= Household size measured numerically
X5= Value of livestock in naira
X6= Landholding in hectares
X6= Distance in kilometers

Prob (SelfEm) = p (yd= 1/x) = $\beta_0 + \beta_i(X_i)$………………………………… 2
Prob (SelfEm) = Probability of self employment (self employed = 0; not self employed =1)
(self employment was expressed as a probability function thus p(yd= 1/x), with y as the probability of being self employed or not.
X_i = vector of the factors affecting self employment i.e (X_1 ……X_6)
Where
X_1……..X_6 = as defined in equation 1

RESULTS AND DISCUSSION
Socio economic characteristics
      Most of the self employed agribusiness household heads are males representing 71.50% of the total number of respondents. Among the respondents, 50% have no formal education. This could be the reason why they engage more in self – employment (Kolawole and Arikpo, 2009). A little above one quarter (35%) of the respondents attended tertiary education and had remained unemployed in the conventional speculated civilized jobs. Thus, paucity of white-collar jobs orchestrated the need for some of this people to put into practice the educational skills so acquired into other unconventional job practices to enable them be self employed for sustenance only and not for industrialization sake. The tendency to be self employed may be because of the personality trait and not just educational skills developed while in school (Kolawole and Arikpo, 2009))

Table 1: Distribution of respondents by socio-economic characteristics

Item	Frequency	Percentage (%)
Gender:		
Male	83	83
Female	17	17
Total	I00	100
Level of education		
Non formal	50	50
Primary	8	8
secondary	7	7
Tertiary	18	18
Post graduate	17	17
Total	100	100

Source: field survey, 2009

Table 2: Distribution of Self employed household heads according to areas of employment.

Area of employment	Frequency	Percentage (%)
BM	6	9.17
FPM	30	29.17
LPM	36	38.33
SC	3	2.50
APS	8	6.67
AP	4	3.33
SM	7	5.83
CP	3	3.33
ART	3	1.67
TOTAL	100	100

Source: field survey, 2009.

Area of self – employment by the household heads

The result also indicates that 36 percent of the self – employed household heads were involved in livestock produce marketing (LPM), those in farm produce marketing (FPM) were 30 percent, crop producers (CP), small confectionary/bakeries (CS) and soap makers (SM) constituted 3 percent of the household heads self employees.

Factors influencing self employment among agribusiness household heads

Age, education and household size was significant and negatively related to the probability of been self employed while value of livestock, landholding and distance covered in operations were significant and positively related to the probability of been self employed. Age was significant at 1% and negatively related to the probability of been self employed. This implies that as the respondent is in his productive age (18 -55), the probability of been self employed increases but as sickness and old age sets in the chances of self employment reduces according to the law of diminishing returns (Baulein, 2008). Education was significant at 1% and negatively related to the probability of been self – employed. This implies that education being a means of skill and knowledge acquisitions increases the preferences greater valued managerial jobs. It tends to pull the respondents towards employment which proffer better or increased wages (Bolaji, 2007). Household size was significant at 1% probability and negatively related to self – employment. The household size contributes significantly to labor. As the household size increases, there tends to be increased level of drudgery from work and movement to employment opportunities that seems to provide greater wage.

Table 3: Analysis of the factors influencing self employment (probit analysis)

Parameter	Estimate	Standard error	z-value
Intercept	-2.885	0.118	-24.356***
Gender	-0.047	0.034	-1.384
Age	-0.022	0.001	-18.224***
Education	-0.174	0.016	-10.865***
Household size	-0.100	0.012	-8.455***
Value of livestock	0.000	0.000	27.688***
Landholding	0.034	0.006	5.613**

Distance	0.019	0.003	6.049**
Chi square value	5585.882***		
D.f	111		

Source: field survey, 2009
Note: values in parenthesis are t-values
*Statistically significant at 10%; **Statistically significant at 5%; *** Statistically significant at 1%

Value of livestock was significant at 1% probability and positively related to the probability of being self employed. This implies that if the value of livestock increases, that will constitute another employment opportunity for the unemployed and thus will enhance the self employed to manage his venture well. Nainggolan (2009) identified lack of professionalism and good management as a problem facing agribusiness enterprises especially livestock management. Landholding was significant at 1% probability level and is positively related to the probability of being self employed. This implies that land availability in the household will increased the level of self employment. Land availability will boost interest in self employment since subtracting the cost of land, the initial capital requirement of the intended venture will reduce. Distance is significant at 1% risk level and is positively related to the probability of being self employed. This is so because the closer to market of the household head, the ease and less cost of transporting products to the market.There is no available literature to back up the finding for now.

Factors influencing the income from self employment among agribusiness households

Exponential regression was chosen as the lead equation based on the value of R^2, F value and conformity of the signs with a priori expectations. R^2 was 0.683 which indicate that 68.3% of the variation in the dependent variable (self employment) was accounted for by the independent variables included in the model. The F – ratio of 5.744 indicates that the model is statistically significant at 1%.

Table 3: Factors affecting the income of self-employed household heads (OLS estimate)

Variable	Linear	Exponential	Semi log	Double log
Constant	-135371.0	11.932	-27802.6	11.833
	(-0.591)	(34.817)***	(-0.466)	(13.773)***
Gender(x1)	-29613.02	-0.092	-2149.18	-0.085
	(-0.511)	(-1.063)	(-0.350)	(-0.961)
Age(x2)	2003.362	0.004	39327.372	0.058
	(0.961)	(1.125)	(0.361)	(0.373)
Education(x3)	82432.362	0.149	3027.811	0.021
	(2.671)***	(3.227)***	(0.085)	(0.407)
Household size(x4)	7562.540	0.022	13405.346	0.025
	(0.364)	(0.722)	(0.217)	(0.780)
Value of livestock(x5)	0.524	-0.007	27274.198	0.058
	(2.230)***	(2.755)***	(0.774)	(0.257)
Land holding(x6)	34414.387	0.059	88000.285	0.168
	(2.923)***	(3.373)***	(1.893)**	(0.014)
Distance(x8)	15501.638	0.019	149082.32	0.163
	(2.747)***	(2.259)**	(3.067)***	(0.022)
R^2	0.610	0.683	0.461	0.407
R^{-2}	0.450	0.575	0.406	0.340
F statistics	5.173***	5.744***	3.3242***	2.899***

Source: survey data, 2009; Note: values in parenthesis are t-values
*Statistically significant at 10%; **Statistically significant at 5%; *** Statistically significant at 1%

Education, value of livestock, landholding and distance were significant and positively related to self employment income. Education was significant at 1% risk level and positively related to self employment income. This indicates that as education level of respondents increase, the income of the respondents also increase and vice versa. Education means human capital development of the respondents, the more the human capital development, the more the skill exhibited and inputted the more likely the income (Bolaji, 2007). The value of livestock in naira was significant at 10% risk level and positively related to self-employment income. This indicates that as the value of livestock owned by the respondent increases his income increases and vice versa. If the livestock increase, this means that there will be an increase in the quantity of livestock products produced by agribusiness farmers and when sold more income will be generated. Landholding was significant at 1% and was positively related to self employment income. This indicates that the more land owned by the respondent who is self employed and as long as the land is available for development and other productive activities, the more the income. The respondent who is self employed that have access to more hectares of land will farm on these lands and increase his farm produce which when sold will lead to an increase in the income.

Distance was significant at 5% risk level and positively related to self employment income. This indicates that the more the distance covered to the nearest market in kilometer the more the income. If more kilometers are covered to the nearest market, this will induce the respondent to increase the price of their products considering the cost of transport and the time value of money thus resulting to an increase in income.

CONCLUSION

Self employment and income of households are critical issues facing the society which is a major factor that contributes to the peace and economic growth of the nation. Also, it was observed that almost all the households in the study area were actively self employed in one form of agribusiness activities or the other. This attributes of habitual self employment indicates tendency of driving to self sufficiency and food security among if adequately empowered. Therefore it is important that a well articulated program and policy to encourage self employment be put together by all the bodies that have empowerment responsibility over the households. Thus the following recommendations are necessary: to make credit facilities available to the agribusiness households as this will enable the households acquire more livestock and land having in mind that good land tenure system policy among the people would contribute to the peace and economic growth of the nation and other necessities. Also, provision of good and adequate transport system will curtail the problems of high transportation cost that arises in conveying agribusiness products to points of sale. Self employment among the youths should be encouraged through enhanced education system to empower the youths.

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