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Economic Analysis of Rural Households Access to Non-Farm Activities in Kwara State, Nigeria

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Abstracts : In the quest to overcome poverty, farm households engage in various non-farm activities. This study therefore examined pluriactive households in Kwara State, Nigeria. It also examines the activities that are non-farm; the reasons why rural households diversify into such activities; and the factors that predispose the farmers to diversify. Primary data was used for the study. Descriptive statistics, diversity index and Kruskal-Wallis test were the analytical tools used for the study. The results of the findings show that most of those who engage in non-farm activities are male, with Trading and Civil service being the major non-farm activities the rural households diversify into. Most rural households diversify in order to improve their standard of living. The diversity of activities increases as the number of activities in the study area increases. The results also reveal that the need to increase income and the small farm sizes of the rural households predispose them most to engage in non-farm activities. It is therefore recommended that rural households should engage in activities that would help them achieve the goal of reducing their state of poverty. Government and development agencies should help provide credit facilities to help the rural households intensify their engagement in these activities.

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I. INTRODUCTION

In Nigeria, the alarming increase in the rate of poverty has gone contrary to available natural resources and wealth of the country. The description of Nigeria as a paradox of plenty by the World Bank (1996) has continued to be confirmed by events and official statistics in the country. The paradox is that the poverty level in Nigeria contradicts the country's immense wealth (Obadan, 2002). Among other things, the country is enormously endowed with human, agricultural, petroleum, gas and large untapped solid mineral resources. But rather than record remarkable progress in national socio-economic development, Nigeria retrogressed to become one of the 25 poorest countries at the threshold of twenty-first century whereas she was among the richest 50 in the early - 1970s. The situation has worsened since the late 1990s, to the extent that the country is now considered one of the 20 poorest countries in the world. Over 70 percent of her population is classified as poor, with 35 percent living in absolute

poverty (IFAD, 2007). Over the years, several efforts have been made to remedy poverty in the economy but these have been ineffective. The increasing poverty incidence, both within and among locations, persisted, in spite of various resources and efforts exerted on poverty-related programme and schemes in the country, thus suggesting that the programmes and schemes were ineffective and ineffectual (Obadan, 2002). The extremity of indigenous poverty is influenced by the obvious income-related factors; low-income, income-insecurity, job-insecurity and the lack of education and resources. The causes of poverty vary: these include lack of education, war, natural disasters, political corruption, mental illness and disability which are among the most common causes. Poverty which implies lack of access to necessities varies within the country. It tends to be evenly distributed across the country rather than concentrated in specific geographic areas. However, in some zones, the poverty situation threatens to worsen considerably such as northern area bordering the Niger, which is arid, marginal to agriculture, environmentally damaged and densely populated. It is especially severe in rural areas where social services and infrastructure are limited or non-existent.

The vast majorities of those who live in Nigeria's rural areas are poor and depend on agriculture for food and income (RPPN, 2008). The poorest depend on subsistence living but often grow short of food, particularly during the pre-harvest period. Evidences in Nigeria show that number of those in poverty has continued to increase. For instance, the number of those in poverty has continued to increase from 27 percent in 1980 to 46 percent in 1985. It declined slightly to 42 percent in 1992 and increased very sharply to 67 percent in 1996. By 1999, estimates had it that more than 70 percent of Nigerians lived in poverty (Ogwumike, 2001). As a result of this, goals and objectives were set up by government and policymakers. It can be observed that the primary goal of economic planning in Nigeria is the attainment of rapid increase in the nation's productive capacity with a view to improving the standards of living of the people (Obadan, 2002). The reduction of poverty is the most difficult challenge facing any country in the developing world, where on the average majority of the population are poor. In areas where farming is remunerative, those households with adequate land may earn an acceptable

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income. But where farming cannot fully support household needs, non-farm activities become an increasingly attractive target. Thus, the issue of pluriactivity came into existence. Pluriactivity has been identified as a survival and/or capital accumulation strategy which provides avenues to develop both individual and community well-being (Rupena-Osolink, 1983). Evans and Ilbery (1993) defined pluriactivity as the phenomena of farming in conjunction with other gainful activities, whether on or off farm. In addition to income derived from agriculture, rural households have resolved to engage in other activities aside farming. A large and disparate literature, arising from a variety of disciplines, has confirmed that rural people in Nigeria do not normally specialize in livestock, crop or fish production to the total exclusion of other income generating activities, rather, a majority of rural producers have historically diversified their productive activities to encompass a range of other productive areas. Pluriactivity minimizes the risk of specialization (Stark and Levhari, 1982) and also acts as a method of reducing income variances while improving household income (Fuller, 1990; Evans and Ilbery, 1993) and their status (Fuller, 1990). It provides access to information, experience and knowledge, which become the basis for moving into other income generation activities. The advantages obtained through pluriactivity also allow rural households to achieve continued reproduction of the farming business (Evans and Ilbery, 1993). In recent times, changes in agriculture have led to a decline in farm-related jobs and an increase in the stock of land and buildings which are no longer required for agricultural purposes. Farm incomes have also fallen by around 60 percent over the past five years and it is therefore increasingly pertinent for farmers to be able to diversify into other activities in order to supplement their incomes and ensure the survival of their farms. In line with the foregoing, this study appraises the other activities which rural households engage in aside farming using Kwara state as a case study area. The specific objectives of the study were to identify the different non-farm activities farmers engage in; determine the reasons why rural households diversify into non farm activities; measure the diversity of activities in the study area; and identify the factors availing rural households the opportunities to diversify into non farm activities.

II. METHODOLOGY AND DATA COLLECTION

This study was carried out in Kwara State, Nigeria. It is located in the agro-ecological zone of the country. With a population of about 2.37 million (Census, 2006), the state is made up of four zones. It has about 260,528 farm families (KWADP, 2006) and about 36,820 hectares of farmland (FOS, 1995). The

state lies between latitudes 7°45'N and 9°30'N and longitudes 2°30'E and 6°35'E. The annual rainfall pattern across the state extends between the months of April and October with minimum temperature ranging from 21.1°C to 25°C while maximum average temperature ranges from 30°C to 35°C. The predominant crops grown are groundnut, shorgum, cassava, yam, cowpea, maize, yam and rice (KWADP, 2006). The data for this study were obtained from primary sources with the use of well-structured questionnaires augmented with personal oral interview. The target population for the study was made up of the rural households in the state. A random sampling procedure was used to select 30 households from each of the four zones giving a total of 120 respondents. Out of the 120 interview schedules, 108 were found useful for analysis. The interview schedule was with the assistance of concerned people of the involved towns and communities.

III. ANALYTICAL TECHNIQUES

Simple descriptive statistics such as percentages, frequency distribution, mean, mode and ratios were used to describe the socio-economic characteristics; to identify the various non-farm activities; and to determine the reasons the respondents diversify. The Simpson's Diversity Index was used to measure the diversity of activities in the study area. The Diversity Index is expressed as:

$$DI = 1 - \sum \left(\frac{n_i}{N} \right)^2$$

Where, $N = \sum n_i$, which is the total population of all individuals across all activities,

s = the number of activities that are present,

n_i (for $i=1$ to s) is the number of individuals in the i th activity.

Kruskal-Wallis One-Way ANOVA was used to examine the factors availing rural households the opportunities to diversify. This involved assigning priorities to factors

The equation for estimating the ranks is outlined thus:

$$H = \frac{12}{N+1} \sum \frac{1}{n_i} \frac{(R_i - n_i(N-1))}{2} \quad (2)$$

IV. RESULTS AND DISCUSSION

The results of the findings shows that both males and females, young and old, engage in farming and non farming activities. However, the number of males is more than that of females (Table 1). The majority (about four-fifth) of the respondents were males while just about one-fifth were females. This may be due to the fact that the male are usually responsible for the upkeep of the family. This could be in the quest to adequately take up their responsibilities.

Age is an important factor among the socio-economic characteristics of rural households as it determines the effectiveness and competence of labor availability for farm and non-farm activities.

Table 1: Socio-economic Characteristics of the Respondents

Characteristics	Frequency	Percentage
Gender		
Male	87	80.6
Female	21	19.4
Total	108	100
Age		
16-25	12	11
26-35	12	11
36-45	28	25.9
46-55	34	31.5
56-65	18	16.9
>65	4	3.7
Total	108	100
Marital Status		
Single	6	5.6
Married	91	84.3
Widowed	7	6.5
Divorced	1	0.9
Widow	3	2.8
Total	108	100
Education level		
No formal education	28	25.9
Quranic	7	6.5
Primary	22	20.4
Secondary	24	22.2
Tertiary	24	22.2
Adult	3	2.8
Total	108	100
Household size		
1-4	53	49.1
5-8	50	46.3
9-12	4	3.7
>12	1	0.9
Total	108	100
Farming experience		
1-10	20	18.5
11-20	42	38.9
21-30	28	25.9
>30	18	16.7
Total	108	100

Source: Field Survey, 2010.

The modal age group of the respondent was 46.55years while the average age was 44years. About 57% of the respondents were between 36 and 55years of age and this represents the majority. 22.1% of the respondents were those below 36years, while 20.6% were those above 55years. The reason for the low

number of both young and aged respondents in both farm and non-farm activities may be because the young and the old are dependants and the age range having the highest percentage are those who have the ability to work effectively.

As indicated in Table 1, about 84.3% of the respondents were married, 5.6% are single and about 10.2% are either widow, widower or divorced. The high percentage of married respondents may result from the need for child-bearing in order to have enough labour for the activities. About 74.1% of the respondents had one form of education or the other. This is a reflection of quality of labour. It may be responsible for the high level of innovation on pluriactive activities by the respondents. Only 15.7% did not attend school at all. 20.4% of the respondents had primary education while the modal educational level was 22.2% each for both secondary and tertiary education. A large proportion of the respondents with a family size between 1 and 8 had a percentage of 95.4 and the average family size was 4. This average family size could be the result of the need

to bear a few number of children the respondents could adequately cater for. The average number of years of farming experience of the respondents is 23 years. Over 60% of the respondents had been in farming for the past 11 – 30 years. This indicates that the respondents are highly experienced in the cultivation of crops.

V. NON-FARM ACTIVITIES

Table 2 implies that many of the respondents engaged in trading or civil service in addition to farming. Overall, 65.74% of the respondents engaged in other productive activities besides farming. This indicates that majority of the respondents are pluriactive.

Table 2: Non-farm activities of the Respondents

Activities	Frequency	Percentage
Trading	26	24.07
Weaving	3	2.78
Grinding	1	0.9
N. Guarding	5	4.62
G. Processing	1	0.9
Chemist	1	0.9
Bricklaying	2	1.9
Civil Service	20	19.0
Drumming	1	0.9
Tailoring	5	4.6
Barbing	2	1.2
Hair Dressing	1	0.9
Carpentry	1	0.9
Pottery	1	0.9
Vulcanizing	1	0.9
Farming Alone	37	34.26
Total	108	100

Source: Field survey, 2010.

Reasons for Diversification

Table 3: Reasons for Diversification

Reason	Frequency	Percentage
Income	23	21.3
Social status	3	2.8
Standard of living	45	63.4
Total	71	87.5

Source: Field Survey, 2010

Table 3 shows that 21.3% of the respondents engaged in non-farming activities in order to increase their income, 2.8% in order to change their social status and 63.4% of the respondents diversify in order to increase their standard of living. 12.5% of the respondents were those that had farming alone as their main occupation.

VI. DIVERSITY INDEX

Table 4 shows that Trading and Civil Service have higher ratios than other activities. The diversity index increases, that is, diversity of activities increases. This means that the diversity of activities in the study area increases as the number of activities in the study area increases.

Table 4: Diversity Index of Respondents' Activities

Activity	Ratio
Trading	0.4
Weaving	0.04
Grinding	0.01
N. Guarding	0.07
Chemist	0.01
Bricklaying	0.03
Civil Service	0.3
Drumming	0.01
Tailoring	0.07
Barbing	0.03
Hair. Dressing	0.01
Carpentry	0.01
Pottery	0.01
Vulcanizing	0.01

Source: Field Survey, 2010

Table 5 shows the rank of factors according to how they predispose rural households to diversify into non-farm activities. From this, it can be inferred that the need to increase income and the small farm sizes of rural households predisposed the respondents most to engage in non farm activities.

Table 5: Summary of Kruskal-Wallis Test for Prevalence of Factors Predisposing Households to Diversification.

Factors	Mean Rank	Rank
Income	352.50	7
Available Market	280.48	2
Education	297.05	4
Farm Size	336.95	6
Household Size	309.92	5
Age	273.59	1
Marital Status	292.02	3
Chi-Square(X^2)	19.219	
Df	6	
Asymp. Sig.	0.004	

Source: Computer Print-out, 2010.

1-7 Lowest to highest

VII. CONCLUSION

This study reveals the fact that apart from farming, other activities could be carried out by households which can help increase both income and standard of living of households. Therefore, shifting attention to these activities could assist in the achievement of the goal of poverty reduction in the economy. Based on the findings of the study, it is therefore recommended that rural households should diversify into activities for which they have the certainty

that the activities would help in reducing their level of poverty. Policy makers should look for means of improving these activities and make good policies that will promote them without having negative effects on farming. Government and private sectors could also help to provide credit facilities that will help rural households to intensify their engagement in these activities which have the prospects of reducing poverty situation in the economy.

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