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Assessment of the Effect of the Youth Commercial Agricultural Development Programme (YCAD) Financial Incentive Strategy on Unemployment Reduction in Ekiti State

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Abstract

Youth employment is pivotal to effective governance and human capital development without which there would be chaos and upsurge of crimes which would undermine law and order. The study assessed the effect of YCAD programme financial incentives on youth unemployment reduction in Ekiti state as an integral component of the youth commercial agricultural development programme strategies. The study used the mixed method research design and six local government areas were selected across the state with a population of 2,577 beneficiaries. To this end, the sample size was 369 and questionnaire was administered accordingly. In addition, interview was also conducted. The findings of the study among other things revealed that the YCAD programme strategy of provision of financial incentive gave the beneficiaries access to credit facilities, and establishment of SMEs on agricultural products, while new agro allied companies emerged as a result of tax breaks offered to investors which increased employment opportunities. It was also found out that some the beneficiaries diverted financial incentives to purposes other than agriculture. The study therefore recommended background check of prospective beneficiaries, monitoring of beneficiaries, and strict enforcement of compliance of usage of incentives given.

Keywords: YCAD, Effect, financial incentive, Strategy, unemployment Reduction, Ekiti State

Introduction

The issue of human resource utilization is a thing of global concern as no country in the world can boast of been able to utilize her human resources without any iota of redundancy. This is to say that unemployment is relatively present in all countries of the world. Despite falling unemployment levels in developed economies like Europe (6.7 percent in September, 2022 to 6.5 percent in September, 2023), global job crisis is not likely to end, especially in emerging economies in view of the continuous high rates of unemployment World Wide as well as chronic vulnerability of employment in many developing economies such as Nigeria (International labour organization, 2023). This is not unconnected to the fact that agricultural potentials have not been fully exploited as a result of lack of effective and purpose driven strategies that would harnes the job creation potentials in the sector. Consequently, Nigeria, despite its enviable agricultural potential is woefully caught in the web of unemployment crisis.

It is worrisome that Nigeria which occupies an area of 923,768sq.km out of which 82 million hectares are arable lands (www.worldmeters.info/world-population) is still being ravaged by poverty largely because of increasing rate of unemployment. However, in recent time, the federal government of Nigeria as well as states like Ekiti have embraced agricultural strategies that are aimed at promoting agricultural occupation among the youth. To this end, the YCAD programme provision of financial incentives which is an integral part of the initiatives embedded in the Youth Commercial Agricultural Programme in the agricultural sector is vigorously being pursued to enhance employment in the sector for about a decade now but youth unemployment in Ekiti state seem not to have reduced as there has been a steady increase in the youth unemployment rate in the state. In 2017, the unemployment rate in the state was 28.3%. It increased to 34.2% in 2018 and then 52.91% in 2022 (NBS, 2023). Hence the need to evaluate the effect of YCAD programme financial incentives on youth unemployment reduction in the state.

Statement of the Research Hypothesis

HO: YCAD programme provision of financial incentives has no significant effect on youth employment in Ekiti state.

Literature Review

Financial Incentives

According to Cooke et al (2011), financial incentives are financial related tools or instruments that can be used to encourage people to change behaviour in a prescribed manner. This definition posits or conceive financial incentives in relation to agriculture as any agricultural offer that is given before the performance of a desired behaviour (involvement) which in essence is to induce the said desired behaviour. The non-specification and generality expressed in the collective noun, "tools" or "instrument" presupposes that it may take the form of finance, facility or any other form. However, this definition is silent about the quality of the "behaviour" which to that extent makes it incomplete.

According to Thaler and Sunstein (2008), incentives are referred to as "nudges" in policy circles which can be defined as "any aspect of choice architecture without forbidding any positive influence option. They further expatiated that the said "choice architecture" consists of various non-fiscal and non-regulatory tools that can be used to shift people towards desired behaviour. In the context of improving and/or managing the agricultural sector, approaches based on incentives/nudges assumes that much pro-agricultural behaviour can be engendered if it is certain that the incentive mechanism encapsulated in the policy framework dove tails with the people's interests. The definition is quite impressive because it situated incentives within the nexus of policy framework and implementation; it captured the role of government and the corollary of incentives and

policy. However, the definition is preclusive in its tone and unnecessarily restrictive. They perhaps were not favourably disposed to fiscal tools such as tax related measures (waiver) and other regulatory measures. To be fair to them, monetary and fiscal incentives do not operate in isolation from other primary social incentives. But the truth is that the component or type of incentive in any situation is premised and dependent on the objective underpinning it. Hence, they ought not to be prescriptive.

UNDP (2016) defined financial incentive as external measures that are designed and established to influence motivation and behaviour of individuals, groups or organization. This definition just like that of Thaler and Sunstein acknowledged in allusion the role of government and other intervening partners in stimulating operational intensity and invariably expansion of the agricultural sector as a function of adequate finance and modification or fine-tuning of perceived parallel attitude or behaviour to agriculture. The term "external measures" shows that it could be in any form as determined suitable or viable by the external force. This definition as interpreted encapsulates the necessary nitty-gritty in this study.

According to Udeaja et' al (2021), the Nigerian agricultural sector enjoys several fiscal incentives deployed to enhance its performance in terms of output, income, and job creation. Some of these incentives include:

- Enhanced capital allowance for companies engaged in wholly agricultural activities; and the ACGSF, which provides guarantees on the payment of interest and principal in respect of loans granted by any bank for certain agricultural purposes up to 75 .0 per cent.
- Exemption from minimum Corporate Income Tax for a company carrying on agricultural trade from payment of minimum tax;
- Indefinite carry forward of losses for companies engaged in agricultural trade or business;
- Income tax relief for three years.
- Zero import duty for import of agricultural equipment and agro-processing equipment;
- Increased tariff with an additional levy on any commodity that Nigeria produces to promote domestic production and local contents;
- Exemption of interest from tax on loans granted to agricultural activities; and value-added tax (VAT)

However, the foregoing enumeration of agricultural incentives by Udeaja et al (2021) is subject to change and variation as different government comes and goes. To this end, Abubakar (2022), also asserted that the incentives included tax and duty-free holidays for a period of five years for agricultural production and processing in Nigeria; tax-free agricultural loans with a moratorium period of over 18 months and repayment period of not more than seven years; and zero-tariff rates on the importation of agro chemicals.

Empirical Review on Youth Unemployment reduction and Financial Incentive

Datta et al. (2018) carried out a study on the impact of financial incentives on employment. The study used experimental design. The findings of the study revealed that Financial incentives can effectively reduce unemployment duration, particularly for individuals who face significant financial constraints and are highly motivated to find work, offering financial rewards to unemployed individuals leads to increased motivation and a higher likelihood of reentering the labor market. The study is limited to financial incentives and its effects on unemployment reduction. This study is not limited to financial incentive alone. This study encompasses various forms of incentives and how each affect unemployment.

Khan et al. (2016) carried out a study on financial training programmes incentives and unemployment reduction. The study adopted field experiment method to gather data. The findings of the study revealed that job training programmes that has the benefits of incentives such as stipends or reimbursement for educational expenses are effective means of reducing unemployment rates. The study also highlighted the effectiveness of vocational training programmes that runs with incentives in reducing unemployment, particularly among individuals with limited skills. The study did not focus on a specific target population like the youth and even at that, it also did not establish notable variations in the effects of these programmes on unemployment reduction. This study will focus on exclusive youth employment as a strategy against the general case of unemployment reduction.

Caliendo et al. (2017) carried out a research on the Role of Educational finance and Training Incentives in Reducing Youth Unemployment. They used exploratory method to make an International Comparison with the aim of establishing trends of unemployment and the extent at which education and training incentives are used to reduce unemployment in some selected countries. The study found out that countries that offer comprehensive education and training incentives such as apprenticeship programs and vocational training, tend to have lower youth unemployment rates as these programs enhance youth employability.

Studies like ought to have added survey method in order to get first-hand information or data that will make its findings to have practical value and application. Secondary data or existing literatures which the study relied on for its analysis could be misleading. This is in the sense that time changes and so series of data over certain years might not give the picture of the present reality. Also, taking countries as units of analysis portend greater tendency of error that could distort the process. This study will use survey method and instruments such as questionnaire and interview to get firsthand information and data. Also, even though the study will involve a partial comparison the focus will be on two states rather than countries.

Theoretical Framework

The study adapted Keynesian theory by Keynes (1936). According to the theory, a nation's economy could be reviewed through demand, employment and consumption. He made the following assertions which constitute the elements or principles of the theory:

- That total income is a function of total employment in a country.
- That the greater the national income, the greater the value of employment.
- That the volume of employment depends on effective demand.
- Effective demand consists of consumption and investment demand.
- Consumption demand depends on the propensity to consume.

Keynes is of the view that the age long classical economic system was over and that the economy cannot be left totally in the hands of market forces. An active role of the government in economic participation is therefore necessary to promote full employment using relevant strategies which for instance may include forcing down the rate of interest and stimulating investment. This theory relies on the fact that government intervention is likely to provide a multiplier effect on the economy; that is on various sectors which includes the agricultural sector (Keynes, 1936).

From the foregoing, the Ekiti State Government during the period under study noticed the helplessness and inertia of the agricultural sector in the hands of private individuals in relation to underutilization and exponential increase in the rate of unemployment and therefore decided to champion a transformative plan to develop agriculture and agricultural employment capacity in accordance with the principles postulated by J.M. Keynes wherein it used the strategy of provision of financial incentives not only to the unemployed youths that but also private investors to promote consumption and investment such that the capacity of the agricultural sector would be expanded and thereby creating employment opportunities to reduce the rate of unemployment among the youths in the state.

Research Methodology

The study adopted mixed method (quantitative and qualitative) so as to ensure maximum level of reliability in the findings. The approach involved collecting and analyzing both numerical data (quantitative) and non-numerical data (qualitative) (Creswell & Plano Clark, 2018). The total population of beneficiaries of YCAD programme in the six selected local government areas (Ado, ijero, ise orun, ilejemeje, moba, and ensure) is 2,577. The sample size was determined using Krejcie and Morgan (1970) formula. To this end, the sample size is 335. However, in order to provide for error that may occur from respondents, additional 10 per cent was added to the calculated sample as suggested by Isreal (2013). Thus, the sample size became 369.

Results and Discussion

Out of the 369 copies of the questionnaire administered, 351 (95 per cent) copies which is up to the calculated sample were fit for the presentation and analysis.

Table 1: Responses on YCAD financial incentives

S/N	Items	Level of Response				
		SA	A	UN	SD	D
1.	The funding of YCAD programme has boost agricultural production in Ekiti state.	118 (33.6%)	207 (59%)	5 (1.4%)	9 (2.6%)	12 (3.4%)
2.	Credit facilities were provided for beneficiaries after training	110 (31.3%)	219 (62.4%)	6 (1.7%)	9 (2.6%)	7 (2%)
3.	Subsidized cost of land rentage from government made it easy for unemployed youths to go into farming	121 (34.5%)	221 (63%)	9 (2.6%)	-	-
4.	Tax breaks given to agro-based companies increased employment opportunities.	101 (28.8%)	230 (65.5%)	1 (0.3%)	11 (3.1%)	8 (2.3%)

Source: Field survey, 2024.

Table 4.1 shows that 118 respondents, which represent 33.6% strongly agreed that the funding of the YCAD programme has boost agricultural production, 207 respondents which represent 59% agreed, 5 respondents which represent 1.4% were undecided, 9 respondents which represent 2.6% disagreed, while 12 respondents which represent 3.4% strongly disagreed. From the table it was observed that majority of the respondents agreed. This implies that the funding of the YCAD programme has boost agricultural production. It implies that the capacity and involvement of youth in agricultural production has increased and through proper funding of the YCAD programme agriculture has become a means of livelihood for the youth.

The table shows that out of 351 responses we got from the beneficiaries of YCAD on whether credit facilities were provided for beneficiaries after the training, 110 respondents, which represent 31.3% strongly agreed, 219 respondents which represent 62.4% agreed, 6 respondents which represent 1.7% was undecided, 9 respondents which represent 2.6% disagreed, while 7 respondents which represent 2% strongly disagreed. From the table it is observed that majority of the respondents agreed. This implies that credit facilities are given to beneficiaries after the training but it is not all the beneficiaries that get it at the same time.

Also, the table shows that 48 respondents, which represent 24.1% strongly agreed that subsidized cost of land rentage from government made it easy for the unemployed to go into farming, 120 respondents which represent 69% agreed, 1 respondent which represent

0.6% was undecided, 3 respondents which represent 1.7% disagreed, while 2 respondents which represent 1.1% strongly disagreed. From the table it was observed that majority of the respondents agreed. This implies that the subsidized cost of land renting from government made it easy for the unemployed youth to go into farming. The one undecided case and the few that disagreed implies that some of the beneficiaries still find it difficult to cope with the subsidized cost.

Furthermore, the table shows that 101 respondents, which represent 28.8% strongly agreed that the tax break given by the state government to agro based companies in the state increased employment opportunities, 230 respondents which represent 65.5% agreed, 1 respondent which represent 0.3% was undecided, 11 respondents which represent 3.1% disagreed, while 8 respondents strongly disagreed. From the table it was observed that majority of the respondents agreed. This implies that tax break given to new investors who established agro allied companies by the state government increased employment opportunities in the state.

Table 2: Responses on youth unemployment reduction

S/N	Item	Level of responses				
		SA	A	UN	SD	D
1.	Small and Medium scale agro enterprise have been promoted among the youths by YCAD programme	120 (34.2%)	220 (62.7%)	5 (1.4%)	5 (1.4%)	1 (0.3%)
2.	The YCAD programme exposed job opportunities that were not common	124 (35.3%)	214 (61%)	1 (0.3%)	4 (1.1%)	8 (2.3%)
3.	The number of unemployed youths in your area has reduced as a result of YCAD programme	137 (39%)	204 (58.1%)	4 (1.1%)	5 (1.4%)	1 (0.3%)
4.	The beneficiaries of the YCAD programme were selected across all areas in the state.	141 (40.2%)	202 (57.5	3 (0.9%)	4 (1.1%)	1 (0.3%)

Source: Field Survey, 2024.

Table 4.2 shows that 120 respondents, which represent 34.2% strongly agreed that small and medium scale agro enterprise have been promoted by YCAD programme, 220 respondents which represent 62.7% agreed, 5 respondents which represent 1.4% were undecided, 5 respondents which represent 1.4% disagreed, while 1 respondent which represent 0.3% strongly disagreed. From the table majority of the respondents agreed. This implies that small and medium scale agro enterprise have been promoted by YCAD programme.

Table 4.2 shows that 124 respondents, which represent 35.3% strongly agreed that YCAD programme exposed job opportunities that were not common, 214 respondents

which represent 61% agreed, 1 respondent which represent 0.3% was undecided, 4 respondents which represent 1.1% disagreed, while 8 respondents which represent 2.3 strongly disagreed. From the table majority of the respondents agreed. This implies that the YCAD programme exposed job opportunities on agriculture that were not common. It implies that the YCAD programme introduced new line of agricultural businesses as part of the effort to expand the agricultural sector in the state.

The table also shows that 137 respondents, which represent 39% strongly agreed that the number of unemployed youths has reduced as a result of the YCAD programme, 204 respondents which represent 58.1% agreed, 4 respondents which represent 1.1% were undecided, 5 respondents which represent 1.4% disagreed, while 1 respondent which represent 0.3 strongly disagreed. From the table majority of the respondents agreed. This implies that the number of unemployed youths has reduced as a result of the YCAD programme. It implies that a significant number of youth have been pulled out of unemployment with YCAD programme.

Furthermore, the table shows that 141 respondents, which represent 40.2% strongly agreed that the YCAD programme beneficiaries were selected across all areas in the state., 202 respondents which represent 57.5% agreed, 3 respondents which represent 0.9% were undecided, 4 respondents which represent 1.1% disagreed, while 1 respondent which represent 0.3 strongly disagreed. From the table majority of the respondents agreed. This implies that the YCAD programme beneficiaries were selected across all areas in the state.

Table 4.3 **Linear Regression Result (ANOVA) between YCAD financial incentives and youth unemployment reduction in Ekiti state.**

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.473	1	31.473	11.647	.000
	Residual	2735.342	317	8.629		
	Total	2766.815	318			

a. Dependent Variable: youth unemployment reduction

b. Predictors: (Constant), YCAD financial incentives

The ANOVA results in table 4.3 for the simple linear regression model assessing the relationship between YCAD financial incentives and youth unemployment reduction in Ekiti state shows that the F value is 11.647. The F statistics is the measure of the difference

among or between the group means. To this end, the F value of 11.647 suggest that the group means are similar.

The significance (Sig.) value is .000, which is less than the typical alpha level of .05, indicating that the relationship between the YCAD financial incentives and youth unemployment reduction is statistically significant. Therefore, the study reject the null hypothesis that the YCAD financial incentives has not significantly reduced youth unemployment in Ekiti state.

Table 4.4 **Linear Regression Result (Coefficient) between YCAD financial incentives and youth unemployment reduction in Ekiti state.**

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.637	.596		16.178	.000
	Labour turnover	.115	.060	.107	1.910	.057

Dependent Variable: YCAD financial incentives

Table 4.4 shows the standardized coefficient which represents the strength and direction of the relationship between the independent variable (YCAD financial incentives) and the dependent variable (youth unemployment reduction) after standardizing both variables. The value of 0.107 indicates a positive relationship between YCAD financial incentives and youth unemployment reduction. The t-value is 1.910, indicating that the estimated co-efficient is 1.910 standard error away from zero. The significant value (often denoted as the p-value) assesses the statistical significance of the co-efficient. Therefore, the significant value of 0.000 means the probability of observing a large t-value by chance is extremely low.

Typically, a significance value below a predetermined thresh hold (e.g., 0.05) is considered statistically significant. This supports the notion that the relationship is statistically significant. The positive beta value of 0.107 suggest that as YCAD financial incentives increases, there is a corresponding reduction in youth unemployment in Ekiti state.

Summary of Findings

The Analysis indicates a positive relationship between YCAD financial incentive and youth unemployment reduction in the state. The findings align with the principle of investment and employment in the Keynesian theory whereby the theory impliedly explains that the level of resources committed determines its effect on employment and income and since it was discovered during the interviews that part of the YCAD financial incentives were misused by the beneficiaries it means that the YCAD financial incentives would have had a more significant effect on employment in Ekiti State than it had it if the beneficiaries were more committed to the purpose it was meant for.

This goes to show that YCAD provision of financial incentive could only be motivational force that enable the beneficiaries to engage in productive and profitable agricultural activities through which they earn a living if only the provision of financial incentives are adequately given to the beneficiaries as well as their sincerity in using it for the purpose for which they are given.

In conclusion, the YCAD financial incentives which is an integral part of the strategies of the Youth Commercial Agricultural Development Programme succeeded in contributing to the reduction of unemployment among the youths in Ekiti state. To this end, the provision of grants, credit facilities, tax breaks inter alia has attracted the interest and participation of the youths in agriculture more than what it used to be hitherto whereby farming and other agricultural businesses was neglected for the aged and uneducated youths. Furthermore, the fact that the YCAD financial incentives also enhance private sector participation with pro private sector contents such as tax breaks for agro companies and partners made the agricultural sector in the state to have increasing job opportunities for the youths. Therefore, the effect of the YCAD financial incentives could be said to be both direct and indirect.

Recommendations

In order to obliterate the syndrome of diversion of financial incentives to irrelevant purposes by YCAD beneficiaries, the government of the state should constitute an investigation team that will conduct a background check on all the beneficiaries to know their tendencies and level of sense of responsibility before giving any of them cash related financial incentives. Also, the beneficiaries should be subjected to periodic monitoring to ensure that they use the financial incentives judiciously for agricultural purposes alone.

Furthermore, effort should be made to ensure that only agro-based companies and organizations are given tax waivers and other financial incentives while also assessing their impact periodically wherein an agro based company will only enjoy such financial incentives if it is found to have the capacity to create jobs or promote youth employment.

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