

The Palm Oil Industry in Nigeria and Malaysia: Decline and Economic Sustainability

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ABSTRACT

Oil palm is a west African crop. The trade in palm oil has emerged during the industrial revolution led by Britain, this palm oil was used to lubricate machines. In 1960s, Nigeria was the largest producer of palm oil globally, which accounted for the 43% of palm oil production entirely, but then the entire production declined due to some factors that slowed the palm oil production growth. While in Malaysia, oil palm production serves as the leading and contributing sector to its economy; and it also achieved recognition globally. Palm oil has made a huge contribution to Malaysia economic growth by providing employment, improving infrastructure, alleviating poverty, and generating income for workers and government. This paper objective is to explore the Nigerian decline and Malaysian sustainability on palm oil. It is a qualitative paper, it used primary and secondary method to collect data. The primary method used open-ended interview to collect data, while the secondary method used documents such as: books, journal, conference papers to collect data; and it employed inductive thematic analysis for analysing the interview data collected. It used ATLAS.ti 8 software to help analyse the data. The finding is Nigerian decline which includes: oil boom in 1970s and decline in agriculture, civil war, and traditional palm oil production; and Malaysian sustainability on palm oil includes: environmental consciousness, economic escalation, and social commitment. In conclusion, Nigeria has to learn from Malaysian sustainability to recover its production.

Keywords: Malaysian sustainability, nigerian decline, oil palm

INTRODUCTION

The geographical location of Nigeria is situated in west Africa on the Gulf of Guinea. It has a border with Benin Republic Niger, Cameroon and Chad (Douglas 2004). Nigeria has the area of 923,768 km² with five major geographical areas (Nigeria

Fact Sheet 2001). In 1960s, Nigeria was ranked as major global producer and exporter of palm oil. However, this production declined from 43% to 1.7% of global production due to some factors slowed the production. Then Nigeria lost its position to Malaysia (PIND 2011). In early 1901, Nigeria was a palm oil dominant

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producer and supplied it globally. Palm oil served as its major foreign exchange source till 1960s. As a result of other factors, then Nigeria failed to meet up the global need of palm oil (Ayodele & Eshalomi 2010).

The federation of Malaysia came into being in 1963, it formerly consisted of Malaya, Sabah, Sarawak and Singapore. Later on in 1965, Singapore separated from the federation due to politic pressure. Now the Malaya became peninsular Malaysia, while the other two colonies are now east Malaysia on the Borneo island. These were formerly colonies of Britain in 18 centuries, the Malaya became independent in 1957, while Sarawak and Sabah attained their independence in 1963, and Singapore in 1965 completely achieved the independence.

Malaysia was ranked as a major exporter of palm oil in 1966, and the second largest producer of palm oil in 1971. In 2008, Malaysia was also ranked as the major palm oil exporter. Palm oil sector became the main income source, it promotes economic development and poverty alleviation (Ismail 2013). This study is to uncover the factors that necessitated to Nigeria decline on palm oil and led to Malaysian sustainability on palm oil.

MATERIALS AND METHODS

Research methodology is used for data obtaining and analysing. Study is usually conducted for explaining a particular phenomenon (Creswell 2012). The research employed qualitative method for understanding the research problem. It is exploratory approach, and systematically used for data collection and analysis (Zhang & Wildemuth 2009).

Qualitative document analysis generally relied on explaining the data, analyzing it and making a conclusion (Manheim *et al.* 2002). The study used both primary and secondary data. The primary data were collected from interviews, and the secondary data were collected from documents such as: journals, papers, books, articles, dissertations, newspapers,

and magazines. The interview is open-ended (semi-structured) interview. Six participants both from Nigeria and Malaysia were selected to provide their views. The interviewees from Malaysia responded based on this study face-to-face, the interviewees from Nigeria responded through telephone. This study is non-probability which is purposive sampling (Creswell 2012). It used inductive thematic analysis for analysing the interview, it was immediately coded after it was conducted, and analysed and critically interpreted based on the information from the participants (Cohen 2007). This study employed ATLAS.ti for interview data analyst. This software is used in qualitative study for analysing, coding, and organizing qualitative data (Zhang and Wildemuth 2009).

Literature Review

The oil palm originated from West Africa, it is a crop named monocious plant. In 1870 Britain took it to Malaysia, this oil palm tree could yield 8 to 15 fresh fruit bunches every year. This weighs 10 to 25 kg each with 1000 to 1300 fruitlets for each bunch. Each fruitlet is shaped spherical. It is nearly black at times purple, the colour used to turn orange red if it ripened. There is hard kernel inside it named endocarp covered by fibrous mesocarp (Teoh 2002). Palm oil contained vitamin E called tocotrienol, it has carotenoids. The crude palm oil appeared to be deep red orange with carotenoids. Tocotrienols prevents oxidative deterioration. Palm oil has a natural semi solid character. Therefore, it does not require hydrogenation for use as food ingredient. Palm oil has a balanced ratio of saturated acid. This composition results in an edible oil that is suitable for use in a variety of food applications (Teoh 2002).

The Nigerian oil palm production started producing, cultivating, and processing fruitful oil palm trees. Nigeria has two significant palm oil production types: planted farms and wild grove; the planted farms occupied only 20% of the plantation, while the wild grove occupied 80% of the production. Oil palm production

in Nigeria is under critical condition due to the palm oil industry's long-time production (PIND 2011). At the beginning of the 1960s, Nigeria became the major producer and exporter of palm oil globally. Palm oil contributed a lot towards the Nigerian exports but later declined. In 2007 CBN indicated threats facing the production of oil palm in Nigeria; started from the military regime in the 1970s up to the civilian government in 1999 (Anthony 2014).

Nigeria was a significant palm oil producer and exporter in the global palm oil market in 1960s. The production was more than the required local consumption within the country, due to the high output, the excesses were exported to global palm oil market. Later, this oil palm production faced a decline due to civil war, oil discovery for commercial purposes, the use of local techniques to process crude palm oil, and traditional method of production and cultivating oil palm, which is outdated to be applied in terms of the current output. Oil discovery dominated the oil palm sector and has been neglected as a source of income to the economy. Nigeria intentionally lost its position of being the major global producing and exporting country to Malaysia and Indonesia. It caused the increasing domestic consumption and slow growth in palm oil production (PIND 2011).

According to Ntaryike, a VOA reporter in 2008 said, oil palm trees' availability is almost everywhere in West and Central African countries. The major problem in Nigeria is how to develop the palm oil industries to produce, cultivate, and process this yielding crop. The industries are very weak with low production, the plantations are very aging and yield less than the expectation, outdated techniques and lack of modern approaches to be functioning efficiently, lack of funding to conduct research and produce high-quality planting materials, and lack of technology to cultivate and process significantly. The United Nations Industrial Development Organization funded a project to develop the palm oil production in Nigeria (Anthony 2014). The above report and scenario from

the VOA reporter indicated the threat and inefficiency of Nigerian palm oil industries to cater to people's needs. In contrast, the palm oil demand locally increased in the country. Due to these problems, incidentally, Nigeria remained an importer of palm oil from Malaysia, which was initially a country Nigeria assisted with seedlings.

Oil palm production has regularly and globally been risen from 1964 to 2018 from 1.2m metric tonnes to 73.3m metric tonnes. Despite the expansion of the arable land of over 34 million hectares for oil palm plantation, Nigeria still could not cater to palm oil's domestic consumption and regardless of export. Numerous challenges face the palm oil sector and hinder it in producing and exporting the products efficiently. These challenges comprised of; the smallholders dominance of the industry, inadequate access to credit facilities, and poor infrastructure. In comparison, the situation is undoubtedly associated with economic implications.

In the early 1960s, Nigeria became the leading global palm oil and palm kernel producing and exporting country, accounting for 43% of global exports. Presently, it produces insufficient, not more than 1.7% meager of global production. Even though in 2012, it domestically produces 940,000 tonnes, while the large imports are from Malaysia, Benin, Ghana, Ivory Coast, and Togo has been estimated at 870,000 tonnes.

Palm oil production in Nigeria is not competitive globally and is more expensive than Malaysian and Indonesian ones (PIND 2012). In Malaysia, the farms expanded and multiplied by five times than various cultivation, while in Indonesia, they multiplied by 23 times due to more expansion by private investments. In Indonesia, it was expanded rapidly in 2000, while in 2009, it covered the area of 5.3 million ha. In the 1980s, the annually planted areas reached 100,000 ha; since then, it annually increases by 200,000 ha up to the 1990s. From 1999 to 2003, the rate of expansion in plantations estimated was around 500,000 ha annually. Malaysia

remains a sustainable produce; and a sustainable palm oil chain of supplier to the worldwide market. Oil palm is a yielding crop with a higher value than the other crops. Malaysia became the largest exporting and second producing country globally due to its tactics for positively communicating in terms of palm oil. The main objective to be achieved by Malaysia is to show the contribution of palm oil in terms of human consumption, suitable for human health, employment, generating income, and make it globally recognized vegetable oil. The challenges from Europe on palm oil is another opportunity to make palm oil sustainable and trendsetting to Malaysia to transfer the challenge into the best chance (MGCC 2017).

In 1966, Malaysia was a top palm oil-exporting country and the second-largest palm oil-producing country after Nigeria in 1971. Malaysia was exceeded by Indonesia in 2006 and it was ranked the largest producer of palm oil globally. In 2008, Malaysia remained the most extensive global palm oil-exporting country. Palm oil rose as the primary source of income, which generates revenue, promotes economic development, and alleviates poverty in the South Asian and West African countries (Ismail 2013). During the 1980s, Indonesia unlocked its borders for Malaysian investors. Later on, it considered the palm oil industry role; it opened the border for investors. In the decade, these companies gave support to the ambition of yearly oil palm growth in Indonesia. The quick enlargement of oil palm plantations emanated at the outflow of natural forests, peatlands, and less efficient plantations, which were substituted by commercial oil palm plantations. This extension of land use for palm oil production in Indonesia has been sustained due to land available for agriculture. In 2005, Indonesia exceeded Malaysia to become both the largest grower and producer of palm oil in the world.

Palm oil in Malaysia achieved development due to the contributing factors. The factors emerged as result of sustainability and good economic policies

from the government. In the 1960s, the oil palm production increased in Malaysia with a 21.1% annual growth. The demand of palm oil increased and the Malaysian government's provision led to the rise of local private investment in oil palm estates. In 25-years between 1961 and 1986, palm oil production in Malaysia rose to an impressive annual rate of 180.8%. At the same time, in the 1980s, Malaysia's government acquired different foreign plantations, mainly from the source owned before by Britain. This has successfully boosted the development of palm oil.

Going by the above literature on decline of palm oil industry in Nigeria from different scholars, it confirmed that, palm oil industry in Nigeria faces challenges which restricted its development. These challenges are the necessitating factors that caused its decline ranging from lack of investment; lack of extraction technology, inadequate training, technical incompetence, poor management of palm oil plantations, inadequate access to credit facilities, poor infrastructure, aging and less yielding trees, outdated techniques, lack of modern approaches to be functioning efficiently, lack of funding to conduct research and produce high quality planting materials, and lack of technology to cultivate and process significantly. These factors necessitated the decline of palm oil industry in Nigeria. In Malaysia and Indonesia, the big plantations accounted for the 80% of the production, and the smallholders accounted for 20%. Secondly, the oil palm production entirely declined as a result of civil war, oil discovery for commercial purposes, the use of local techniques to process crude palm oil, and traditional method of production and cultivating oil palm, which is outdated to be applied in terms of the current output.

RESULTS AND DISCUSSION

Nigerian Decline on Palm Oil Oil boom in 1970s and decline in agriculture

Nigeria received almost two hundred and fifty million dollars as revenue from oil

in 1964 (Myers 1990). Although, during the early 1970, the growth of the petroleum industry has transformed the Nigerian economy. The states creation extended economic dependency on revenue from oil by local and state government. The revenue from oil used to fluctuate due to the prices of oil and the Nigerian oil demand for the global economy (Watts 1983). According to Michael Watts and Paul Lubeck (1983), Nigeria extended and enlarged production. The advent of oil allowed a size of self-sufficiency from collecting foreign aid and the beginning of a great bureaucracy to be centralised. However, 1980s became similarly an inconsistent era, and resulting disparity in price rises which created economic destruction and generated poverty in urban and rural area. In 1970s, there was a quick growth in the petroleum industry which augmented the nation state revenue separate from agriculture. The domestic mixture with global activities, caused the Organization of Petroleum Exporting Countries (OPEC) to be created, and directed in rises the petroleum prices from 1971 to 1980 (Watts and Lubeck 1983).

Moreover, the 1973 Arab-Israeli war that banned petroleum supply to Israeli alliance, in particular Western countries which buttressed Israel, this activated the prices of petroleum to rise intensively. The 1979 Iranian Revolt caused over 130% additional increase of price of oil. The periodic dividend sustained into the 1990s. Nigeria generated huge amount of revenue from the two crises. There was increase of price of oil in October 1973 to early 1974, from \$3.78 per barrel to \$14.69 per barrel (Okolie 1995). In 1970s to early 1980s, the boom in export caused the GDP to annually increase with almost 10% (Kolko 1988). In 1970, there was an increase in revenue from 411 million dollars to 1980 sum of 26.62 billion dollars (International Financial Statistics 2018). The Nigerian government interests in agriculture was identified insignificant due to shift to petroleum which is more profitable. This modification in revenue coming to government from agricultural production, caused the agricultural

decline and more dependence on import from abroad (Watts and Lubeck 1983).

Civil war

In 1966, Nigeria faced political conflict that has broken into the 1967 civil war of Nigeria - Biafra. As a result of conflict from political aspect, it became a civil war caused by the government of colonial administration, whereby Fredrick Lugard amalgamated the three regions into one Nigeria in 1914. The 1954 constitution complicated the issue in Nigeria through the introduction of regionalism, and came up with three regions of North, West and East. This amendment caused ethnicity and regionalism. In 1966, it led to military coup. There was a competition for economic and political development among the regions (Watts 1983). In the middle of 1960 and 1966, the production of oil palm stayed reasonably huge. The incomes earned by the farmers were sufficient to invest in transport and trade. The roads construction and lorries penetration into remote villages increased trade and induced migration to urban centre. As sources of income, significance of cassava, yam and other agricultural crops, similarly enlarged urban development. This decreased rural dependency on export, even though oil palm sustained as an essential source of money. On the other hand, the inconsistencies in the estate scheme and the negligence of farmers wellbeing linked with environmental and demographic issues drive farmers away from their land. This affected farmers' food and other financial needs (Korieh 2018).

Due to civil war from 1967 to 1970, different problems impacted on the capability of farmers and the regional governments to improve agricultural production. The war influenced the eastern region agricultural economy, and the war political occurrences affected the rural area. The petroleum industry enlargement created conflicts in the economy rural agriculture. Generally, for safeguarding food security, farmers from rural areas replied to the disaster facing agriculture by accepting policies which are new. However,

the general public traditionally engaged into the existing policies. The existing policies sustained by influencing social, cultural, and local schemes and a very solid structure (Korieh 2018). The strategy was applied to starve the secessionists so that the Nigerian government would quickly defeat the Biafrans and bring them back to order. The central government blocked the eastern region and enforced the Biafrans to retreat and surrender to one Nigeria for their survival. The other tactics incorporated the blocking Biafran access to food outside the region and behind federal outlines, the halting of international relief, the central authority gunshot an airplane owned by the Red Cross carrying foodstuff to the surrounded Biafrans. This organization served as main aid action in the region, but it lost its plain and was not able to fly again for humanitarian aid. Due to this blockage, Biafrans encountered crisis of food which caused the loss of more than one million people in eastern region (Korieh 2018).

Traditional palm oil production

The traditional palm oil production in Nigeria, oil palm tree became a long standing resource which is natural grove, whereby due to agricultural activities, clearance of forest was done. Some spaces were provided for oil palm trees to be planted. In addition, oil palm trees are implanted as family or community system of agroforestry farming. The fruits of oil palm collection were traditionally done, the processing of palm oil into red one was locally and manually made. At times, some consist of mechanical press, while others manually operate. Soap and other produces were manually made from palm kernels, and palm wine is produced from tree sap (PIND 2011). Traditionally, the trees ages of oil palm estates existing in Nigeria, it is more than thirty years and is facing production decline. It imposes danger on sufficient and available fresh fruit bunches (FFB) quality and quantity to be processed. Majority of the palm nuts originated from the wild groves and collected to be processed. The variety of

Dura existed in the wild trees, it yields low and is old. Majority of the palm trees, is individual possession, instead of someone that would harvest it. The productivity activity is local without the fertilizer use, and the weeding is inadequate. In addition, the processors use traditional techniques such as mortar and pestles to process 20 L daily. This yields 9% which is below the oil half of fruit content. Most of the commercial farmers purchased modern and small techniques that could extract 12% and per hour could process 250 kg of oil (PIND 2011).

Necessitating factors to Nigerian decline on palm oil

This research paper used semi-structured interview to investigate the necessitating factors to Nigerian decline on palm oil. These six participants have expertise in this study, and responded to this interview. All are Nigerians with the age grades from 40 to 50 years, and they are professionally educated. First participant is a chief agriculture superintendent; he holds Master degree. The second participant holds Master degree and research officer one. The third participant is a senior technical officer in production and processing sector, he is a degree holder. All are from Nigeria Institute of Oil Palm Research (NIFOR). Participant four is a degree holder and senior quality assurance in production and processing sector from West African Soil Industrial Limited (WASIL), Nigeria. The fifth participant is from Northwest University, Kano. He is a PhD holder and lecturer. And the participant six is a PhD holder, and lecturer from Federal University, Gashua, Yobe State, Nigeria. This selection is based on the participants' will and knowledge. These interviewees were interviewed on the necessitating factors to Nigerian decline on palm oil. The following Figure 1 represents the result from the interview. The main view of the participants from Figure 1, confirmed that, there are necessitating factors that led to Nigerian decline on palm oil. The participant 1 viewed that, the current situation of oil palm in Nigeria is booming, but the negli-

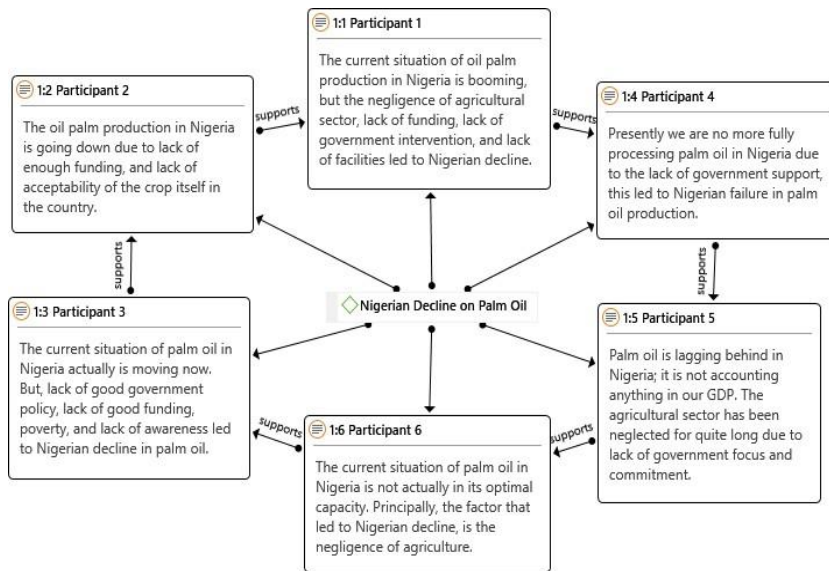


Figure 1 Nigerian decline on palm oil.

gence of agricultural sector, lack of funding, lack of government intervention and lack of facilities to the farmers in many years, led to oil palm production decline in Nigeria. The participant 2 confirmed that, oil palm production is going down in Nigeria due to lack of sufficient funding, and farmers have not widely accepted the crop. The participant 3 stated that, there are some of the factors that led to Nigeria failure in terms of palm oil which included lack of good government policy, lack of good funding, poverty and lack of awareness. The participant four highlighted that, due to lack of government support, palm oil is not fully processed in Nigeria, and this led to its failure. The fifth participant exposed the main factor that led to Nigerian failure on palm oil, which is negligence of agriculture by government due to lack of focus and commitment. The participant six supported the participant five and explained that palm oil in Nigeria is not in its optimal capacity due to negligence of agriculture. All the six participants confirmed that, palm oil declined in Nigeria due to these above-mentioned factors.

Malaysian Sustainability on Palm Oil

The factors for Malaysian sustainability on palm oil are the key fundamental reasons of shifting the industry to competitive stage which improved the sustainability. The factors for Malaysian

sustainability are of three key viewpoints: environmental consciousness, economic escalation, and social commitment. All these factors play a vital role in contributing to the Malaysian sustainability on palm oil.

Environmental consciousness

Environmental consciousness is a significant plan formulated and implemented by the Malaysian government to alleviate the environmental effect of palm oil industry. This policy of conservation of environment was introduced in 1976, and identified in the third Malaysian development plan. This palm industry has been well regulated whereby all growers, millers, refiners, processors and traders were registered and applied for licenses before their operation. The awareness on environment is to manage palm oil wastes and control pollution in the society. The practice of contrary logistics in the establishment proposed that POME could be recycled for manufacturing of different fertilizers and animal feeds in through bio-technological developments (Lee and Farzipoor 2012). Life Cycle Assessment (LCA) is one of numerous managing utensils for appraising environmental issues and is imperative as a support for supervisory utensil. It is tactically sustainable due to its contribution in solving the environmental problem of waste dumping in a good manner and to improve energy uses (Hassan *et al.* 2012).

Environmental awareness similarly fetches political tension through heavy-duty rules for emissions and pollution. Regulation imposes important reforms in industrial activities and tactical methods of the palm oil trade. Plan and ruling elements originate from governments either via legislation or through a by-law calling for that corporations to obey environmental ethics. The environmental limitations in the industry offer an instrument for allowing adjustable emission ethics, and law enacts restrictions on environment, sums of atmosphere releases and shipping canal by mills and refineries.

Economic escalation

Palm oil industry is an imperative income source to the country and it succeeded in poverty eradication among poor people. This industry has created multiplier effect through the creation of different supportive industries. Oil palm has various applications either in food or non-food. For that reason, government implements strategies to improve palm oil support to the national economy (Patthanaissaranukool *et al.* 2013). The Malaysian government introduced the National Biofuel Policy in March 2006. Its main objective was meant for stabilizing the crude palm oil (CPO) price as well as exploiting the new opportunities in export market (Chin 2011). Due to the significance of the palm oil industry to the Malaysian economy, the government has selected palm oil industry as one of 12 New Key Economic Areas (NKEAs) towards accomplish of high income status by year 2020. This motivation had been declared in the 10th Malaysia Plan (2011–2015) in 2010. This palm oil industry was placed in central Economic Transformation Program (ETP) to get extraordinary government support in terms of financing and special dimensions. The Malaysia government supported the palm oil industry due to its contribution to increase the gross national income by 2020. The eight core entry point projects (EPP) implementation would help to accomplish the target (Ng *et al.* 2011).

Social commitment

The socio-economic benefits of a sustainable oil palm plantation eradicate poverty and provide long term opportunities of employments. Sharing of profit offers a more incentive, attracts additional labours to the palm oil sector, and provides good working conditions and better living (Alban and Cardenas, 2007). In terms of oil palm production, smallholder significantly benefit from its higher yields than other crops (Rist *et al.* 2010). In Malaysia, there is a new attention on real inaccuracy and liability of corporate activities that impact on the society and the environment. The government is implementing policies in response to key sustainability concerns, incorporating greenhouse gas emissions, labour and human rights, water use and toxic chemicals especially in the palm oil industry. POM are pleased to follow global and national policies to solve the concerns that affect workers, socioeconomic matters such as wages, healthcare, safety, climate change and environmental problems. Safety and Health Policy (OSHA) 1994, Employment Act 1955, Factories and Machineries (Noise Exposure) Regulations 1989, and worker Minimum Standard of Housing and Amenities Act 1990 are the policies and law that the organizations have to follow. However, implementing food safety and HACCP policy as per ISO 22000 as the best advanced practice for the palm oil industry is useful for public and customer welfare (Mohd-Lair *et al.* 2012). The palm oil industry is a key source of employment and extensively eradicates poverty among the poor people in developing countries, creates jobs, offers a better standard of living, provides infrastructural facilities and contributes to social stability (MPOC 2007a).

Factors in Malaysian palm oil sustainability

This research paper used open-ended (semi-structured) interview to explore Malaysian sustainability on palm oil, there are six participants. The participants age grade started from 40 to 50 year-old. They are professionally educated

participant one is holder of Master degree, and Deputy Director-General Services, Malaysian Palm Oil Board (MPOB), Ministry of Primary Industry. Participant two is a Master degree holder, and he is Manager Research Development from FELDA Global Ventures Holdings Berhad (FGV Holdings Berhad), Malaysia. The third participant is a Master holder and Director, PROFES LIPID SDN BHD, Malaysia. Participant four holds Master’s degree, and he is Head of Marketing from OLIQ TRADE SDN BHD, Malaysia. The participant five is Professor and Dean Faculty of Social Sciences from University of Sultan Zainal Abidin, Terengganu, Malaysia. Participant six is an Associate Professor, Faculty of Bio-resources and Food Industry, from University of Sultan Zainal Abidin, Malaysia. This is selected based on the participants’ knowledge and will of participating in this research paper.

The Figure 2 above shows the Malaysian sustainability on palm. First participant from MPOB said that, Malaysia sustained on palm oil due to government seriousness on good agricultural practices with global standard. The second participant explained that, Malaysian palm oil is one of the leading palm oil in the world in terms of sustainability, technology and government enforcement activity. Third participant stated that, Malaysian sustain-

ability on palm oil is achieved due to government conservation of the primary forest for inhabitants and bio-diversity. This primary forest is untouchable and well conserved for the RSPO principles. The participant four highlighted that, Malaysia achieved sustainability on palm oil due to market contention. The participant five confirmed that, Malaysia sustained on palm oil based on the three key factors that included environmental consciousness, economic escalation and social commitment. The participant six exposed that, Malaysia achieved sustainability on palm oil due to environmental issue, economic issue, and social issue. The participants confirmed that, Malaysia sustained on palm oil due to these factors mentioned above Interview research findings.

A Comparative Study between Nigeria and Malaysia on Palm Oil

According to a study by PIND (2011) the Nigeria palm oil industry has a significant and prospective expectation of recovering its competitive chances; this is very challenging for Nigeria to have competition while its industries are not transformed globally. Domestic demand is the direct goal for meeting up the target. Nigeria has a market for palm oil; it has to emphasize standard global production. When it accomplished this, it would better

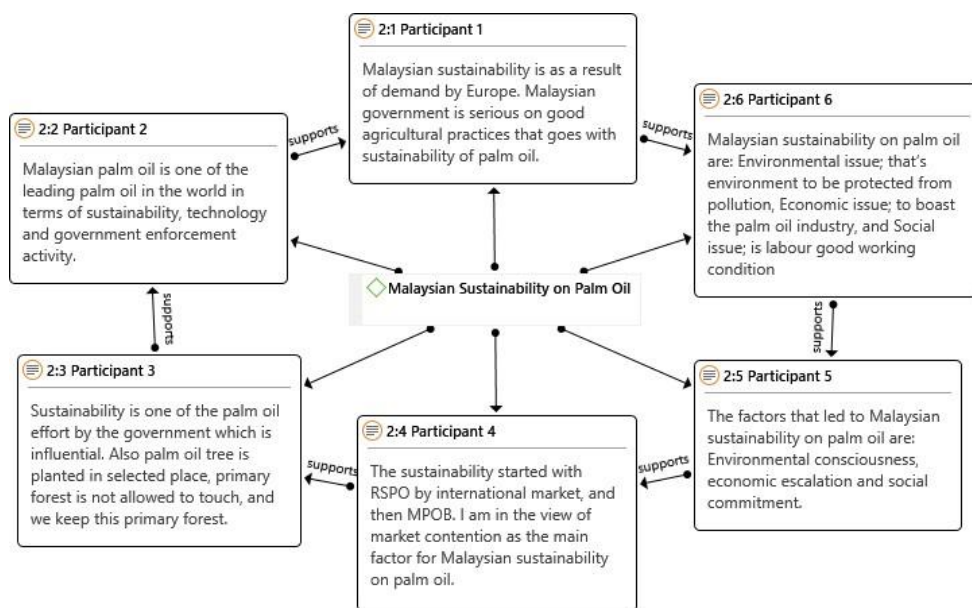


Figure 2 Malaysia sustainability on palm oil.

make the best use of its chances to compete efficiently. An additional concern to be considered is the level of high free fatty acid (FFA) consumed in palm oil locally. However, oil that contains high FFA is the local people's first choice due to its taste and odour. This increases health concerns and risks on the consumers; then, there is a need to enlighten about the hazards complicated with FFAs. The low-quality palm oil has the content of high iron and machine residues; it similarly puts in danger the public health of those that consume available oils with the lowest quality standard (PIND 2011).

The figure below presents the challenges facing the palm oil industry in Nigeria, specifically if compared with that of the Malaysian palm oil industry. Comparison between Nigeria and Malaysia on Palm Oil Industry (PIND 2011). Going by the previous research as indicated in this figure above; this study cannot compare and contrast between Nigeria and Malaysia. Malaysia is far better than Nigeria in palm oil production; it has already achieved global recognition due to its sustainability. This study has just used Malaysia as a lesson for Nigeria to learn from Malaysian strategies on palm oil industry and not compete with it.

CONCLUSION

The paper discussed on Nigerian decline on palm oil production due to some factors which include: oil boom and negligence of agriculture, Nigerian civil war, and traditional system of oil palm production. These factors are findings from documents. On the other hand, the paper presented other findings from six participants from Nigeria which is based on semi-structured interview. All the six participants from Nigeria agreed that, there are factors that led to Nigerian decline on palm oil. This paper discussed on the Malaysian sustainability on palm oil which are: environmental consciousness, economic escalation, and social commitment, these factors contributed to it sustainability and it achieved global recognition despite

the facts of other challenges it encountered on the global economy of palm. All the six participants from Malaysia ascertained that, Malaysia achieved sustainability due to these factors. Nigeria has to learn from Malaysian sustainability on palm oil such as: environmental consciousness, economic escalation and social commitment in order to solve its problems on oil palm production and revive its past glory on oil palm production. The contribution of this study explored the necessitating factors that led to Nigerian decline on palm oil, and the contributing factors to Malaysian sustainability on palm oil. Methodologically, this paper applied qualitative method to collect data, while most of the studies in this area are based on quantitative method. This study contributed to the body of knowledge by presenting the findings, both from documents and interview to assist the two countries to improve their palm oil production. For Malaysia, to continue improving its sustainability, while for Nigeria to learn an experience from Malaysian sustainability to recover from decline, and revive its past glory on palm oil.

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