

Full Length Research

Empirical Analysis of the Challenges influencing Farmers Entrepreneurial Development in Kebbi State, Nigeria

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This study assessed the challenges to farmer's entrepreneurship development in Kebbi State, Nigeria. Specifically, this paper described the characteristics of the respondents, identified the characteristics of enterprises the respondents engaged in, and examined their challenges to entrepreneurship development in the study area. Structured interview schedule was used to collect relevant data from 165 farmers selected through multi-stage sampling procedure across 6 local government areas of Kebbi State. Descriptive statistics was employed to analyze the data. Most (82.8%) of the farmer entrepreneurs were married, and had less than secondary education (82.8%). Also the mean age, household size and annual income was 39.8 and ₦208, 759.38 respectively. Furthermore, the majority (81%) did not belong to any business associations. Processing and marketing was the major type of business engaged in by many farmers (58.8%) as sole proprietor (87.9%). Persistence, commitment to work contract, and risk – taking ranked highest with a mean score of 2.55, 2.47 and 2.40, respectively along the farmer entrepreneurs. Lack of start-up capital (95%), poor infrastructural facilities (93%), and inadequate access to relevant data (89%) were the major challenges to farmers' entrepreneurship development. Various levels of government should create conducive social and physical infrastructural environments to catalyze entrepreneurship advancement in the study area.

Keywords: Challenges, Farmers, Entrepreneurship Development, Kebbi State.

INTRODUCTION

It has over the years been observed that farmer entrepreneurs have low business performances in the study area. If Nigeria wants to reach its full potential in terms of economic and social developments, it cannot afford to ignore the importance of its indigenous entrepreneurs and the contributions

that they make to the country's economic growth. Entrepreneurship remains the yardstick to sustainable economic development and wealth creation in Nigeria (Ogundele, 2015). Additionally, if Nigeria desired to move out of the high unemployment and ravaging poverty, adequate attention must be given to the

growth of self-employment and youth empowerment. (Basseyet al, 2012).

Academics and government appear to be focused on entrepreneurship, because it symbolizes innovation and a dynamic economy. Entrepreneurship have been identified as a major force for innovation, job creation and economic growth (OECD, 2013). The findings of this research has spurred a lot of researches into farmers' ownership of agribusiness enterprises. However, the global impact of farmer entrepreneurs is just beginning to gain intensity. The number of business owners continues to grow steadily worldwide and it is estimated that firms owned by farmers account for between 25 and 33% of all businesses (Carter *et al*, 2000).

Many regions of the world craving for transformation to market economies threatens to deepen entrepreneurship inequality. Some of these changes are simply the legacy of an imbalance entrepreneurship growth that existed prior to political and economic returns. Other changes reflect a return to traditional norms and value that relegated farmers to a secondary position. As countries become more democratic farmer negligence lessen, more productive atmosphere for farmers were provided (Anna *et al*, 2000). Farmers' productive activities, particularly in industries that empower them economically and enable them to contribute more to overall development; whether they are involved in small or medium scale production activities, or in the informal or formal sectors, are not only a means for economic survival but also have positive social influences for the farmers themselves and their social environment (UNIDO, 2001).

In many transitional economies, progress has been achieved in opening doors to education and health protection for farmers but political and economic opportunities for entrepreneurial growth have remained limited. Concerted efforts are needed to enable farmer entrepreneurs to make better economic choices and to transform their business into competitive enterprises and high-generating income economic activities (Anna *et al*, 2000). Entrepreneurship represents an appropriate opportunity for all over the world, as entrepreneurship responds flexibly to entry, change and innovation. This potential has not yet been realized in an optimal fashion in most developing countries. A large number of farmers work in the informal sector but their contribution is not included in rational accounts (Kagbu, 2018). There are a variety of challenges on farmers and their ability to upgrade their productive capacities continuously. These included poor access to market information, technology and finance, as well as poor linkages with support service and an unfavorably policy and regulatory environment (UNIDO, 2001). These challenges were neither ranked nor location-specific. Although many of the challenges are shared by both female and male entrepreneurs, male entrepreneurs face additional plights, this is due to

deeply rooted to socio-cultural values and traditions embedded, particularly in the policy and legal environment as well as in institutional support mechanism in many regions of the world especially Africa. In many instances, farmers are unable to benefit from services and must struggles to overcome or circumvent the challenges in agribusiness environments (Kagbu, 2018).

Past studies in Nigeria on entrepreneurship growth focused more on the traits and characteristics of farmers (Kagbu, 2018).He further examined the challenges to entrepreneurship growth among investors in North Central Nigeria. There is indeed inadequate empirical work investigating the challenges faced by farmers in developing their enterprises in Nigeria. It is therefore important to explore the entrepreneurial growth challenges and related issues, especially as they hinder farmer's entrepreneurial growth in Nigeria with particular reference to Kebbi State. Specifically, the paper:

1. Describe the demographic characteristics of farmer entrepreneurs
2. Examine the challenges to farmer's entrepreneurship development in the study area
3. Assessthe entrepreneurial capabilities of farmer entrepreneurs.

METHODOLOGY

The research was conducted in Kebbi State. Kebbi State was created out of the then Sokoto State in 1991.It lies in Northwestern region of Nigeria with its capital in Birnin Kebbi. Kebbi State is bordered by Sokoto to the north and east, Niger to the south. Dosso region in the Republic of Niger to the Northwest and Republic of Benin to the west. Kebbi State has a total land Area of about 37,698,685 square kilometers. Based on projections from 2006 census figure, Kebbi State is estimated to have a population of 4,629,880 (NPC, 2006).Sokoto State has a population of 427,760 based on 2006 census. Kebbi State is made up of 21 Local Government Areas (LGAs).It has four emirate councils (Gwandu, Argungu, Yauri and Zuru) and has four Agricultural Zones namely Argungu, Bunza, Yauri and Zuru zones respectively, for ease of administration. Kebbi State falls between latitude 12⁰46N and 12⁰.27N and longitude 4⁰19E and 4⁰11E.Agriculture is the main occupation of the people of the state especially in rural areas. Crops produced are mainly grains like Rice, Millet, Sorghum etc; animal rearing and fishing are also common agricultural activities that feature prominently in the State. The weather of the State is often dry with lots of sunshine. The wet season last from May to October while the dry season lasts for the remaining period of the year. Mean annual rainfall is about 800mm- 1000mm. Temperature is generally high with mean annual temperature of about 26⁰C and above in all locations of the state. This climatic peculiarity allows for meaningful investment in

agriculture (NPC,2006).

Farmer entrepreneurs in Kebbi State constitute the population of the study. Multi-stage sampling procedure was used to select the farmer entrepreneurs for the study. The first stage was the purposive selection of six LGAs from the state. A survey was conducted to establish a sample frame of 1000 farmer entrepreneurs across Eight (8) Local Government Areas in the State thus: Zuru (125), Fakai (125), Yauri (125), Shanga (125), Augie (125) Argungu (125) Gwandu (125) and Bagudo (125). The second stage was a purposive selection of two prominent villages in each local government areas. The selection in the first and second stages was based on the high presence of farmer entrepreneurs as shown by the reconnaissance survey. The third stage was random selection of farmer entrepreneurs in the selected villages were used for this study.

Primary data were used for this study. The primary data were collected through the use of structure interview schedule which was administered on the respondents. Farmer entrepreneurs were visited by trained enumerators to collect relevant data. Descriptive statistics were employed to analyze the data collected. Competency in entrepreneurial growth was tested and Competency score was computed for

all the respondents with respect to each characteristics. Mean competency was obtained by summing up the score for each respondents. As decision rule, for each characteristic, a mean competency greater than 2 was regarded as 'competent' while a mean competency less than 2 was regarded as 'not competent'. For measurement of challenges, respondents were required to indicate 'yes' or 'no' for each of the challenges. Responses (score 1 and 0, respectively) were summed up according to the number of respondents who indicated 'yes' for each challenge. This was recorded as percentage of the total number of respondents.

RESULT AND DISCUSSION

Demographic characteristics of farmer entrepreneurs

Table 1 shows the demographic characteristics of farmer entrepreneurs. The mean age of the farmers was 39. This implies that farmer entrepreneurs were at their middle and productive age hence would have the energy required in managing an enterprise. The.

Table 1: Distribution of farmers based on Demographic characteristics

| Variables | Percentage (n=165) | Mean (x) |
|---|--------------------|------------|
| Age (years) | | |
| Equal to <20 | 2.3 | |
| 21 – 40 | 51.7 | 39 |
| 41 – 60 | 33.1 | |
| > 60 | 9.9 | |
| Marital Status | | |
| Married | 82.8 | |
| Single | 2.9 | 25 |
| Divorced | 2.5 | |
| Widowed | 11.8 | |
| Education | | |
| No formal Education | 10.3 | |
| Adult Education | 33.3 | 19.9 |
| Primary Education | 38.7 | |
| Secondary Education | 14.7 | |
| Tertiary Education | 2.5 | |
| Household Size | | |
| <6 | 32.4 | |
| 6 – 10 | 51.4 | 33.3 |
| >10 | 16.2 | |
| Membership of business association | | |
| Belong | 81.0 | |
| Do not belong | 19.0 | 50 |
| Farm size (Ha) | | |
| <2 | 47.1 | |
| 2 – 4 | 39.5 | 33.3 |
| >4 | 13.4 | |
| Income (N/annum) | | |
| Below 200, 000 | 27. | 208.759.38 |
| 200,000 – 500,000 | 42.4 | |
| Abe 500,00 | 30.2 | |

Source: Field Survey, 2019 *Multiple response were recorded

majority (82.8%) of farmer entrepreneurs were married, and had less than secondary education (82.3%). While being married denotes high entrepreneurial responsibility; poor education might imply low entrepreneurial competency. Also the mean household size and annual income was 8 and N208, 759.38 respectively. Furthermore, the majority (81%) did not belong to any respective business association.

Enterprise Characteristics of farmer entrepreneurs

Most of the respondents were micro-entrepreneurs, and were dominated by marketing and

processing type of businesses (58.8%). This result indicates farmer's preference to marketing and processing activities. From the results, many enterprises were single owned (sole proprietorship) (87.9%). This finding could be due to the small-scale nature of farmer entrepreneurship growth in the study area. In addition, the experienced firms were in the majority (76%). Long years of experience could be an indication of resilience of farmers in entrepreneurial activities

Table 2: Characteristics of enterprise by type, form and duration of business by farmers

| Variables | Description | % (n=165) |
|------------------------|-------------|-----------|
| Major type of business | Production | 17.6 |
| | Processing | 58.8 |
| Forms of business* | Marketing | 23.6 |
| | Partnership | 63.0 |
| | Cooperative | 28.9 |
| Duration of business | <4 | 21.8 |
| | 4 – 10 | 52.7 |
| | >10 | 25.5 |

Source: Field Survey, 2019*Multiple response recorded

Entrepreneurial Competencies of Respondents

Competencies of farmers in entrepreneurial characteristics were examined (table 3). Persistence ($x=2.55$), commitment to work contract ($x=2.47$), and risk-taking ($x=2.40$) ranked highest persistence in the quality of entrepreneurial growth, which enabled the entrepreneurs to develop determination to have a thorough job done at any cost in terms of personal sacrifice. By doing this, the entrepreneurs remains working towards the achievement of their set goals, also, respondents were committed to the work contract ($x=2.47$). Commitment to the work contract is the ability to accept final responsibility to honor their commitments. It follow therefore, that the entrepreneur should do everything possible to ensure that he/she fulfils the commitment with his/her customers. It means joining the workers to work with them to ensure that contractual commitments are fulfilled.

With respect to risk-taking, entrepreneurs are people who prefer taking moderate risks. Before they commit themselves and their resources, they assess the risks that are associated with a business opportunity that they have selected, and their ability to manage them, the benefits that they are likely to realize and the challenges that they will face from the venture to be undertaken. Entrepreneurs can earn

profits as a results of taking risks and the higher the risks that they higher the profits. However, entrepreneurs will always prefer to take on those risks that they can manage.

Networking is the ability to link, convince and influence other individuals, agencies and other groups in order to maintain business contacts and contracts at a high level. This will enable the business to move in a positive direction towards accomplishing predetermined objectives. For persuasion and networking, most of entrepreneurs scored below average as this characteristics recorded the lowest mean score of 1.22. It implies that farmer entrepreneurs had weak abilities to link, convince and influence other individuals, agencies and other groups in order to maintain the wide ranged business network. This may be due to inadequate skills on the part of the farmers. Farmer entrepreneurs were found to be less competent ($x=1.97$) considering all the characteristics measured. This is reflected in the low mean annual income of N208, 759.38 (Table 1). The low competence may not be unconnected with low level of education among the farmers studied.

Table 3: Entrepreneurial capabilities of farmer entrepreneurs

| S/No | Entrepreneurial capabilities | Competency Mean (x) |
|------|------------------------------------|---------------------|
| 1. | Persistence | 2.55 |
| 2. | Commitment to the work contract | 2.47 |
| 3. | Risk-taking | 2.40 |
| 4. | Information-seeking | 1.97 |
| 5. | Systematic planning and monitoring | 1.96 |
| 6. | Opportunity seeking | 1.93 |
| 7. | Goal setting | 1.91 |
| 8. | Self-confidence | 1.81 |
| 9. | Demand for efficiency and quality | 1.45 |
| 10. | Persuasion and networking | 1.22 |
| | Overall | 1.97 |

Source: Field Survey, 2019 Figures in parentheses are percentages

Challenges to farmer entrepreneurship development

Table 4 indicates the challenges to farmer's entrepreneurial growth. Finance is the most important aspect of any business. Lack of starting capital was rated as the biggest challenge (95%). Non-availability of long-term finance and long procedures to access financial facility, where available, have been identified as major challenge faced by farmer entrepreneurs (Otonaiya and Idowu, 2009) During the process of marketing of products, farmer entrepreneurs were faced with problem of location of shop, lack of transport facility and tough competition from larger business environment and established units. Other challenges of farmer entrepreneurs included inadequate access to relevant information, unavailability and high cost of

required machine or equipment, inadequate skill in the line of business and non-availability of labor. When necessary resources are available to farmer entrepreneurs, they still hesitate to set up units or do not succeed in their ventures due to constraint imposed on them by their immediate environment such as family commitment (Acula 2006). According to Labich and dweLiosa (1994), investment in agricultural related businesses especially in the African setting have been generally agreed to be affected by lack of market opportunity, access to finance, enabling environment, market information, and managerial skills.

Table 4: Respondents' entrepreneurial development constraints

| S/No | Constraints | % |
|------|--|----|
| 1. | Lack of starting capital | 95 |
| 2. | Inadequate infrastructural facilities | 93 |
| 3. | Inadequate access to relevant information | 89 |
| 4. | Unavailability of equipment | 85 |
| 5. | Cumbersome procedure of formal credit facilities | 78 |
| 6. | Inadequate storage facilities | 67 |
| 7. | High cost of input | 61 |
| 8. | Inadequate skill in the line of business | 59 |
| 9. | High labour cost | 57 |
| 10. | Scarcity of labour | 52 |
| 11. | Low demand for product | 48 |

Source: Field Survey, 2019 Multiple responses were recorded

CONCLUSION AND RECOMMENDATION

The entrepreneurial competency of farmer entrepreneurs were relatively low. Farmers' entrepreneurial growth in Kebbi State is constrained by myriad of problems. However, there were persistent, committed and risk-bearing among the farmer entrepreneurs. They had relatively low competence in

persuasion and networking, in their quest for efficiency and quality, as well as self-confidence.

Different levels of government should create conducive social and physical infrastructure environments to enhance entrepreneurial growth in the study area. Technical advisory services (Extension services) should be put in place so as to address the challenging characteristics in farmer entrepreneurs in

order to ensure entrepreneurial success. This can be achieved better by encouraging the formation for cooperative societies among farmer entrepreneurs in the study area.

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