



FACTORS AFFECTING AGRIBUSINESS SUCCESS AMONG THE PARTICIPANTS IN INTERNATIONAL INSTITUTE OF TROPICAL AGRICULTURE YOUTH AGRIBUSINESS PROGRAMME IN NIGERIA

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ABSTRACT

The study examined the factors affecting agribusiness success among participants of International Institute of Tropical Agriculture (IITA) youth agribusiness programme in Nigeria. For the purpose of this research, non-probability sampling technique (Convenience) was adopted and the entire population of 117 was given the questionnaire but 110 respondents responded adequately. The study concludes that the following are the major factors (constraints) affecting the participants of IYA programme: lack of adequate storage facilities, lack of adequate processing facilities, lack of adequate government support, technological factors, power interruptions, loan application procedures of banks and other lending institutions are too complicated, high interest rate charged by banks and other leading institutions, and inadequacy of credit institutions. It was recommended that storage and processing facilities for agricultural/agribusiness inputs and products should be adequately provided, electricity (power/energy) that will adequately enhance the agribusiness activities should be provided, and also Government should be more involved in reducing the interest rate on bank loans advanced to agribusinesses through commercial banks.

Keywords: Agribusiness, Agripreneurship, Factors, Unemployment, Youth.

INTRODUCTION

Youth unemployment is one of the greatest challenges facing Nigeria as a country today with its attendant effect on labour productivity which has maintained a rising trend over the years. Youth unemployment rate in Nigeria decreased to 36.50% in the third quarter of 2018 from 38% in the second quarter of 2018 (Makinde & Adegbami, 2019; and National Bureau of Statistics [NBS], 2018). Eleven million youth are expected to enter the labour market every year for the next decade in Africa and 85% of African youth are poor, 70% reside in rural areas where agriculture is done at subsistent level to earn income (World Bank, 2014; and 2015). These characteristics of youth in sub-Saharan Africa justify the centrality of the nexus between youth employment and agriculture in formulating development policy on the continent. At the same time, youth unemployment is currently one of the issues receiving attention at the top of the global development agenda (Adesugba & Mavrotas, 2016).

Over time, efforts have been made by both private and public institution for entrepreneurship development discourse in Nigeria. To that extent, there has been the establishment of enterprises such as Nigerian Association of Small and Medium Enterprises (NASME) and the Small & Medium Enterprises Development Agency of Nigeria (SMEDAN).



The objectives of these organizations are aimed at creating employment opportunities in the micro, small and medium scale enterprises in Nigeria (Otitoju *et al.*, 2020).

Agricultural activities can contribute massively to youth development and act as source of empowerment for them. These activities serve as a tool for providing employment opportunities for the youths, thereby alleviating poverty and youth delinquencies. Mabiso and Benfica (2019) concur to this in his study where he concluded that the development and an effective implementation of agribusiness policies is indeed a panacea to the eradication of youth unemployment in Africa (Nigeria inclusive). To improve youth involvement in agriculture in Nigeria, attention should be given to the factors leading to youth migration to urban areas. Thus, we can infer that encouraging young people back into agriculture would be an appropriate way of harnessing youths’ potentials.

It has been identified that agripreneurship is one of the ways to address youth unemployment, but many of the youth do not have the requisite skills and competencies to start an agricultural enterprise, hence the reason behind agripreneurship incubation. The International Institute for Tropical Agriculture (IITA) has started an incubation programme for youth in the area of agribusiness and has equally trained youth for some organizations and sub-national and national governments. IITA discovered that youth can be productively engaged in agriculture if given the right resources and training. IITA Youth Agripreneurs [IYA] (2017) posited that the essence of incubation programme is to have a paradigm shift of the mindset of the youths, especially from depending on white collar jobs, crude oil and oil-allied jobs, which are not always available, to agriculture through hands-on training, to be able to see opportunities in agriculture. It is therefore imperative to carry out the research to ascertain the factors affecting the success of IITA youth agribusiness (IYA) programme among the participants in Nigeria.

MATERIALS AND METHODS

The study was conducted in Port Harcourt, Kano, Abuja and Ibadan. These Nigeria cities were selected for the study based on the fact that the IITA Youth in Agribusiness model is being implemented in these four staple crop zones and are dominated by agricultural activities.

Sampling Procedure and Sample Size

For the purpose of the research, non-probability sampling technique (Convenience) was adopted and the entire population of 117 but 110 (Table 1) respondents responded adequately. The sample size of the study was the whole IITA Agripreneurs in these four (4) locations in Nigeria.

Table 1: Sample Size Distribution

Locations	Total Number
Port Harcourt	8
Kano	4
Abuja	35
Ibadan	70
Total	117

Method of Data Collection

Primary data was used in this study. The data was collected from IITA Youth Agripreneurs using well-structured questionnaire. These covered the factors affecting



agribusiness success among participants of IITA youth agribusiness programme and their levels of participation in IYA incubation programme.

Analytical Techniques

The data was analyzed using SPSS 20 based on the mean score derived from 5-point likert scale rating technique. Any factor that the mean score is equal to or greater than 3.00 (i.e., ≥ 3.00) is considered a major factor.

RESULTS AND DISCUSSION

Table 2 and 3 reported the factors affecting agribusiness success as referred to in the study as the constraints/challenges faced by the IYA participants in agribusiness after the programme. There are many challenges the respondents faced in their operations that hinder their success.

Marketing, Management and Financial Factors affecting Agribusiness Success among the Youths Participating in IITA Youth Agribusiness Programme

Table 2 shows that marketing, management and financial factors are the major constraints affecting agribusiness success in the study area in the order of inadequate skill to set up competitive price with mean score of 3.05, 29.1% of the respondents attested that the problem was not serious, 20.9% of them said the problem was not a very serious problem, 20% of them attested that the problem was a serious factor, 16.4% of them agreed that the factor was a very serious constraint while 6.4% of them agreed that the problem was not a problem. According to Ringold and Weitz (2007) stated that American Marketing Association defines marketing as planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.

The results also reveals that lack of product diversity and inability to modify existing products with mean score of 3.26, 40% of the respondents attested that the problem was a serious problem, 27.3% of them agreed that this was not a serious constraint, 15.5% of them believed that this was not a very serious constraint, 9.1% of them perceived that this was a very serious problem while 8.2% of them believed that it was not a problem at all. This implies that marketing old products without diversity and modifications have direct relationship on the financial success of the agribusiness.

Also, 27.3% of the respondents attested that lack of efficient distribution channel and networking (with mean score of 3.22) was a serious problem, 22.7% of them said it was not a serious problem, 21.8% of them said that it was not a very serious problem, 18.2% of them said it was a very serious problem while 10% of them believed it was not a problem at all. Networking helps in building social capital with the people outside the agribusiness firms or enterprises. Inadequacy of credit institutions with mean score of 4.43 was recognized to be a very serious problem by 58.2% of the respondents, 31.8% of them believed it was serious problem, 5.5% of them said it was not a very serious problem while 4.5% of them said it was not a serious problem. Enete and Onyekuru (2011) supports this findings revealing that inadequate formal credit facilities is a problem facing farmers and agribusinesses.

Shortage of working capital with mean score of 4.16 was recognized as a serious problem by 40.9% of the respondents, 38.2% of them recognized it as a very serious problem, 19.1% of them faced it as not a serious problem while 1.8% of them saw it as not a very serious problem as seen in Table 2.



Table 2: Marketing, Management and Financial Factors affecting Agribusiness Success Among the Youths Participating in IITA Youth Agribusiness Programme

Factors	Frequency					Mean Score
	Very serious	Serious	Not serious	Not very serious	Not a problem	
Inadequate skill to set up competitive price	18 (16.4)	22 (20.0)	32 (29.1)	23 (20.9)	15 (6.4)	3.045*
Poor location	4 (3.6)	32 (29.1)	36 (32.7)	31 (28.2)	7 (6.4)	2.955
Lack of product diversity and inability to modify existing products	10 (9.1)	44 (40.0)	30 (27.3)	17 (15.5)	9 (8.2)	3.264*
Lack of efficient distribution channel and networking	20 (18.2)	30 (27.3)	25 (22.7)	24 (21.8)	11 (10.0)	3.218*
Limited skill and management capacity	11 (10.0)	11 (10.0)	36 (32.7)	33 (30.0)	19 (17.3)	2.655
Inadequacy of credit institutions	64 (58.2)	35 (31.8)	5 (4.5)	6 (5.5)	0 (0.0)	4.427*
Shortage of working capital	42 (38.2)	45 (40.9)	21 (19.1)	2 (1.8)	0 (0.0)	4.155*
High collateral requirement from banks and other leading institutions	89 (80.9)	11 (10.0)	5 (4.5)	5 (4.5)	0 (0.0)	4.673*
High interest rate charged by banks and other lending institutions	90 (81.8)	11 (10.0)	5 (4.5)	3 (2.7)	1 (0.9)	4.691*
Unplanned withdrawal of cash for personal use	39 (35.5)	44 (40.0)	16 (14.5)	7 (6.4)	4 (3.6)	3.973*
Loan application procedures of banks and other lending institutions are too complicated	81 (73.6)	20 (18.2)	6 (5.5)	3 (2.7)	0 (0.0)	4.627*

Note: Figures in parentheses are percentages; Factors with mean score ≥ 3.00 are major constraints
 Source: Field data, 2019

High collateral requirement from banks and other leading institutions (with mean score of 4.67) was seen to be a very serious problem by 80.9% of the respondents, 10% of them said it was serious problem, while 4.5% of them said this was a not a serious problem and 4.5% of them said it was not a very serious problem (Table 2).

High interest rate charged by banks and other lending institutions with mean score of 4.69, 81.8% of the respondents agreed that this was a very serious problem, 10% of them said it was a serious problem, 4.5% of them said it was a serious problem, 4.5% of them said it was not a serious problem while 0.9% of them said it was not a problem at all as seen in Table 2.

Unplanned withdrawal of cash for personal use with mean score of 3.97, 40% of the respondents agreed this was a very problem, 14.5% of them said it was a serious problem, 6.4% of them said it was not a very serious problem while 3.6% of them agreed it was not a problem at all (Table 2). Loan application procedures of banks and other lending institutions are too complicated (mean score of 4.63) agreed that 73.6% of the respondents agreed that this was a



very serious problem, 18.2% of them agreed it was a serious problem, 5.5% of them perceived it not to be a serious problem as indicated in Table 2.

Infrastructural, Working Place and External Environmental Factors affecting Agribusiness Success

Table 3 reveals the factors that has to do with infrastructure, working place and the external environment-related constraints. The result shows that the following infrastructural, working place and external environmental are the major constraints affecting agribusiness success among the youths that participated in IITA youth agribusiness programme as power interruptions with the mean score of 4.44, 58.2% of the respondents agreed that it was very serious problem, 33.6% of them indicated it to be a serious problem, 3.6% of them agreed that it was not a serious problem, 2.7% of them agreed it was not a very serious problem while 1.8% of them agreed it was not a problem at all.

Insufficient and interrupted water supply had a mean score of 4.06 was indicated as a very serious problem by 39.1% of the respondents, 38.2% of them agreed it was serious problem, 14.5% of them said it was not a serious problem while 6.4% of them was not a very serious problem (Table 3). This implies that water supply is a success factor in agribusiness ventures. This agrees with the work of Hristov (2014) which opines that improved water management can improve production and productivity, which will satisfy the increased demand for food at affordable prices; provide equitable access to water and help food production, processing, and consumption.

Lack of sufficient and quick transportation services with mean score of 4.13, 57.3% of the respondents agreed this was a serious problem, 39.1% of them said it was a very serious problem, 6.4% of them said it was not a serious problem while 4.5% of them agreed it was not very serious problem (Table 3).

Lack of communication services with a mean score of 3.45, 37.3% of the respondents agreed that this was not a serious problem, 32.7% of them agreed it was a serious problem, 14.5 of them said it was a very serious problem, 13.7% of them agreed it was not a very serious problem while 1.8% of them agreed it was not a problem at all as shown in Table 3.

Lack of working premises was considered not a serious problem by 34.5% of the respondents, 26.4% of them agreed it a serious problem, 20% of them indicated that this was not a very serious problem, 10% of them observed that this was not a problem at all while 9.1% of them attested that it was a very serious problem. This finding also showed that the mean score is 3.05.

Inadequate working premises with mean score of 3.17, which showed that 43.6% of the respondents agreed that this was not a serious problem, 24.5% of them agreed it was serious problem, 16.4% of them showed that it was not a very serious problem, 10% of them counted it as a very serious problem while 5.5% of them indicated it not to be a problem at all as seen in Table 3.

Absence of own premises/facilities with a mean score of 3.56 was considered by 45.5% of the respondents as a serious problem, 21.8% of them indicated it as not a serious problem, 15.5% of them agreed it to be a very serious problem, 13.6% of them indicated it was not a very serious problem while 3.6% of them indicated that it not a problem at all (Table 3).

Table 3 shows that current location is not convenient with a mean score of 3.07 was considered as not a serious problem by 39.1% of the respondents, 23.6% of them indicated it was not a very serious problem, 21.8% of them considered it as a very serious problem, 10% of them counted it as a very serious problem while 5.5% of them indicated it not as a problem.



The rent of house is too high with mean score of 3.90 was indicated to be a very serious problem by 42.7% of the respondents 23.6% of them it as not a serious problem, 20.9% of them considered it as a serious problem, 9.1% of them considered this as not a very serious problem while 3.6% of them considered it as not a problem at all (Table 3).

Table 3 shows that political-legal factors with mean score of 4.05 was indicated to be a very serious problem by 40% of the respondents, 37.3% of them it as a serious problem, 10.9% of them considered it as not a serious problem, 10.9% of them considered this as not a very serious problem while 0.9% of them considered it as not a problem at all.

Technological factors with mean score of 4.03 was indicated to be a very serious problem by 36.4% of the respondents, 38.2% of them it as a serious problem, 19.1% of them considered it as not a serious problem, 4.5% of them considered this as not a very serious problem while 1.8% of them considered it as not a problem at all as shown in Table 3. The findings of Umana (2019) agrees with this that technological/technical factors affect agriculture.

Socio-economic factors (mean score of 3.88) was considered to be a very serious problem by 35.5% of the respondents, 33.6% of them it as a serious problem, 16.4% of them considered it as not a serious problem, 16.4% of them considered this as not a very serious problem while 1.8% of them considered it as not a problem at all as shown in Table 3. This agrees with the work of Otitoju and Arene (2010).

Cultural factors (mean score of 3.76) was considered to be a serious problem by 40.6% of the respondents, 25.5% of them it as a very serious problem, 22.7% of them considered it as not a serious problem, 6.4% of them considered this as not a very serious problem while 4.5% of them considered it as not a problem at all as shown in Table 3. This findings agree with the findings of Otitoju and Ochimana (2016) and Otitoju (2013).

Lack of government support with a mean score of 4.13 was considered to be a serious problem by 45.5% of the respondents, 38.2% of them it as a very serious problem, 9.1% of them considered it as not a very serious problem while 7.3% of them considered this as not a serious problem (Table 3). Umana (2019) lends support to this that lack of government support is one of the problems militating against agriculture.

Lack of adequate storage facilities with a mean score of 4.29 was considered to be a very serious problem by 47.3% of the respondents, 40.9% of them it as a serious problem, 6.4% of them considered it as not a serious problem, 4.5% of them considered this as not a very serious problem while 0.9% of them counted it not to be a problem at all (Table 3). This findings buttress the work of Odende (2019) that lack of storage facilities is a major challenge confronting farmers is in the Upper West Region in Ghana.

Table 3 shows that lack of adequate processing facilities with mean score of 4.22 was considered to be a very serious problem by 45.5% of the respondents, 42.7% of them it as a serious problem, 6.4% of them considered it as not a very serious problem, 2.7% of them considered this as not a very serious problem while 2.7% of them counted it not to be a problem at all. This results agrees with the work of Otitoju (2008), Otitoju and Enete (2016) and Otitoju (2013) that lack of processing facilities is a major challenge in agriculture.



Table 3: Infrastructural, Working Place and External Environmental Factors affecting Agribusiness Success in the Study Area

Factors	Frequency					Mean Score
	Very serious	Serious	Not serious	Not very serious	Not a problem	
Power interruptions	64 (58.2)	37 (33.6)	4 (3.6)	3 (2.7)	2 (1.8)	4.436*
Insufficient and interrupted water supply	43 (39.1)	42 (38.2)	16 (14.5)	7 (6.4)	0 (0.0)	4.064*
Lack of sufficient and quick transportation services	34 (30.9)	63 (57.3)	7 (6.4)	5 (4.5)	1 (0.9)	4.127*
Lack of communication services	16 (14.5)	36 (32.7)	41 (37.3)	15 (13.6)	2 (1.8)	3.445*
Lack of working premises	10 (9.1)	29 (26.4)	38 (34.5)	22 (20.0)	11 (10.0)	3.045*
Inadequate working premises	11 (10.0)	27 (24.5)	48 (43.6)	18 (16.4)	6 (5.5)	3.173*
Absence of own premises/facilities	17 (15.5)	50 (45.5)	24 (21.8)	15 (13.6)	4 (3.6)	3.555*
Current location is not convenient	11 (10.0)	24 (21.8)	43 (39.1)	26 (23.6)	6 (5.5)	3.073*
The rent of house is too high	47 (42.7)	23 (20.9)	26 (23.6)	10 (9.1)	4 (3.6)	3.900*
Political-legal factors	44 (40.0)	41 (37.3)	12 (10.9)	12 (10.9)	1 (0.9)	4.045*
Technological factors	40 (36.4)	42 (38.2)	21 (19.1)	5 (4.5)	2 (1.8)	4.027*
Socio-economic factors	39 (35.5)	37 (33.6)	18 (16.4)	14 (16.4)	2 (1.8)	3.882*
Cultural factors	28 (25.5)	45 (40.9)	25 (22.7)	7 (6.4)	5 (4.5)	3.764*
Lack of government support	42 (38.2)	50 (45.5)	8 (7.3)	10 (9.1)	0 (0.0)	4.127*
Lack of adequate storage facilities	52 (47.3)	45 (40.9)	7 (6.4)	5 (4.5)	1 (0.9)	4.291*
Lack of adequate processing facilities	50 (45.5)	47 (42.7)	3 (2.7)	7 (6.4)	3 (2.7)	4.218*

Note: Figures in parentheses are percentages; Factors with mean score ≥ 3.00 are major constraints
 Source: Field data, 2019

CONCLUSION AND RECOMMENDATIONS

The study concludes that the following were the major factors (constraints) affecting the participants of IYA programme: lack of adequate storage facilities, lack of adequate processing facilities, lack of adequate government support, technological factors, power interruptions, loan application procedures of banks and other lending institutions are too complicated, high interest rate charged by banks and other leading institutions, and inadequacy of credit institutions. The following recommendations are proffered:

1. Provision of adequate storage and processing facilities for agricultural/agribusiness inputs and products.
2. Provision of electricity (power/energy) that will adequately enhance the agribusiness activities of the youth in the country.
3. More intervention by government in reducing the bureaucratic loan processes.
4. Government should be more involved in reducing the interest rate on bank loan to agribusinesses.



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