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ANALYSIS OF FACTORS AFFECTING AGRIBUSINESS IN OYO STATE, NIGERIA

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ABSTRACT

Despite the importance of agribusiness in the development process, the sectors face range of problems and as such this study analyzed the factors affecting agribusiness in Oyo State, Nigeria and specifically: (i) described the socio-economic characteristics of the respondents, (ii) identified the types of agribusiness the respondents are involved, (iii) examined the level of accessibility to inputs for the various agribusiness and (iv) examined the factors affecting agribusiness in the study area. A multi stage sampling procedure was used to select two local government areas out of which 120 agribusiness owners were randomly sampled. The mean age of the respondents was 52 years while 52.5 % of the respondents were males with average annual income of ₦203,000. The different agribusiness carried out in the area include crop farming, livestock farming, crop processing, production of livestock feed, marketing of farm produce among others. Factors affecting agribusiness in the area were found to include insufficient fund, insufficient land, high cost of equipment, transportation problem, pest and diseases, high cost of production, and price fluctuation of agricultural produce. The chi-square result showed that there were significant relationships between marital status ($\chi^2 = 28.02$, $P < 0.05$), education ($\chi^2 = 61.25$, $P < 0.05$) of agribusiness owners and the factors affecting their agribusiness in the study area. Also, Pearson correlation result showed that there were significant relationship between respondent's age ($r = 0.665$, $P < 0.005$), years of farming experience ($r = 0.243$, $P < 0.05$) and the factors affecting their agribusiness involvements in the study area. The study recommends that the respondents should be encouraged to go into other types of agribusiness apart from crop farming in the study area. Also, government should encourage respondents by making fund available and accessible as loan to respondents since one of the major factors affecting agribusiness is insufficient fund.

KEYWORDS: Agribusiness, factors affecting agribusiness, types of agribusiness, input accessibility.

INTRODUCTION

Agribusiness refers to the generic term for the various businesses involved in the food production chain, including farming (both subsistence and mechanized farming), seed supply, manure, fertilizers and agro-chemicals, farm machinery, distribution, wholesale and retailers, processing, research and development, marketing and financing of the agro-allied industries (Pawa, 2013). Agribusiness also includes a range of activities and disciplines encompassed by modern food production, and denotes the nexus between, inter alia, natural resource management, tourism and hospitality, innovation, mechanization, manufacturing and processing activities to add value to raw materials or cash products as well as trade and distribution (Nina et al., 2010).

The centrality of agribusiness in the interface between agriculture and the rural sector cannot be easily waved aside. This is because; agribusiness has the capacity to provide greater employment, higher incomes and poverty reduction via their requisite infrastructure. It does provide inputs to farmers and connects them to the consumers via general handling, processing, transport, marketing, and distribution of agricultural products (Theuvsen & Spiller, 2007).

Despite the importance of agribusiness in the development process, the sector faces a myriad of problems, ranging from the vicissitudes of nature to the bizarre vagaries of political inconsistencies and discontinuities. (Dike, 1991, Anyanwu, 1997, Dunmoye, 1997)

Rolando (2011) have argued that: “the most prominent of these factors affecting agribusiness sector are unavailability of financial capital, lack of entrepreneurship, management ability and technology; inadequate socio-economic infrastructure; uneven spatial development and the spatial problem of small scale industry.

In spite of all these realities, there is need to analyze the factors affecting agribusiness in Oyo State, Nigeria and to achieve this study, the research specifically:

- I. described the socio-economic characteristics of the respondents
- II. identified the types of agribusiness the respondents are involved in the study area
- III. examined the level accessibility to inputs for the various agribusiness
- IV. examined the factors affecting agribusiness in the study area

METHODOLOGY

Sources of Data and Sampling Procedure

The data for this study were collected from primary sources only using a well-structured questionnaire in Oyo State being the study area. The population of this study consists of all the agribusiness owners in the study area. Multistage sampling was employed to select 120 agribusiness owners. First stage involved the random selection of 2(two) Local Governments (Afijio and Iddo LGAs) out of 33 Local Government Areas of Oyo State. The second stage involved random selection of 2 wards from each of the LGAs selected for this study, making a total of 4 wards. The third stage involved random selection of 2 villages per ward making a total of 8 villages. The fourth and final stage is the purposive sampling of 15 (52%) agribusiness owners per village to make a total of 120 respondents used for the study. A list of the agribusiness owners were generated with the help of natives.

METHOD OF DATA ANALYSIS

Both descriptive and inferential statistics were adopted to realize the objectives of the study. The descriptive statistics such as frequency, mean and percentages were used to achieve objectives (i) described the socio-economic characteristics of the respondents, (ii) identified the types of agribusiness the respondents are involved in the study area, (iii) examined the level accessibility to inputs for the various agribusiness and (iv) examined the factors affecting agribusiness in the study area, while inferential statistics such as chi-square and Pearson Product Moment Correlation analyses were used to achieve the hypothesis of the study, while F-test was used to test the hypothesis of the study at 0.05% significant level.

RESULTS AND DISCUSSION

Socio-Economic Characteristics

The socio-economic characteristics of the respondents are presented in Table 1. Forty percent (40%) of the respondents were between the ages of 50-59 while 31.7% were within 40-49 years of age. 52.5% were males, 87.5% were married and 66.7% were Christians. About 76.7% of the respondents have one form of education or the other. The respondent's years of experience in agribusiness ranges between 4-10 years for 30% of the respondents, while 33.3% have business experience of 10 years and above, this means that this group of agribusiness owner is well experienced. The sources of capital available to the respondents include: personal savings (49.26%), friends and families, (33.3%) and cooperative societies (17.5%) which is the usual practice for all agricultural businesses as bank loans are rarely made available to small scale farmers and agribusiness owners in the area.

Table 1: Socio- economic characteristics of the respondents

Characteristics	Frequency	Percentage
AGE (YEAR)		
30-39	17	14.2
40-49	38	31.7
50-59	48	40.0
60 and above	17	14.1
Sex		
Male	63	52.5
Female	57	47.5
Marital Status		
Married	105	87.5
Divorced	3	2.5
Widowed	12	10.0
Religion		
Christianity	80	66.7
Islam	40	33.3
Educational Status		
No formal education	28	23.3
Primary education	61	50.9
Secondary education	22	18.3
Tertiary education	9	7.5
Annual Income		
Below 50000	13	10.8
50000-100000	30	25.0
101000-150000	23	19.2
151000-200000	20	16.7
200000 and above	34	28.3
Years of experience		
1-3	22	18.33
4-6	36	30.00
7-9	22	18.33
10 and above	40	33.33
Sources of Capital		
Personal savings	59	49.16
Friends and families	40	33.33
Cooperative society	21	17.50

Source: field survey, 2016

Types of Agribusiness the Respondents Are Involved

The various Agribusiness practiced by the respondents in the study area as shown in table 2 include crop farming (32.5%), livestock farming (10.8%), marketing of farm produce (30%) and processing of farm produce (6.66%) among others. According to Munoye and Esiobu (2017), in Nigeria agribusiness can be divided into four components; farming inputs supply companies; producing farm firms, processing agribusiness firms and food marketing and distribution.

Table 2: Distribution of the Respondents on the types of Agribusiness they are involved

Enterprises	Frequency	Percentage
Crop farming	39	32.5
Livestock farming	13	10.8
Crop and livestock farming	11	9.16
Sales of farm inputs	1	0.80
Processing of farm produce	8	6.66
Marketing of farm produce	36	30.0
Production of livestock feed	5	4.20
Processing and marketing of farm produce	7	5.80

Source: field survey, 2016

Accessibility to Inputs

Table 3 reveal that inputs used by agribusiness owners in the study area are always accessible as indicated by 75.8% of the respondents, this should be expected because of the agrarian nature of the study area.

Table 3: Distribution of respondents according to Accessibility to inputs

Variables	Frequency	Percentage
Accessibility		
Accessible	117	97.5
Not accessible	3	2.5

Source: field survey, 2016

Factors Affecting Agribusiness involvement

Table 4 shows the various factors affecting agribusiness in the study area. Major factors affecting agribusiness in the study area are: Insufficient fund (28.4%), High cost of Production (12.5%) and Transportation Problem (10.8%).

Table 4: Distribution of Respondents according to Factors affecting Agribusiness

Factors	Frequency	Percentage	Rank
Insufficient land	2	1.7	7 th
Insufficient fund	34	28.4	1 st
High cost of production	15	12.5	2 nd
Uncontrollable weather condition	2	1.8	9 th
Drudgery in farming	1	0.8	10 th
Scarcity of labour	15	12.5	5 th
Price changes	5	4.2	6 th
Transportation problem	13	10.8	3 rd
Lack of government support	11	9.2	4 th
High cost of equipment	2	1.7	7 th
Post-harvest losses	7	5.8	
Pest and diseases	6	5.0	
Seasonality of farm produce	5	3.8	
Irregular power supply	1	0.8	
Pilfering	1	0.8	

Source: field survey, 2016

Test of hypothesis

Test of relationship between selected socio-economic characteristics of agribusiness owners and factors affecting their agribusiness involvement. The hypothesis was tested using chi-square test for items measured at nominal and ordinal. Pearson product moment correlation (PPM) for items measured at interval level and the result is presented in table 5. The chi-square result showed that there were significant relationships between marital status ($\chi^2 = 28.02, P < 0.05$) and education ($\chi^2 = 61.25, P < 0.05$) of agribusiness owners and the factors affecting their agribusiness in the study area. Also, for Pearson product moment correlation result showed that there were significant relationship between respondents, Age ($R = 0.666, P < 0.005$) and years of farming experience ($R = 0.243, P < 0.05$) and the factors affecting their agribusiness involvements in the study area. Therefore, the result implies that marital status, education level, Age and year of agribusiness experience have positive and direct relationship with factors affecting the agribusiness of the respondents in the study area.

Table 5: Chi-square and Pearson correlation Analyses of the relationship between socio-economic characteristics of the respondents and the factors affecting their agribusiness

Variables	Chi-square	Df	P-value	Decision
Sex	53.32	1	0.73	NS
Educational level	61.25	2	0.03	S
Marital status	28.02	2	0.01	S
Religion	46.62	2	0.53	NS
Variables	R		P-value	Decision
Age	0.666		0.04	S
Years of agribusiness experience	0.243		0.03	S

Source: field survey, 2016

R= Pearson Product Moment Correlation coefficient

P-value ≤ 0.05 = Significant (S)

P-value > 0.05 = Not significant (NS)

CONCLUSION AND RECOMMENDATIONS

Based on the results from the study, it therefore conclude that crop farming is the major type of agribusiness the respondents are involved in, most of them have access to input in the area, while the major factors affecting agribusiness in the study area are insufficient fund, high cost of production and transportation problem. The hypothesis tested at 0.05% level showed that sex, marital status, religion, education level, age and year of farm experience have positive and direct relationship with factors affecting the agribusiness of the respondents in the study area.

It is therefore recommended that respondents should be encouraged to go into other types of agribusiness apart from crop farming in the study area. Also, the government should encourage respondents by making fund available and accessible either as loan to respondents since one of the major factors affecting agribusiness is insufficient fund.

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