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# Challenges and Prospects of Agricultural Entrepreneurs in Zuru Metropolis Area of Kebbi State, Nigeria

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## Authors' contributions

This work was carried out in collaboration among all authors. Author SH designed the study, managed the literature searches, wrote the protocol and the first draft of the manuscript. Authors HNA, LG, AMC and YHY finished the design, protocol and check the draft report. All authors read and approved the final manuscripts.

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## ABSTRACT

The main objective of this study is to examine the challenges and prospects of Agricultural Entrepreneurs in Zuru Metropolis, Zuru Local Government Area of Kebbi State, Nigeria. A simple random sampling technique was used to select 100 respondents from the study area. A structured questionnaire was used to collect data, which were analyzed using descriptive and inferential statistics. The result revealed that the majority (78%) of the entrepreneurs were males, 54% fell

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within the age bracket of 31 – 40 years and 90% of the respondents were married. 62% of the respondents were civil servant (major occupation) while 52% engaged on trading businesses (other occupation) respectively. The result also reveals that the businesses undertaken by the entrepreneurs were moderately acceptable and highly profitable in the study area. The result further reveals that half (50%) of the respondents had attained educational levels of HD/HND and First Degree. The null hypothesis (Ho) tested shows that there was significant relationship between socio-economic characteristics of respondents and business profitability (major occupation (t-value -2.671), other occupation (t-value 1.510) educational level (t-value 2.719) with R<sup>2</sup>-value 0.86. The result also reveals that 33.7% of respondents reported to face a problem of capital in their businesses. The study concludes that for a profitable Agribusinesses this depends on the extent issues raised as possible solutions to the problems faced by the entrepreneurs as addressed in the study. Finally, the study recommends an about entrepreneurship education campaign as well as provision of subsidies and credit facilities to empowered entrepreneurs.

*Keywords: Agriculture; entrepreneurs; challenges; prospect; Zuru.*

## 1. INTRODUCTION

“Traditionally, agriculture is seen as low-tech industry with limited dynamics dominated by numerous small family firms, which mostly focused on doing things better rather than doing new things. Over the last decade, this situation changed dramatically due to economic liberalization, a reduced protection of agricultural markets, and a fast changing, more critical society. Agricultural companies increasingly have to adapt to the vagaries of the market, changing consumer habits, enhanced environmental regulations, new requirements for product quality, chain management, food safety sustainability, and so on” [1].

“The concept of entrepreneurship was established in the 1700s and the meaning has evolved ever since. Many simply equate it with starting one’s own business. Most economists believe it is more than that. To some economists, the entrepreneur is one who is willing to bear the risk of a new venture if there is a significant chance for profit” [2]. “Others emphasize the entrepreneur’s role as an innovator who markets his innovation. Still other economists say that entrepreneurs develop new goods or processes that the market demands and are not been supplied. Most economists agree that entrepreneurship is a necessary ingredient for stimulating economic growth and employment opportunities in all societies” [2].

According to [3] “in the developing world, successful small businesses are the primary engines of job creation, income growth, and poverty reduction. Successful entrepreneurs come in various ages, income levels, gender,

and race. They differ in education and experience. However, research indicates that most successful entrepreneurs share certain personal attributes, including creativity, dedication, determination, flexibility, leadership, passion, self-confidence, and smarts. Among the most successful strategies for encouraging entrepreneurship and small business are changes in tax policy, regulatory policy, access to capital, and the legal protection of property rights. Small businesses broaden the base of participation in society, create jobs, decentralize economic power, and give people a stake in the future. Entrepreneurs innovate and innovation is a central ingredient in economic growth. As Peter Drucker said, “The entrepreneur always searches for change, responds to it, and exploits it as an opportunity”. Entrepreneurs are responsible for the commercial introduction of many new products and services, and for opening new markets”.

“Entrepreneurs in less-developed countries often innovate by imitating and adapting products created in developed countries. Drucker called this process “creative imitation.” Creative imitation takes place whenever the imitators understand how an innovation can be applied, used or sold in their particular market better than the original creators do. Innovation, differentiation, and/or market specification are effective strategies to help a new venture to attract customers and start making sales” [4]. “Entrepreneurs create new businesses, generating jobs for themselves and those they employ. In many cases, entrepreneurial activity increases competition and, with technological or operational changes, it can increase productivity as well” [3].

“Most business sectors have specific marketing strategies that work best for them and have already been put into practice,” “In agriculture, employing new entrepreneurial activities is relatively easy because farmers generally have many useful resources at their disposal such as: land, buildings, machinery, labor, networks, etc. Access to good resources alone is, however, not a guarantee for success. It all depends on the farmers' entrepreneurial abilities to access, see the potential of, and use the resources available” [5]. “Entrepreneurial learning plays a key role in this process” [6].

“In many countries, entrepreneurs must select a form of organization when they start a small business. The basic forms of organization are sole proprietorships, partnerships, and corporations. A comprehensive business plan is crucial for a start-up business. It defines the entrepreneur's vision and serves as the firm's resume. Many entrepreneurs struggle to find the capital to start a new business. There are many sources to consider, so it is important for an entrepreneur to explore all financing options: Personal savings, Friends and family, Credit cards, Banks, Venture investors and Government programs” [6].

### 1.1 Purpose of the Study

Agricultural entrepreneurship shares many characteristics of "generic" entrepreneurship; but also has its distinct features due to the specific context of the agricultural sector. A substantial body of literatures on agricultural entrepreneurship has emerged, discussing several aspects of agricultural entrepreneurship. Nevertheless, several avenues for research remains as no or few studies were carryout in the study area. Base on this, the study examine the challenges and prospects of Agricultural entrepreneurs in Zuru Metropolis, Zuru Local Government Area of Kebbi state, Nigeria.

Specifically, the research work encompasses socio-economic characteristics of respondents, Awareness of entrepreneurship among the respondents, business idea generation and adoption, level of business acceptability and profitability, business problems encountered and possible solutions in the study area. Lastly, the null hypothesis (Ho) tested for this study was; there is no significant relationship between socio-economic characteristics of respondents and business profitability.

## 2. METHODOLOGY

The study was carryout in Zuru Metropolis, Zuru Local Government Area of Kebbi State, Nigeria. The Local Government Area is located between latitude  $11^{\circ}15'N - 11^{\circ}35'N$  and  $4^{\circ}4'E - 5^{\circ}25'E$  with an approximate land mass of about  $653km^3$ . It has a projected population of 225,400 persons [7].

Simple random sampling technique was employ to select 100 respondents in the study area. The primary and secondary data are collected. The secondary data collected through a review of relevant textbooks, journals, and proceedings. While, primary data collected using a structured questionnaire from the target respondents in the study area. Data collected were analyzed using descriptive and inferential statistics (percentages and frequency counts and simple linear regression) respectively.

## 3. RESULTS AND DISCUSSION

### 3.1 Socio-Economic Characteristics of Entrepreneurs

The results in Table 1 shows that majority (78%) of the respondents were males, while 22% were females. This implies that men are actually more engaged in businesses in the study area. More than half (54%) of the respondents were within the age of 31 – 40 years and majority (90%) of them were married. The result also shows that 62% were civil servants (major occupation). This implies that young graduates nowadays do not ignored businesses.

The result also shows that 50% of the young entrepreneurs have had HD/HND/first degree. While 24% had OND/ND/NCE with 18% secondary and about 4% each had primary and Master's degree educational qualification respectively. This implies that level of education in the study area is high as such it fostered business skills, expanded networks and shaped behavioral skills. The knowledge of entrepreneurship also uplifts the businessmen sense of opportunities and optimism toward the business future [8]. The study also agreed with [9] who report education as a facilitating factor for any enterprise. More so, the higher the educational attainment of the businessmen the more favorable their disposition towards modern business techniques and skill as well as business risk management. In addition, 34% of the

respondents had an estimated monthly income of ₦ 51, 000 – ₦ 100, 000, while 24% of them had less than ₦ 50, 000. Moreover, 46% of the respondents had source of initial business capital from their personal savings, while 24% source their business capital from friends/family relatives and personal contribution (Adashe) respectively.

### 3.2 Awareness about Entrepreneurship

Table 2 indicates that the majorities (75%) of the entrepreneurs in the study area were aware about entrepreneurship and 66.7% of them had their source of awareness from the school. In addition, 50.6% of the respondents had an experience of entrepreneurship within a period of 6 – 10years, while 41% of them fell between the periods of less than 5 years.

This imply that entrepreneurship awareness and experience do not only help in facilitating entry self- employment and businesses but sped up

the process of opening a business, improved better practices and profitability in the new businesses [10].

### 3.3 Business Idea Generated among Entrepreneurs

Result in Table 3 showed that majority (74%) of the respondents generated their business idea from their friends and family relatives, while 12% of them from their schools time. Meanwhile, majority (98%) of the respondents adopt their ideas into business reality in the study area. Moreover, 52% of the respondents had reported to engage on agro-allied trading businesses, while 26% have engaged on crop farming business.

This implies that youth in the study area had much preference on the Agro-allied trading businesses more than any other aspect of agricultural business activities.

**Table 1. Socio-economic characteristics**

| Characteristics           | Variables               | Percentage (%) |
|---------------------------|-------------------------|----------------|
| Sex                       | Male                    | 78             |
|                           | Female                  | 22             |
| Age (Year)                | 20 – 30                 | 4              |
|                           | 31 – 40                 | 54             |
|                           | 41 & above              | 42             |
| Marital Status            | Married                 | 90             |
|                           | Single                  | 4              |
|                           | Divorce                 | 2              |
|                           | Widow                   | 4              |
| Major Occupation          | Business only           | 38             |
|                           | Civil Servant           | 62             |
| Other Occupation          | Trading                 | 52             |
|                           | Poultry                 | 8              |
|                           | Farming                 | 26             |
|                           | Livestock               | 10             |
|                           | Others                  | 4              |
| Educational Level         | Primary                 | 4              |
|                           | Secondary               | 18             |
|                           | OND/ND/NCE              | 24             |
|                           | HD/HND/First Degree     | 50             |
|                           | Master's Degree         | 4              |
| Income per month (₦)      | < 50, 000               | 24             |
|                           | 51, 000                 | 34             |
|                           | >100, 000               | 42             |
| Source of initial capital | Bank                    | 4              |
|                           | Personal savings        | 46             |
|                           | Friend/family relatives | 24             |
|                           | Contribution (adashe)   | 24             |
|                           | Others                  | 2              |

Source: Field Survey, 2021

**Table 2. Entrepreneurship awareness**

| Items   | Percentage (%) |
|---|----------------|
| <b>Awareness about entrepreneurship</b>             |                |
| No  | 22             |
| Yes   | 78             |
| <b>If yes, what is the source your awareness</b>    |                |
| School  | 66.7           |
| Seminar and workshop                                | 7.7            |
| Social and local media                              | 7.7            |
| Friends   | 10.3           |
| Family relatives                                    | 7.7            |
| <b>Period of entrepreneurship awareness (years)</b> |                |
| < 5   | 41             |
| 6 – 10  | 51.3           |
| > 10  | 7.7            |

Source: Field Survey, 2021

**Table 3. Business idea generation**

| Items  | Percentage (%) |
|--|----------------|
| <b>Sources of business idea generated</b>      |                |
| Friends/family relatives                       | 74             |
| Personal experience                            | 10             |
| School   | 12             |
| Social and local media                         | 4              |
| <b>Application of idea in business reality</b> |                |
| No   | 2              |
| Yes  | 98             |
| <b>Type of business adopt</b>                  |                |
| Agro-allied Trading                            | 52             |
| Crop Farming                                   | 26             |
| Livestock rearing                              | 10             |
| Poultry keeping                                | 8              |
| Others   | 4              |

Source: Field Survey, 2021

### 3.4 Business Acceptability and Profitability

The result in Table 4 presents that 44% of the agricultural entrepreneurs reported to have a moderately acceptable businesses, while 32% had a slightly acceptable businesses and 24% of the respondents had highly acceptable businesses in the study area. Also, more than half (62%) of the respondents had reported to

have a high profit on business in the study area, while 34% had moderate profit on business, whereby only 4% had reported a low profit on their businesses.

The result (Table 4) presents evidence that 100% of the respondents in the study area reported to enjoy business profitability and livelihoods improvement respectively. This implies that a significant increase in the levels of income would help in meeting the felt-needs of the respondents. This study complements the findings that Innovation, differentiation, and/or market specification are effective strategies to help a new venture to attract customers and start making sales. Entrepreneurs create new businesses, generating jobs for themselves and those they employ [4].

**Table 4. Level of business acceptability and profitability**

| Items                                  | Percentage (%) |
|--|----------------|
| <b>Level of business acceptability</b> |                |
| Not Acceptable                         | 0              |
| Slightly Acceptable                    | 32             |
| Moderately acceptable                  | 44             |
| Highly acceptable                      | 24             |
| <b>Business profitability</b>          |                |
| No                                     | 0              |
| Yes                                    | 100            |
| <b>Level of business Profitability</b> |                |
| No profit                              | 0              |
| Low profit                             | 4              |
| Moderate profit                        | 34             |
| High profit                            | 62             |
| <b>Improvement of livelihoods</b>      |                |
| No                                     | -              |
| Yes                                    | 100            |

Source: Field survey, 2021

### 3.5 Relationship between Business Profitability and Socio-economic Characteristic of Young Entrepreneurs

Table 5 shows the relationship between business profitability and some selected socio-economic characteristics of young entrepreneurs in the study area. The result of linear regression analysis revealed that only three variables were statistically significant at 1% and 5% probability level respectively, with an R-square(model fit) of 86%.

**Table 5. Relationship between business profitability and Socio-economic characteristics of respondents**

| Variables         | Coefficient | t-value |
|-------------------|-------------|---------|
| Constant          | .300        | 4.895   |
| Sex               | .056        | 1.588   |
| Age               | .151        | - .168  |
| Marital status    | .92         | -1.470  |
| Major occupation  | .082        | -2.679* |
| Other occupation  | .259        | 2.719*  |
| Educational level | -.239       | 1.510*  |
| Income per month  | -.020       | .657    |
| Source of capital | -.071       | -.318   |
| R-square          | 0.86        |         |
| Adjusted R-square | 0.45        |         |
| F-value           | 2.752       |         |

Source: Field Survey, 2021

The result reveals that major occupation (t-value -2.679) and other occupation (t-value 2.719) had positive increases on profitability of business, whereby educational level (t-value 1.510) show an inverse increase on profitability as a result of underutilization of knowledge and experience again in the businesses. Therefore, the null hypothesis (Ho) tested (there is no significant relationship between business profitability and some selected socio-economic characteristics of agricultural entrepreneurs in the study area) would be rejected. This implies that occupations and educational levels of the respondents had significant effect on the business profitability of the entrepreneurs.

### 3.6 Challenges Faced by Entrepreneurs

In Table 6, the result reveals that majority (90%) of the respondents reported to had experienced challenges in their businesses.

**Table 6. Challenges encountered\***

| Items                                | Percentage (%) |
|--------------------------------------|----------------|
| Problem of capital                   | 33.7           |
| Lack of Ext. contact                 | 2.             |
| Cost of inputs/goods                 | 20.4           |
| Credit default                       | 11.2           |
| Stealing/thieves                     | 4.1            |
| Insecurity                           | 6.1            |
| Problems of social & basic amenities | 12.2           |
| Problem of pest & diseases           | 3.1            |
| Business lost                        | 5.1            |
| Too much tax                         | 1.0            |
| Low market demand                    | 1.0            |

Source: Field Survey, 2021; \*Multiple responses

In addition, the result had further indicated that 33.7% of the respondents had problem of initial business capital, while 20.4% of them reported a problem on cost of inputs/goods, 12.2% had problem of social and basic amenities and 11.2% had problem of credit default in the study. This study indicates that entrepreneurs in the study area faced with problems that hindered a smooth run-up for their enterprises. The [11] report that access to credit is one of the most frequently cited barriers to entrepreneurs' development.

### 3.7 Possible Solutions to the Challenges Faced by Entrepreneurs

The factors perceived as coping strategies for the challenges faced by agricultural entrepreneurs in the study were reveals in Table 7 using multiple responses.

The result reveals that 38.8% of the young entrepreneurs perceived that provision of loan facilities would boost and strengthen new businesses. In addition, 33.7% of the respondents had a view that through provision of subsidize inputs/goods would go a long way in improving and uplifting new enterprises in the study area. This study complements the findings of [8] who observed that loan support a broad set of self-employment and agricultural businesses in the community. Similarly, [11] report that access to credit is one of the most frequently cited barriers to entrepreneurship. The entrepreneurship did not directly aim to alleviate credit constraints, but some aspects of the training involved providing information to participants about applications, as well as connecting them to bankers.

**Table 7. Possible solutions to the challenges encountered**

| Items                                   | Frequency | Percentage (%) |
|---|-----------|----------------|
| Provision of loan facilities            | 76        | 38.8           |
| Improvement of social & amenities basic | 30        | 15.3           |
| Re-enforcement of security              | 14        | 7.1            |
| Provision of subsidize inputs/good      | 66        | 33.7           |
| Improvement of ext. service delivery    | 8         | 4.1            |
| Promptly payment of debt                | 2         | 1.0            |

Source: Field Survey, 2021; \*Multiple responses

#### 4. CONCLUSION AND RECOMMENDATIONS

The study concludes that, a major prospect of agricultural entrepreneurs in the study area was high profit status. Despite the fact that, creation of more awareness about entrepreneurship, integration of women in agricultural businesses, provision of subsidies and credit facilities to small, medium and large enterprises through a special fund support scheme for entrepreneurs' development would improve the gross domestic production and livelihood of the entrepreneurs.

#### COMPETING INTERESTS

Authors have declared that no competing interests exist.

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