

Factors Affecting Entrepreneurship Development in Agribusiness Enterprises in Lagos State, Nigeria

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Abstract

This paper primarily sought to determine the factors affecting the entrepreneurship development in small and micro agribusiness firms. Primary data from 120 owners/managers of small and micro agribusiness enterprises purposively selected for the study were analysed using descriptive statistics and multiple regression models. Results showed that majority of the owners/ managers of agribusiness were male (73.3

Index terms— entrepreneurship, development, entrepreneurship drive, agribusiness enterprise, barriers, lagos state.

1 Introduction

In Nigeria today, the mantra "beyond oil" has become a 'buzz word' owing to dwindling revenue from oil and its attendant adverse effect on the economy and citizens' welfare. Governments have acknowledged the impact of Agribusiness Small and Micro agro-Enterprises (SMEs) on job creation, improvement of people's standards of living and hence an overall impact on the economy and thus encouraging entrepreneurship in the sector as a way of diversifying the economic reliance on oil for development. The term entrepreneurship is used to describe dynamic process of creating incremental wealth (Shailesh et al., 2013). This wealth is created by individuals who take the major risks in terms of equity, time and carrier commitment of providing value to some product or services. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skill and resources. In other words entrepreneurship is the application of energy for initiating and building an enterprise (Mishra et al., 2010). Development of agricultural entrepreneurship has been an important policy to increase the value of agricultural production and open up the sector for businesses which is clear departure from what obtained in the past when oil prices were at their peak. Therefore, a policy change of this nature requires the development of entrepreneurial and organizational competency in farmers. Developing entrepreneurial skills of farmers can take two approaches. The first is to amend the social, economic, political, and cultural frameworks that hinders, and foster those that stimulate their development. The second is encouragement of farmers, via their personalities and capabilities, to kindle the development of entrepreneurship. If agro-enterprise competitiveness is to be improved by nurturing entrepreneurial behaviour, both approaches have to be considered.

Agribusiness or agro-enterprise is a sector in which most of the rural SMEs operate in and includes all participants in a commodity vertical structure, from suppliers, farmers, assemblers, processors and distributors to ultimate domestic and international consumers. The agribusiness SMEs are of importance to the Nigerian economy because they enhance economic growth, help accelerate development and are a business solution to rural poverty. In view of the dwindling government revenue from crude oil it is a delight to know that government has realised that the two concepts, entrepreneurship and agribusiness are not mutually exclusive and have extended supports for their promotion.

In Lagos State, though government, private and non-governmental development programmes are put in place to promote entrepreneurship, most agribusinesses are still encountering challenges that stagnates entrepreneurial activities. The challenge in the study area lies in assessing the level of entrepreneurial drives, and key factors that would constitute a framework which can be used as a basis for building a platform in which entrepreneurial

2 RESULTS AND DISCUSSIONS A) SOCIO-ECONOMIC CHARACTERISTICS OF RESPONDENTS

46 initiatives can thrive. In Lagos State, agribusiness owners/managers' socio-economic characteristic, extent of
47 entrepreneurship drive in agribusiness enterprise, extent of intent to be involved in agricultural production
48 and factors that influence entrepreneurship in agribusiness enterprise are not well documented. Constraints
49 to entrepreneurship development drive in agribusiness enterprise are also not known.

50 In literature, Bommies and Kolb (2004) examined Economic Factors Affecting Entrepreneurship at two levels
51 of structural and personal positions. In their study, structural position implies barriers and opportunities, and
52 personal position depicts potentials and limitations. Structural positions include goods and services, access to
53 credit and loans, competitive market and tax rates. Personal positions cover skilled and trained staffs, human
54 capital and income level. Jancikova (2004) The sample units of analysis were the small and micro agribusiness
55 firm owners/managers. Because they are strewn across major markets such as Agege, Sangross in Lagos Island
56 and Sabo in Ikorodu, the representativeness of the sample were of great significance so that the results can be
57 inferential throughout the population. Thus, 40 agribusinesses were purposively selected in each of the Markets.

58 The study employed a semi structured interviews which allows the use of questionnaires. The questionnaire
59 elicited information on socio-economic characteristics of the farmers, perception of entrepreneur on factors which
60 affect agribusiness namely social, psychological, economic, managerial, marketing, training and cultural factors
61 in a likert-type structure. Altogether, 120 questionnaires were administered, collated and used for the analyses.
62 Descriptive statistics such as frequency, percentages, mean and standard deviation were used to summarise
63 the data while multiple regression analysis was used to determine socio-economic factors affecting agribusiness
64 entrepreneurship development. The regression model is expressed as follows: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + e_i(1)$
65

66 III.

2 Results and Discussions a) Socio-economic Characteristics of Respondents

69 The socio-economic characteristics of small and micro agribusiness owners/managers are presented in Table 1.
70 The Table shows that majority (about 94%) of the respondents were 50 years and below while only 5% were
71 above 50 years. The mean age was 42.1. The Table further showed that about 27% only attained a primary level
72 educational qualification while more than half of the respondents, that is 56.7%, attained a secondary education
73 qualification. About 7% of managers/owners have a tertiary qualification. The findings signified that the farmers
74 have adequate educational background that is relevant for adoption of innovations and skills in entrepreneurship
75 development. It is expected that the higher level of education will contribute significantly to decision making of
76 a owners/managers of agribusiness for entrepreneurship development. Male agribusiness owners/managers were
77 more (73.3%) than female (26.7), buttressing the usual male dominance in the world of business. Their marital
78 status showed that more than three-quarters (71.67%) were married; about 23.00% were single while 5.00%
79 were widowed. Previous experience of an owner/manager is undoubtedly invaluable to the present business.
80 An owner/manager with managerial and entrepreneurship experience is likely to have the necessary skills for the
81 demands of the present business venture. 51.16% of the aggregate sample has between 11 and 19 years while
82 23.3% possessed more than 20 years in business experience. Owner/managers with less than 10 years of experience
83 and entrepreneurship experience are only 25.00%. The mean business experience was 14.20.

84 The distribution of agribusiness entrepreneur according to their household size shows that majority (53.33%)
85 of the owners/managers had household size of 6-10 persons while about 46.67% had household size of 1-5 persons.
86 The mean household size was 5 persons. This implies that farmers in the study area have a large household size.
87 Large household size ensures availability of family labour to address labour challenges.

88 The Table also revealed that majority (85.00%) of the agribusiness owners/managers are member of cooperative
89 while about 15.00% of the farmers do not belong to cooperative society. This is expected to facilitate knowledge
90 sharing and ease of fund access and thus enhanced development of entrepreneurship. The table further revealed
91 that the average annual farm income of majority (53.33%) of the farmers lies between N501,000 -1,500,000, about
92 26.67% had an average income between N251,001-500,000, approximately 15.00% had an average of N100,000-
93 250,000 while about 3.33% and 1.67% have an average income of less than N100,000 and greater than N1,500,000
94 respectively. The mean monthly farm income was N84,833.00. The result implied that respondents are fairly high
95 income earners in spite of large family size they supported. Business size distribution of the owners and managers
96 of agribusiness is also shown in Table 1. It indicates that larger proportion (68.33%) of the owners/managers had
97 a business size of between 1.0 and 2.0 million naira worth; about 23.33% had a business size of less than 1.0 million
98 naira worth, while approximately 8.33% had business size of greater than 2.5 million naira worth. The mean
99 business size was 1.61 million naira worth. It can also be observed from Table 1 that 63% of these respondents are
100 business person, 18% are civil servants, 20% are farmers and 9% are tailors. The result revealed that, most of
101 the respondents (63%) were business person and deemed agribusiness as their primary occupation. Table 1 also
102 depicts the distribution of the secondary occupation of the respondents. Result from the table, revealed that,
103 28% of the respondents are mechanics, 28% are farmers, 24% are civil servants and 20% are welders. This implies
104 that, most of the respondents are into farming (28%) and mechanic (28%) respectively. They are into secondary
105 occupation to supplement their income from agribusiness enterprise.

106 3 b) Forms and Motivation of Business

107 From Table 2, most agribusiness entrepreneur runs their businesses as sole traders which constitute 85%. There
108 maining 15% run businesses as a partnership. Table 3 shows that most agribusiness entrepreneur (56.25%), were
109 motivated to start their own agribusinesses because they could not find work, followed by those motivated by
110 quest for independence associated with running own business (21.25%). Only about 13% and 9% reported
111 financial reasons and selfemployment respectively as drive or motivation for entrepreneurship in agribusiness.
112 As table 4 shows, the most important item perceived as solution among several items of economic factor is
113 stabilization of prices of agricultural products (mean=4.61). Price stabilization has been an important policy
114 strategy in agriculture and must be sustained especially in the face of price volatility of agricultural products in
115 recent times. Among social factor items, tendency to group work ranked highest (mean=4.18). This is in tandem
116 with their membership in cooperative society as membership of cooperative society promotes the tendency to
117 group work. Fair sharing of benefit among employees (mean=4.71) rank highest among managerial items as
118 the most important for development of agribusiness entrepreneurship in Lagos State. Perceived inequality in
119 enjoyment of benefits among employees of agribusiness can affect their job performance and ultimately agro-
120 enterprise development. With respect to marketing factor, familiarity with national and regional market rank
121 highest (Mean=4.68) while Empowerment through training programs to improve agribusiness entrepreneurship
122 (mean=4.43) is the most important training item according to the owner/manager of agribusiness enterprises.

123 4 Enthusiasm

124 to achieve great things (Mean=4.35) and having supportive family with positive view about owning or
125 entrepreneurship in agribusiness (Mean=4.43) are important items considered by agribusiness entrepreneurs for
126 entrepreneurship development under psychological and cultural factors respectively. In table 5, the mean values
127 of items for each of the 7 factors were pooled to ascertain which of them was deemed as priority for agribusiness
128 entrepreneurship development in Lagos State. The implication of the finding is that increase in the above items
129 would automatically increase owners/managers entrepreneurial drive in agribusiness in the study area.

130 5 d) Regression Analysis of Socio-economic factors affecting 131 Development of Agribusiness

132 The factors affecting the development of entrepreneurship in agribusiness enterprises were estimated using
133 equation (1). The results of the estimated regression analysis are presented in Table 6. The coefficient of
134 determination (R^2) as adjusted gives the value of 0.78 (Table 6) implying that 78% of the variation in level of
135 involvement in agribusiness entrepreneurship is explained by the independent variable. As shown in Table 6, the
136 performance of individual variables included in the regression indicate that Secondary occupation, Educational
137 qualification and Membership of Cooperative do not significantly influence the development of entrepreneurial
138 activities in agribusiness enterprises in the study area. Majority of the owners/managers of agribusiness in
139 the study area completed secondary level of education while very few had university education. The level of
140 education perhaps has no bearing on agribusiness development as years of experience or on the job education could
141 suitably substitutes for classroom education. Membership of cooperative which is expected to facilitate sharing
142 of experiences and access to cheap credit is surprisingly not significantly associated with level of involvement
143 in agribusiness. No explanation could suffice. The coefficient of secondary occupation -0.029 lean towards
144 agribusiness enterprise and confirming that majority of the owners/managers do not have viable secondary
145 occupation, and perhaps with increase in educational qualification most owners of agribusiness may consider
146 other options of livelihood, thus, the result is not surprising.

147 The parameter estimates of the remaining six of the nine variables turned out to be the main factors influencing
148 the involvement of owners/managers in the development of agribusiness entrepreneurship. They are Age, Gender,
149 Marital status, estimated business size, Family size and Primary occupation. Age, gender, marital status and
150 estimated business size have positive relationship with level of involvement in agribusiness enterprise while Family
151 size and Primary occupation have negative relationship. These results implied that an increase in age, gender,
152 marital status and estimated business size would lead to an increase in level of involvement in agribusiness
153 entrepreneurship. Positive significance of age suggest that the older the owners/managers of agribusiness the
154 more they are involved in entrepreneurial activities in agribusiness. This however, does not conform with
155 the previous studies which show a negative relationship (Rafael, et al, 1999, Olomola, 2000). The coefficient of
156 gender ($\beta = -35643.18$) is > 0 , indicating that male entrepreneur are more involved in development of agribusiness
157 enterprises than female. Positive significance of marital status shows that marriage helps involvement in the
158 development of agribusiness. This is so because, majority of owners/ managers interviewed were married. As
159 expected, estimated business size is positive and significant depicting that the bigger the business size, the more
160 involved in agribusiness development an entrepreneur would be. Actually the bigger the business size the better
161 the capacity to yield incentives for reinvestment, diversification and willingness on the part of entrepreneurs to
162 initiate development efforts within the sector of his business operation. Negative correlation of Family size and
163 Primary occupation indicates that increase in these variables would lead to decrease in level of involvement in
164 the development of agribusiness entrepreneurial activities in the study area. Although, large household size has
165 been attributed to availability of family labour for farm work, but, here it seems, it portends resource depletion.

166 Resources that should have been available for entrepreneurship development would be diverted to large family
167 upkeep.

168 6 IV.

169 7 Conclusion and Recommendations

170 This paper primarily sought to determine the factors affecting the entrepreneurship development in small and
171 micro agribusiness firms. Primary data from 120 owners/managers of Small and Micro Agribusiness Enterprises
172 purposively selected for the study were analysed using descriptive statistics and multiple regression models.
173 Results showed that majority of the owners/ managers of agribusiness were male (73.3%), married (71.6%),
174 belong to cooperative society (85%), have business size of between 1 and 2 million naira worth (68.33%) with
175 mean family size and monthly income of 5.0 and ₦84,833.00 respectively. Results also showed that majority
176 (56.7%) had secondary education and were motivated to start agribusiness (56.2%) because they could not
177 find job. The findings of this study further showed that using appropriate official knowledge along with local
178 knowledge, extreme enthusiasm to do or achieve great works, using modern educational methods, knowledge of
179 national and regional markets, fair sharing of benefit among workers, tendency to group work, price stabilization
180 of agriculture products and having supportive family with positive view to owning agribusiness enterprises, are
181 the most important factors items affecting the development of entrepreneurship in agribusiness in the study
182 area. Similarly, economic factor followed by social and cultural factors ranked highest among other factors
183 considered important for the development of agribusiness entrepreneurship. Parameter estimates from multiple
184 regression showed that age, gender, marital status and estimated business size have positive correlation with level
185 of involvement in agribusiness enterprise while Family size and Primary occupation have negative correlations.
186 Secondary occupation, membership of Cooperative and educational attainment were not significantly related with
187 level of involvement in agribusiness enterprise development.

188 In light of the contributions and importance of the agribusiness small and micro enterprises in the economic
189 development, it becomes imperative to identify the key factors that are affecting the development of agro-
190 enterprises in Lagos State. Though, certain attempts have been made in the past to alienate some of these
191 factors in Nigeria albeit in other states. Against this backdrop, the following recommendations are made towards
192 the development of agribusiness entrepreneurship in Lagos State:

193 ? Effective and adequate entrepreneurship policies such as price stabilization policy and programmes on
194 agribusiness should be developed while addressing factors that hinder its growth and development as a way of
195 actualising the current transformation agenda and "beyond oil" mantra of the present government of on poverty
196 eradication and development.

197 ? Fostering entrepreneurship education at all levels to ensure capacity building for diverse enterprises in
198 agriculture is also advocated.

199 ? Agribusiness owner should be motivated by making access to Loan facility easy to ensure increase in the
200 size of their business as bigger business size will increase involvement in agribusiness development. ^{1 2 3}

¹Where, Y = Level of involvement in agribusiness (proxied by number of years involved in agribusiness enterprises),
? 0 = Intercept X 1 = Age (Years), X 2 = Gender (1 if male; 0 if female), X 3 = Marital status (married 1; Not married 0),
X 4 = Estimated business size (?), X 5 = Family size (No. in family), X 6 = Primary occupation (1 if agribusiness, 0 otherwise)
X 7 = Secondary occupation (1 if other trade, 0 agribusiness), and X 8 = Educational qualification (Proxied by numbers of years informal school).

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³(B) Factors Affecting Entrepreneurship Development in Agribusiness Enterprises in Lagos State, Nigeria

1

	Frequency	Percentage (%)	Mean/Average
Age (years)			
Less than 40	38	31.67	
41-50	76	63.33	
51-60	6	5.00	
Total	120	100.00	42.11
Gender			
Male	86	73.33	
Female	34	26.66	
Total	120	100.0	
Educational Level (Years)			
Non formal education	12	10.00	
Primary	32	26.67	
Secondary	68	56.67	
Tertiary	8	6.67	
Total	120	100.0	10.27
Marital Status			
Married	86	71.67	
Single	28	23.33	
Widowed	6	5.00	
Total	120	100.0	
Business Experience (Years)			
Less than 10	30	25.00	
11-19	62	51.67	
20 and above	28	23.33	
Total	120	100.0	14.20
Household Size (Number of Persons)			
1-5	64	53.33	

Figure 1: Table 1 :

2

Forms of business	Frequency	Percentage
Sole trader	102	85
Partnership	18	15
Close corporation	0	0
Total	120	100

Figure 2: Table 2 :

3

Reason	Frequency	Percentage
Financial reasons	16.5	13.75
Could not find work	67.2	56.25
Independence	25.5	21.25
Self-employment	10.5	8.75
Total	120	100

c) Factors affecting Development of Entrepreneurship
in Agribusiness Enterprises

The researchers explored several factors
such as economic, social, managerial, marketing,

Figure 3: Table 3 :

S/No	Indicator	Variable	Mean	Standard Deviation
1	Economic Factor	(a) Stabilization of agricultural products prices	4.61	0.75
		(b) satisfaction from income	4.32	0.81
		(c) access to information and Economic and marketing Statistics	4.01	0.82
		(d) Adequate investment in agribusiness	4.18	0.92
		(e) appropriate infrastructure and support to export agricultural products	3.73	0.82
2	Social Factor	(a) Tendency to group work	4.18	0.92
		(b) Providing insurance for entrepreneurs	3.73	0.82
		(c) good rapport with partners/colleagues	3.51	0.86
		(e) Adequate Bankruptcy Laws	3.64	0.98
3	Managerial Factor	(a) Fair sharing of benefits among employees	4.71	0.71
		(b) Appreciate and encouragement of employees	4.28	0.90
		(c) Ability to provide leadership by agribusiness manager	3.81	0.86
		(d) Failure and fault tolerance in the field of innovation	3.41	0.86
		(e) Using Staffs' ideas and suggestions in decision-making	3.5	1.08
4	Marketing Factor	(a) Effective advertising to attract new customers	4.62	0.57
		(b) direct sales of products without intermediaries	4.62	0.65
		(c) Familiarity with national and regional markets	4.68	0.78
		(d) Familiarity with local markets	3.5	1.32
5	Training	(a) Using Modern methods of training	4.32	0.78
		(b) Empowerment through training programs to improve agribusiness entrepreneurship	4.43	4.43
		(c) Access to computers and Internet	4.35	0.95
		(d) short-term skill development classes	4.36	0.98
		(e) Building and strengthening Consultancy	4.31	0.96
6	Psychological Factor	(a) Enthusiasm to achieve great things	4.35	0.97
		(b) High self-Confidence and self-reliance	4.31	0.97
		(c) High tendency to self-employment	3.41	0.86
		(d) High incentive to finding new sources	3.60	1.09
		(e) Apply personal creativity	3.50	1.08
7	Cultural Factor	(a) Combining formal knowledge with indigenous knowledge	4.23	0.69
		(b) Supportive family with a positive view to agribusiness entrepreneurship	4.43	0.72
		(c) Supportive friends and relatives	3.79	0.77
		(d) Possessing team work spirit	3.76	0.98

7 CONCLUSION AND RECOMMENDATIONS

5

Rank	Factors	Mean	SD
1	Economic factor	4.56	0.69
2	Social factor	4.23	0.65
3	Cultural factor	4.01	0.70
4	Managerial factor	3.79	0.72
5	Marketing factor	3.56	0.74
6	Training factor	3.73	0.80
7	Psychological factor	3.63	0.80

Economic factor (Mean=4.56) ranked best among other factors, followed by social factor (4.23) and cultural factor (4.01) in that order. Efforts at developing agribusiness enterprise in Lagos State should put economic factor before all other factors.

Figure 5: Table 5 :

6

Variables	Coefficient	Standard Error	T-value
Age	72104.89	29675.94	2.43**
Gender	35643.18	4589.122	7.77***
Marital status	4356.67	2438.11	1.79*
Estimated business size	5.885283	2.618464	2.25**
Family size	-0.016	0.27904	-17.44*
Primary occupation	-3.333	-1.35	-2.47**
Secondary occupation	-0.029	0.68991	-0.042
Educational qualification	0.001	0.00018	0.18
Membership Coop	-0.23051	0.20136	-1.14
Constant	0.079	0.15879	2.01**
R ²	0.783		
Adjusted R ²	0.765		
F-Statistics	78.6		

***= 1% significant, **5% significant, *10% significant

Figure 6: Table 6 :

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