

Challenges and Opportunities of Global Financial Crisis on Agribusiness Management for Entrepreneurs in Anambra state, Nigeria

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Abstract

This paper focuses on challenges and opportunities of global financial crisis on agribusiness management for entrepreneurs in Anambra state, Nigeria. Two research questions and two null hypotheses guided the study. The study made use of cross sectional survey research design. The sample for the study is 185 made up of 144 entrepreneurs and 41 lecturers in education and business administration. 50% random sampling was used to select the sample for the entrepreneurs while the entire population of the lectures was involved in the study. A 40 item questionnaire was validated by three experts and used to elicit information from the respondent. Split half technique and cronbach Alpha method was used to determine the internal consistency of the instrument with a coefficient values of 0.89. Mean and t-test statistics were used for data analysis. The result of the findings revealed 18 challenges and 16 opportunities of global financial crises on agri-business management for entrepreneurs. The result of the study also showed that respondents do not differ significantly in their opinion with regards to challenges and opportunities of global financial crises on agri-business management for entrepreneurs. Based on the findings it was recommended among others that the identified challenges should be packaged for government action.

Keywords: Challenges, Opportunities, Global Financial Crisis, Agribusiness Management, Entrepreneurs

Introduction

Agriculture was the mainstay of Nigerian economy before independent of 1960; and is the largest source of national wealth after oil. It supported more than 70% of the total population in food security and economic sustenance. Human Right Watch (HRW) report of 1999 stated that various economic profiles changed with the discovery of oil and its exports in Nigeria eroded the economic importance of agriculture to the people. However, agriculture still strives within the import and export dimension of food items. I.e. the oil was exported and the proceeds used to import food for the people. This exchange constitutes agri-business. Agri-business as stated by Miriam (2013) is an industry engaged in the production operations of a farm, the manufacture and distribution of farm equipment and supplies and the processing, storage and distribution of farm commodities. Baruah (2013) explained that agri-business include those that farm the land, provide the inputs, process the output, manufacture the food products and transport and sell the food products to consumers. These activities required product management for agri-business to be

successful. Management in the words of Hamann (2013) is individuals or groups that accept responsibilities to run an organization. They plan, organize, direct and control all the essential activities of the organization. Management does not do the work themselves. They motivate others to do the work and co-ordinate (i.e. bring together) all the work for achieving the objectives of the organization. Management bring together all the six Ms i.e. Men and Women, money, machines, materials methods and markets. They use these resources for achieving the objectives of the organization, such as high sales, maximum profit, and business expansion among others. Agri-business management in the view of Baruah (2013) is a process of planning organizing and controlling the business operations in such a manner as to achieve the objectives set by the business firm. School of Economic Sciences, (2013) equally stated that, It encompasses many aspects of the economy; agricultural producers, business that provide supplies and services to the producers (including cooperatives), businesses that add value to agricultural products, and those that facilitate the marketing of agricultural products to an ever-growing market place. Food and Agricultural Organization (FAO)

(2013) noted that, it also aimed at developing analytical and entrepreneurs to cope with decision making and problem solving for their enterprise

Moody (1992) said that an entrepreneur is a person who owns, manages and assumes financial risk in a business venture such as agri-business. The individual exhibits optimism, resourcefulness and persistence in business. He is goal oriented and has good work ethics. He does not let failure or disappointment to confront him. Baruah, (2013) stated that an entrepreneur function as an ambitious leader who combines land, labour and capital to credit and market new goods and services. For a successful agri-business management by entrepreneur, thoughts should be given to the following: clean objectives, planning, sound organization, systematic search for new knowledge (research), finance, proper plant location, layout and size, efficient management and harmonious relations with the workers. Though agri-business has grown substantially, in the area of the study, it has not been able to sustain its growth mainly due to improper management of resources like: land, capital, water, and manpower, thereby leading to financial crisis. As stated in Wikipedia (2013) financial crisis is applied broadly to a variety of situations in which some financial assets suddenly lose large part of their nominal value there by putting economy in a jeopardized condition. Lin, Yifu and Will (2010) explained that financial crisis arise in the industrial countries, has affected developing countries like Nigeria, through higher interest rates, sharp changes in commodity prices and reduction in investment, trade migration and remittances, leading to global financial crisis. Global financial crisis as explained in online business dictionary (2013) is a worldwide period of economic difficulty experienced by markets and consumers. In that situation people are not buying enough goods and services, thereby putting business in a bad situation, because the demand for goods and services are down and people are saving their money instead of spending. It is basically when recession happens that the economy is not coping and business isn't coping either.

The sharp drop in agribusiness revenue has impacted negatively on Nigeria's economic performance particularly since the emergence of global crisis. The Nigerian financial crisis has drastically affected the whole sector of the economy more especially the agribusiness. The government of the country is over dependent on oil and gas industry, neglecting other sector of the economy and every worker is also depending on government for wages which is the only one source of revenue that suffers management, this resulted into financial crisis living the nation with imbalance of trade and payment. Worst says, the area of the study witnessed low level of education in agricultural productivity, lack of awareness of production, low level of skill development, weak or zero planning arising from lack of vision by government. In consonance with the above Owoje (2013) stated that agribusiness are faced with a lot of challenges which are

attributed to poor management by the entrepreneurs; rising food prices and food security world wide as well as infrastructural gaps remain obstacles which a country must overcome in order to feed and empower its citizens and move the country forward. Among these challenges exist certain opportunities that can be captured by the government and entrepreneurs to improve the situation. The opportunities are in the areas of education, training, merchandizing and directed or focused implementable policies.

The purpose of this study therefore is to identify specific and relevant challenges and opportunities that can reduce financial crisis as it affects agricultural business management

Method

Two research questions were developed and answered by the study while two null hypotheses were formulated and tested at $P = 0.05$ level of significant and 183 degree of freedom. The study adopted cross sectional survey research design which made use of questionnaire to elicit information from the respondents (business entrepreneurs and lecturers from faculty of education and business administration) Eboh (2009) stated that cross sectional survey aimed at collecting information, on certain variable in a study population at one point in time. They may cover physical characteristics of people; behaviour of people as well as knowledge, attitudes, beliefs and opinions that help to explain that behaviour, events and practices that occurred or are occurring in the population. Cross sectional survey design is more appropriate for this study since the data for the study was collected at only one point based on sample population. This study was carried out in Anambra State-Nigeria, the Agribusiness nerve centre of the nation such as Awka, Nnewi and Onitsha. The population for the study was four hundred and thirty (430) made up of three hundred and eighty-nine (389) entrepreneurs and forty-one (41) lecturers from the faculty of education and business administration. The sample for the study is 185 made up of 144 entrepreneurs and 41 lecturers in education and business administration. 50% random sampling was used to select the sample for the entrepreneurs while the entire population of the lecturers was involved in the study. A 34 items questionnaire was developed for the study from literature with a response scale of strongly agree, agree, disagree and strongly disagree with a corresponding value of 4, 3, 2 and 1 respectively. The questionnaire was validated by three experts. Split-half technique and Cronbach Alpha method were used to determine the internal consistency of the questionnaire items with a coefficient value of 0.89 indicating high reliability. The instrument was administered on the respondents through personal contact with the help of three research assistance. Mean, was used to answer the research questions, standard deviation was used to

Table 1: Mean and t-test Analysis of the Mean Scores of the Entrepreneurs” and lectures on the Challenges of Global Financial Crisis on Agribusiness “Management for Entrepreneurs

S/N	Item Statement	X _G	X ₁	X ₂	S ₁	SD ₂	t-cal	t-tab	Rm
1	Low level of education in agricultural production	3.15	3.53	2.76	0.64	0.69	1.45	1.96	NS
2	Lack of awareness of opportunities	3.63	3.92	3.34	73	0.67	1.11	“	“
3	Absence of training before getting involved in the business	3.06	3.1	3.02	0.68	0.68	1.37	“	“
4	Weak or zero planning arising from lack of vision	3.81	3.71	3.9	0.7	0.65	-0.67	“	“
5	Lack of vision erodes mission objectives	3.52	3.64	3.4	0.7	0.70	-1.6	“	“
6	Mission personnel i.e. the mission personnel does not consider objectives they consider personal affiliation	2.93	3.92	2.56	0.88	0.77	-1.86	“	“
7	Weak marketing channels	3.57	3.69	3.44	1.11	0.94	0.74	“	“
8	Weak financial management i.e. money mend for the business truncated to solve non relatedness problem	3.05	3.11	2.98	0.45	0.52	1.51	“	“
9	Country dependency on one source of income that is competitive in the world market	3.5	3.43	3.56	0.51	0.36	1.1	“	“
10	Lack of collateral for loans from financial institution	2.96	3.22	2.7	0.77	0.6	1.12	“	“
11	In adequate government attention to agribusiness	3.67	2.88	3.28	0.23	0.41	-0.99	“	“
12	Poor exposure on entrepreneurial skills for self survival due to inadequate relevant facilities	3.05	3.72	2.65	0.91	0.69	-0.42	“	“
13	Inappropriate legal and regulatory framework that lead to multiple taxes on agricultural inputs and farm products	3.33	3.32	3.33	0.63	0.33	-0.12	1.96	NS
14	Poor quality of raw material supply and high losses during transport from farm to factory	3.85	3.88	3.81	0.49	0.46	1.05	“	“
15	Inappropriate or obsolete processing and ancillary equipment	2.79	3.1	2.47	0.5	0.83	-0.77	“	“
16	High interest rate and fluctuating exchange rate.	3.63	3.6	3.66	1.21	1.02	-1.44	“	“
17	Weather and pest can significantly affect crop and have a ripple effect on the whole value chain	3.23	3.8	2.65	1.03	0.95	0.9	“	“
18	Nigerian market is not easy to penetrate.	3.83	3.78	3.87	0.44	0.7	0.75	“	“

Key: X₁=Entrepreneurs, X₂=Lecturers, SD=Standard deviation, t-cal=t calculated, t-tab=t-table, NS=Not significant

determine how close or otherwise are the opinions of the respondent, are to the mean and to one another t -test statistics was used to test the null hypotheses at P> of 0.05 level of significant and 183 degree of freedom. Arithmetic mean of the response option was calculated which is 2.50. Any item with mean of 2.50 and above indicated that the respondents agreed on the item either as a challenge or opportunity. Any item with a score less than 2.50 indicated that the item is not a challenge or an opportunity. A hypothesis of no significant difference whose t-cal is less than t-table was accepted as not significant while a hypothesis of no significant difference whose t-cal is greater than t-table was rejected as significant at P> of 0.05 level of significant.

Result

Research question 1

What are the challenges of global financial crisis on

agribusiness management for entrepreneur in Anambra state Nigeria?

Hypothesis 1

The entrepreneurs and lecturers do not differ significantly in their responses on the global financial crisis on agribusiness management for entrepreneur in Anambra state. Data for answering research question 1 and hypothesis 1 are presented in table1.

Data presented in table 1 showed that the mean scores of the respondent on all the eighteen (18) identified challenges received mean ratings ranging from 2.79 – 3.85, which were all above the cutoff point of 2.50 on a 4 point rating scale. This indicated that the identified items were challenges of global financial crisis on Agribusiness management for entrepreneurs in Anambra state. The standard deviation value ranged between 0.23 and 0.21 which shows that the respondents were not too far from one another in their responses and to the mean.

Table 2: Mean Score and t-test Analysis of the Responses of Entrepreneurs and Lecturers on the Opportunities in Agribusiness for Entrepreneurs N185

S/N	Item Statement	X _G	X ₁	X ₂	SD ₁	SD ₂	t-cal	t-tab	Rm
1	Livestock marketing enterprise	3.28*	3.25	3.32	0.98	1.1	-0.57	1.96	NS
2	Fish marketing enterprise	3.37*	3.2	3.54	0.54	0.76	-2.77	"	"
3	Snail marketing enterprise	3.28*	3.15	3.41	0.66	0.56	-1.88	"	"
4	Honey marketing enterprise	3.16*	2.98	3.35	0.12	1.07	-2.66	"	"
5	Egg marketing enterprise	3.52*	3.55	3.49	0.78	0.58	0.556	"	"
6	Sales representatives with chemicals, seed, feed, and fertilizer.	3.28*	3.04	3.52	0.88	0.47	0.26	"	"
7	Merchandizing agricultural products to consumers	2.93*	3.2	2.65	0.89	0.74	0.31	"	"
8	Horticultural marketing business	3.15*	3.53	2.76	0.33	0.47	-1.45	"	"
9	Machinery and fertilizer merchandizing	3.63*	3.92	3.34	0.98	1.06	1.12	"	"
10	Wholesale or retail buyer	3.06*	3.1	3.02	0.71	0.57	1.37	"	"
11	Financial manager or analyst	2.78*	3.14	2.96	0.24	0.64	-0.674	"	"
12	Commodity trader	3.52*	3.64	3.4	0.69	0.42	-1.63	"	"
13	Training on business management and administration	2.93*	3.29	2.56	0.62	0.93	-1.86	"	"
14	Agribusiness loan officer	3.57*	3.69	3.44	0.55	0.81	0.74	"	"
15	Advertising or public relation manager	2.92*	3.15	2.68	0.67	0.59	0.054	"	"
16	Consultancy services	2.97*	2.74	3.19	0.66	1	-1.15	"	"

Key: X₁=Entrepreneurs, X₂=Lecturers, SD=Standard deviation, t-cal=t calculated, t-tab=t-table, NS=Not significant

Hypothesis 1

Table 1 further revealed that all the eighteen (18) items had their t-calculated values ranging from -.12 to 1.45 at probability of 0.05 (two tail test) and 183 degree of freedom. This indicated that the t-calculated of each item is lower than the table value of 1.96. meaning that there was no significant difference in the mean ratings of the responses of the two groups of the respondents on challenges of global financial crisis on Agribusiness management for entrepreneurs in Anambra state. The null hypothesis of no significant difference was therefore accepted for all the eighteen items

Research question 2

What are the opportunities in agribusiness for entrepreneurs in Anambra state Nigeria?

Hypothesis 2

There is no significant difference between the mean opinion of entrepreneurs and lecturers on the opportunities in agribusiness for entrepreneurs in Anambra state- Nigeria. Data for answering research question 2 and hypothesis 2 are presented in table 2

Data presented in table 2 revealed that the mean scores of the respondent on all the thirteen (13) identified opportunities in agribusiness for entrepreneurs received mean ratings ranging from 2.78 – 3.63, which were all above the cutoff point of 2.50 on a 4point rating scale. This indicated that the identified items were opportunities in Agribusiness which entrepreneurs could engage in for sustainability in Agribusiness management in Anambra state. The standard deviation value ranged between 0.24 to 1.12 which shows that the respondents were not too far from one another in their responses and to the mean.

Hypothesis 2

Table 2 further revealed that all the thirteen (13) items had their t-calculated values ranging from -0.57 to 1.37 at probability of 0.05 (two tail test) and 183 degree of freedom. This indicated that the t-calculated of each item is lower than the table value of 1.96. meaning that there was no significant difference in the mean ratings of the responses of the two groups of the respondents on opportunities in Agribusiness which entrepreneurs could engaged in for sustainability in Agribusiness management in Anambra state. The null hypothesis of no significant difference was therefore accepted for the thirteen items.

Discussion of Result

The result in respect to research question one revealed that all the sixteen (16) challenges of global financial crisis on agribusiness management for entrepreneurs identified by this study were rated high by the respondent and was considered as challenges faced by entrepreneurs in agribusiness. They include: low level of education in agricultural production, lack of awareness of opportunities, weak financial management, inappropriate or obsolete processing and equipment among others. The findings of this study on challenges of global financial crisis on agribusiness management for entrepreneurs were in agreement with the result of Lambert (2011) who in a study on challenges for agribusiness found out that agribusiness suffers from a lack of affordable finance and access to credit, underinvestment in infrastructure inadequate technology and poor storage for producer. Also lacks of ability to deliver food all year round, government are not implementing viable policies attractive to investors. The findings of the study is in line with the findings of Gatt (2013) who in a study "waking up the green giant; The opportunities and challenges states of agribusiness in Nigeria," found out that weather and pests can significantly affect crop yields and have a ripple effect on the whole value chain, the Nigeria market is not easy to penetrate, the political, legal and investment environment remains a challenges to potential entrepreneurs. The findings of the study were also in conformity with the findings of Owoye (2012) who stated the following as challenges encounter by entrepreneurs in agribusiness rising food prices and food security world wide as well as challenges such as infrastructural gaps remain obstacles the country must overcome in order to feed and empower its citizens and move the country forward supporting the above challenges, it was indicated in www.112.ac.in/faculty-staff-agricultural=mgt.htm that though agricultural sector has grown substantially, it has not been able to sustain its growth mainly due to lack of proper management of resources like land, water and manpower.

Also there is no significant difference between the entrepreneurs and lectures from higher institution in Anambra State on challenges of global financial crisis on agribusiness management for entrepreneurs. The Ho: Hypothesis therefore was upheld. This implies that entrepreneurs in agribusiness and lecturers held the same view.

The result in respect to research question two indicated that all the sixteen opportunities in agribusiness for entrepreneur's items identified by this study were rated high by the respondents and considered as opportunities in agribusiness. The identified opportunities in agribusiness include: livestock marketing enterprise, fish, marketing enterprise snail marketing enterprise, merchandizing agricultural products to consumers, Horticultural marketing business among others. The findings on opportunities on agribusiness by entrepreneurs are in conformity with the findings of MSU

agriculture, food and resource economics (2013), that identified the following opportunities in agribusiness: marketing, advertising or public relationship manage, financial or analyst, agribusiness loan officer among other. The results were also inconsonance with what was outlined in College of Agriculture, Food System and Natural Resource (2013), thus, analyst for railroads, sales representatives with chemicals, seed feed and fertilizer, international and domestic grain trader among others

Conclusion

As a result of economic meltdown which most country of the world are seriously facing including the present financial crisis Nigeria is into now, creating a lot of challenges in agribusiness, leaving the entire country in a state of dilemma. However, Nigeria is blessed with a lot of potentials which are yet to be taped if they could go back to the base, laying less emphasis to oil sector, the issue of global financial crisis will be a thing of the past

Recommendation

1. Marketing boards should be set up for various enterprises to accept products.
2. Expansion of skill education in schools to replace parents.
3. There should be business linkages with companies abroad for sharing information and research knowledge.
4. Farmer education clinic should be established in each community to assist farmers.
5. Agro-research institution should disseminate information to relevant farmer on improved varieties and pest control.
6. The identified challenges should be packaged for government action.

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