



Original Research Paper

Perceived Roles of Extension Specialists in Helping Rural Farmer Entrepreneurs Develop a Successful Agro-food Business in Imo State, Nigeria

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ABSTRACT

Planning a business is an important determinant of future business success, since it gives direction to the business. Extension specialists can be a catalyst in helping farmer entrepreneurs in developing a successful agro-food business. The study was conducted in Imo State, Nigeria. Purposive sampling technique was used to select 120 Agricultural Extension Advisory Services Providers (AEASPs) of the Imo Agricultural Development Programme (ADP). Structured questionnaire was used to collect data and analysed using frequency counts, percentage and mean. Of the 120 AEASPs, 88.3% were male, and 89.2% were married, with a mean (M) age of 45 years and 10 years of advisory service provision. The vital aspects of a good agro-food business were mission status. (80%), business description, financial plan among others. The various reasons for an agro-food business plan were provision of direction (M = 3.33); overcoming future business challenges (M=3.4); provision of insight into business operation (M = 3.54) and to identify challenges (M = 3.33) among others. The roles of AEASPs in developing a viable agro-food business were: stimulating entrepreneurship through information advisory services provisioning (M = 3.88); capacity building/strengthening (M = 3.39); linking farmers to market opportunities (M = 3.33); educating farmers on how to sell their produce (M = 3.44); strengthening managerial skills of farmers (M = 3.77); linking farmers to input sources (M = 3.34); assisting farmers in developing viable business plan (3.78) and the evaluation of business (M = 3.32) among others. The study recommended that AEASPs capacities should be strengthened periodically to be in tandem with the demand of their different clients in various fields such as rural agro-food entrepreneurs.

Key words: Agro-food, business, specialists, planning, rural, entrepreneurs.

INTRODUCTION

Improving smallholder agriculture is a critical strategy for addressing rural poverty in developing countries. More recently, it is seen as a relatively untapped source of potential production for the global food system—a system that must grow by at least 70 percent within the next 35 years to meet increasing demand while also adapting to the effects of climate change and the decreasing availability of resources (Best, *et al.*, 2015). Working with rural communities to design and implement new income-generating agricultural enterprises is complex; it takes time and dedication to be successful and sustainable. For development organizations, the agro-enterprise approach offers a method to address rural poverty and an opportunity to stimulate demand for technical and social innovations. It also helps identify areas that require support from research, finance and local policy. The agro-enterprise approach can provide a win-win situation for development organizations in achieving their goals to improve rural livelihoods.

Development agencies play an important role in the initial stages of establishing a foundation for agro-enterprise. Farmers need to be trained on how to improve production, plan businesses and strengthen their organization. Investment is required in market research, value-addition, processing technologies, partnership building and financial planning, among other topics. Traditionally, agricultural support to smallholder farming has focused on increasing production. This approach works well if the primary concern is food security and if a ready buyer is available to purchase any surpluses. Unfortunately, increasing supply often works for a limited period only, with local markets becoming quickly oversupplied as production increases (Tuason III, 2015).

Agricultural extension services cover a broad range of advisory, information and training services that support a range of crop, forest, livestock and fisheries products. Extension agents tend to support specific areas, such as field crops, horticultural crops, tree crops or livestock. They provide farmers with information that include agronomy and competitive production systems, pest and disease control, input options, more effective organizational structures, postharvest handling, marketing options, finance and business strategies (Ferries, *et al.*, 2014; Ferries, 2015). Agricultural extension services also provide a direct link between national research and farmers. Extension agents play a key role in enabling farmers to test and use new technology packages that are appropriate for their local climate, infrastructure, investment capacity and market opportunities. In the past 10 years, extension agents have witnessed increasing demand for more business support, and this has defined many service providers into production and/or agro-enterprise categories.

Managers in extension are engaged in four main types of activities, namely; building and maintaining relationships, getting and giving information, influencing

people, and decision making. Lopokoiyit *et al.*, (2013) categorized management work into three categories with ten roles that fall within established management functions of planning, organizing, staffing, directing, coordinating, reporting and budgeting. Continuing, they said the essential managerial behavior dimensions for agricultural extension managers (county chairs) to include communication, public relations, leadership, planning, image building, budget accountability, decision making, evaluation, staff support, and motivation. Sleezer *et al.*, (2000) in a study to determine priority management, training needs of extension agents identified were in management/leadership skills and personal development. Since extension almost exclusively recruits its managers from within, unlike commercial or manufacturing businesses, it is important that along technical skills they need to be trained in management competencies.

McElwee (2008) suggests that networking, innovation, risk taking, team working, reflection, leadership and business monitoring are fundamental to developing and improving the farm business. Equally, *et al.*, (2010) emphasize what they describe as higher order skills, namely: creating and evaluating a business strategy; networking and utilising contacts; and, recognizing and realizing opportunities. Elsewhere, it has been proposed that farming and diversification require different skills (Pyysiäinen *et al.*, 2006); as McElwee (2008) notes, 'farmers are business people in that they run businesses but in practice they do not necessarily have well defined business skills.

This view is confirmed by Defra (2007), who acknowledge that one of the key issues that inhibits a farmer's decision to diversify, or indeed threatens the success of any diversified project undertaken, is a lack of 'business skill'. This is manifested in the apparent difficulties UK farmers have in identifying market opportunities, uncertainty about the direction in which to take their business, an inability to develop a long term business plan, and a reluctance to take an investment risk (NAO, 2004). However, Defra has evidence of specific business skills gaps, the extent to which they currently exist is not clear and warrants further research (Hill, 2007).

As Defra outlines, 'Competence in business skills is key both to successful start-up of diversified businesses and ongoing profitability. These skills also impact positively on the planning and management of the mainstream agricultural enterprises so that their acquisition provides a double benefit. Few farmers can now rely solely on their knowledge of basic commodity production. Many have already diversified or added value to produce, and need the skills required to run new businesses, including dealing directly with customers, marketing their products, and selecting and managing staff.

Aspiring farmer entrepreneurs face different challenges,

Table 1. Elements of an Agro-Food Business Plan.

Elements	Frequency	Percentage
Business Description/operation	120	100
Mission statement/objective/goal	120	100
Production plan	110	91.6
Marketing plan	109	90.8
Financial plan	117	97.5
Legal/liability issues	115	95.8
Contingency plan	103	85.8
Evaluation/measurement plan	118	98.3

Source- Field Survey Data, 2016.

which affect their decision to start or continue in businesses. Some of these are unique to smallholder farmers. Entrepreneurs need to plan well for their business. Agricultural producers have largely ignored business plans in the past. Few have had to find investor capital for their operations. As margins continue to tighten, however, agricultural producers will have to plan their businesses many years into the future to survive. Business plans will become standard components of their operations. They need to be aware of the implication of their good planning or lack of it, decisions and actions they make to their wellbeing, their family, their society, the environment and global community at large. The role of extension in this area has not been widely known and researched in the study area, thereby necessitating the study. Again, most farmer entrepreneurs do not know that extension specialists can be of great help to them in planning a farm business. Most times farmer entrepreneurs run into wrong hands in search of advice, when extension specialists would have been the safer person to consult. Entrepreneurs, especially farmers, need to learn how to keep their ventures consistently competitive and sustainably operating, for their wellbeing and that of the environment. The specific objectives of the study were 1. identify elements of agro-food business plan; 2) examine perceived reasons for having an agro-food business plan; and 3) ascertain roles of extension specialists in helping farmer entrepreneurs develop an agro-food business plan.

METHODOLOGY

The study was conducted in Imo State. Imo State is in the southeast zone of Nigeria. Imo State lies between latitude 5°12' and 5°56' North of the Equator and between longitudes 6°38' and 7°25' east of the Greenwich meridian. It is bordered by Abia State on the east, by the River Niger on the West, by Anambra State to the north

and River State to the south (IMSG, 2001). Imo State occupies a land mass of about 5,530 km² with a total population of approximately 5,275,703 persons in 2016, projected from 2006 census figure (NPC, 2006). The State has two dominant seasons, that is, rainy and dry seasons. Rainfall is between April and October, while the dry season starts from November to early March. Purposive sampling technique was employed to select the respondents. Imo State ADP has a total of 120 extension agents and these formed the respondents since the number could be well managed and is small. The two main sources of data collection used in this research were the primary data and the secondary data sources. The Primary data was collected from the field survey, using questionnaires. The Secondary data were collected from books, reports, journals, existing literature review, information from library and ADP. Basically, descriptive statistics were used to analyze most of the data. This involves the use of percentages, frequency counts and mean, presented in tabular forms. These were used to achieve objective 1. While objectives 2 and 3 were analyzed using a 4-point likert-type scale of strongly agree, agree, disagree and strongly disagree. The responses were assigned weight of 4, 3, 2 and 1 respectively, and added to give 10 divided by 4 to give a mean of 2.50. Any mean 2.50 and above was adjudged positive, while mean less than 2.50 was adjudged negative.

RESULTS AND DISCUSSIONS

Elements of a Business Plan

Table 1 showed that creating a successful Agro-food enterprise begins with developing a business plan as a guide. This simply has to do with identifying the various elements of an agro-food business plan. The major elements of an agro-food business were business

Table 2. Reasons for Agro-Food Business Plan.

Perceived Reason for Agro-food Business Plan	Mean	SD
Provides direction to the agro-food business	3.33	0.473
Prompts thinking about the future of business	3.30	0.463
Provides ideas for dealing with competitors	2.60	1.162
Communication of business ideas	2.70	0.931
Defines the agro-food business coverage	3.31	0.660
Helps cover all important business areas	3.10	0.737
Helps identify possible challenges in business	3.33	0.473
Provides valuable insight into the operation	3.54	0.500
Helps develop strategies for overcoming challenges in agro-business	3.42	0.496
Helps convince banks/investors in obtaining loans and credits	3.07	1.217
Helps spell out changes/obligations and effects of such changes	2.98	1.180

Source – Field Survey Data, 2016.

Description or operation (100%) and mission statement/objectives (100%). These provide an overview of the business and its objectives, and why the business should exist. These describe the products produced and or services provided, the organizational structure, the resources the business has and needs. It also summarizes the business strengths, weaknesses and opportunities. Business description and mission statement are the foundation for determining objectives and goals, and steering the business in proper direction. The objectives and goals can relate to production, production cost, debt ratios, risk management, expansion, bringing a partner into the business or any other aspect of the business.

Other elements of an agro-food business plan included production plan (91.6%), which conveys the type and quantity of commodities to be produced, projected for at least 3 years into the future. Crop production plans should include the estimated hectare for each crop each year and an estimated yield for each crop. Livestock operation will include more variables, such as size of the herd, cell rates, weaning rates, weaning weight ratios of gain, purchase prices, sales prices, etc. If there is a replacement herd involved, as with a cow herd or swine farrowing enterprise, the production assumptions for the replacement herd need to be spelt out separately from the breeding herd. Also included were contingency plan (95.8%), evaluation/measurement plan (98.3%), marketing plan (90.8%), financial plan (97.5%) and legal or liability issues (95.8%). The primary purpose of the financial plan is to show whether or not the business is feasible. It includes the amount of money to be borrowed and timing of loans, financial risks and strategies to minimize risks. The market plan contains information

about the market structure marketing plans usually address four areas; product offered, price charged, distribution system, and promotional efforts.

Entries in Table 2 showed the reasons why agro-food business entrepreneurs should prepare a business plan. The table indicates that business plan provides direction to the agro-business with a mean response of 3.33, prompts thinking about the future of the business (M=3.30), defines the agro-food business coverage (M=3.33) and helps identify the challenges in business (M=3.33). Other reasons were communication of business ideas (M = 2.70), provision of valuable insight into the operation (M=3.54), helps develop strategies for overcoming challenges (M=3.42), convince banks/investors in obtaining loans, credits/advances (M=3.07), helps spell out changes in the business (M=2.98), and provides ideas for dealing with competitors (M=2.60). The above implies that there are challenges, pitfalls and errors in business and avoiding the errors and tackling them depends on having a well prepared business plan.

The most important reason for planning a business is to benefit the owner. It is during the process of developing a business plan that the owner can learn, understand, and prepare for any adjustment that might be foreseen. It is also in the process stage that extension specialists can provide information necessary for determining the feasibility of a venture. During the business plan development process, the owner prepares to understand his or her product, the market for that product, the competitions, and the overall business environment. Close attention is paid to the existing and future competition and to understanding if the proposed area of business is one of growth or stagnation (Sahlman, 1997).

Table 3. Perceived Extension Roles in Developing Agro-food Business Plan.

Perceived Roles of Extension Personnel	Mean	SD
Stimulate entrepreneurship through information provisioning	3.88	0.322
Stimulating entrepreneurship through capacity building services	3.39	0.490
Represents farmer interest in policy negotiations	3.33	0.473
Linking farmer entrepreneurs to the markets	2.56	0.932
Assists farmers predict sales/ determining costs	3.44	0.950
Educating farmers on how well the products/services may sell well	3.24	0.635
Linking farmers to processors for contract on co- packaging	2.66	0.652
Helping farmers develop budgets	2.69	0.807
Helping farmers analyze cost benefits of business	3.32	0.470
Helping farmers in product development	2.80	1.117
Assist farmers in evaluation/nutrition labelling	3.32	0.663
Linking farmers with local, state and national contacts	3.34	0.939
Linking farmers to input sources	3.77	0.419
Provision of management training to farmers	3.33	0.665

Source: Field Survey Data, 2016

The business planning process allows the owner to fail on paper thereby reducing the probability of failure and the cost associated with a real-world failure (Grover, 1998, Thompson, 1998). Business planning therefore is not a choice, it is a matter of survival, particularly in agriculture and low- margin business activities common to the food industry.

Extension Roles in Developing Agro-Food Business Plan

Extension service providers are good reviewers of business plans as they bring the combination of basic and applied research as well as real-world experience into the business circle for growth. Table 3 highlights the numerous roles extension workers play to achieve business success. Extension specialists stimulate entrepreneurship through information provision with a mean response of 3.88, stimulating entrepreneurship through capacity building services (M = 3.39), represents farmers interest in policy negotiations (M=3.33), linking farmer entrepreneurs to the markets (M = 2.56), assisting farmers predict sales/determining cost with a mean of 3.44, and educating farmers on how well are the products/services they may sell (M = 3.24). The meaning of the above findings is that extension personnel can aid an entrepreneur in finding the appropriate contact point for such vital business information and how to include that information within the business plan. Other roles included linking farmer to processors for contract on co-packaging (M = 2.66), helping farmers develop budgets (M = 2.69), helping farmers analyze cost benefits of business (M = 3.32), helping farmers in product development (M = 3.32), linking farmers to local, state and national contacts (M =

3.34), linking farmers to input sources (M = 3.77) and provision of management training to farmers (M = 3.33).

Truly, extension personnel are providers of unbiased information. They can offer the entrepreneur a perceptual view of the plan that might be different from that offered by the entrepreneur's bankers and or accountant. This blending of information and experience is somewhat unique. Such an understanding allows the owner to go beyond the numbers, to understand some of the reasons for good business results, thereby increasing the probability of business success and the entrepreneurs' quality of life.

Conclusion

The scope of extension is varied and numerous. Extension plays important roles in almost every aspect of human endeavor, especially agro-based services. Extension services providers work with farmer entrepreneurs to give direction to their business, communicate business ideas, and give the insight into the future on how to deal with competitors. The service providers educate farmers on how well the products may sell, linking farmers to processors, helping farmers develop business budgets, analyze cost benefits of business, and in product development.

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