

# Critical Factors Influencing the Entrepreneurial Undergraduate'S Decision Venturing into Agribusiness in Ebonyi State, (A Case Study of Ebonyi State Universty)

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## Abstract

The study analyzed the critical factors influencing the entrepreneurial undergraduates decision to venturing into agribusiness in the Ebonyi State using Ebonyi State University as a case study. A multi-stage random sampling technique was employed for the selection of the 120 respondents that were used as the sample size. A well structured questionnaire were administered to the sampled of undergraduate of selected departments in the faculty of Agriculture Science and Natural Resources, Ebonyi state University, Abakaliki. The research showed that majority (57%) of the respondents were males while females accounted for the rest of 43%. The study further revealed that majority of the 52.5 percent of the respondent were within the age of 21 – 30. The study also revealed that such constraints as; lack of entrepreneurial zeal, non-availability of start-up capital, poor Infrastructural facilities ,lack of experience in self employment, as well as changing government policies are among the strongest negative determinants of career choice and entrepreneurship in agribusiness among undergraduates. Based on findings, some recommendations were made, such as the government should seek to motivate genuinely interested undergraduates in agribusiness, put up appropriate infrastructure as well as seek to eliminate corruption in its administration of agribusiness policies. University authorities are also encouraged to guide the students into developing bankable business plans in their areas of interest in agribusiness. Such students should be recommended for sponsorship by government, as well as other interested individual/corporate bodies in agribusiness.

**Keywords:** Critical, Factors, Influencing, Entrepreneurial, Undergraduates, Decision, Venture, Agribusiness.

## 1.0 INTRODUCTION

According to Wenneker and Thurik (1999) entrepreneurship is the manifest ability and willingness of individuals to perceive new economic opportunities and seize these opportunities into the market. The importance of entrepreneurship in economic development is the subject of much interest to academic and policy circles alike. Entrepreneurship is often credited with many positive changes in developing countries. At the very least, it is associated with job creation, wealth creation, innovation and its related welfare effects. A strong small business sector and entrepreneurship are generally linked to a strong economy. Entrepreneurship can be conceived as a process, which involves the efforts of an individual in identifying viable opportunities in a business environment and obtaining and managing the needed to exploit those opportunities (Blanchflower, 2000). Entrepreneurship drive makes entrepreneurs to derive great satisfaction from their entrepreneurial work. The field of entrepreneurship involves the study of sources of opportunities, the processes of evaluation, and exploitation of opportunities and the set of individuals who discover, evaluate, and exploit them (Shane and Venkataraman, 2000). Entrepreneurship is a context dependent social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marked place opportunities (Ireland, Hitt and Simon, 2003). Entrepreneurship is the mind set and process to create and develop economic activity by blending risk- taking, creativity and or innovation with sound management, within a new or an existing organization (Commission of the European Communities, 2003). As a person gains greater insight into business and entrepreneurship, his chances of succeeding in business improve. Entrepreneurs are the determinants of the creation of wealth and dynamism of a particular society. When there is market for almost everything a firm's competitive advantage comes from its accumulated intangible assets (types of knowledge), brands, reputation, technology and decision and problem solving system. This means that entrepreneurs convert ideas into action products and services. Entrepreneurship is a major catalyst that drives the economy of most nations. Besides being the engine by which new ideas and novel approaches are introduced continually into businesses and market place, entrepreneurship guarantees economic returns from diverse form of activities- including research and development. In a more specific sense, entrepreneurship is the vehicle on which innovation rides, within this context, entrepreneurs are considered as “ Champions “ of some who convert ideas into products and reduce unemployment.

A strong link between agribusiness and small holders can reduce rural poverty. Agribusiness refers to

the backward and forward business linkages associated with agricultural production, the provision of finance, machinery, fertilizer, seeds, etc at the input end and the processing and marketing of food/ food stuff at the output end. It is a modern form of agricultural business ventures operated strictly for profit (Olayide and Heady, 1982, Downey and Erickson, 1987). The agribusiness sector is structured into small medium and large scale enterprises. The survival and growth of small- scale agribusiness enterprise could be highly constrained by the physical, institutional and economic environment in Nigeria. Such constraint include inadequate utilization of information communication technologies, meager capital outlay (Adebayo et al, 2004), inadequate credit assistance (Opeolu and Oluwalana, 2004, Adebayo et al, 2004) and inadequate acquisition of literacy and management skills (Abba and Mustapha, 2004). Agribusiness enterprise constitutes a vital engine for the growth and development of Nigeria economy. Omereson (2004) observed that if this sector is to survive and grow in the present volatile business environment appropriate strategies must be developed and adopted by entrepreneurs.

Investment is the present sacrifice for future benefit. Individuals, firms and governments are all regularly in position to decide whether or not to invest, and how to diverse among the options available. An individual might have to decide whether to buy a stock, plant seeds, undertake a course of training, a firm may decide to purchase machinery or conduct building and government may decide whether or not to build market. Investment into agribusiness is widely propagated particularly by the managers of small and medium enterprises projects, and is sometimes believed that because agribusiness returns have a low correlation to other investment, they have the potential to improve returns and reduce risk in a diversified portfolio (Hawking and Hastie, 1990).

Agribusiness is basically agricultural related business which accounts for 12.1% of Nigeria Gross Domestic Product (G D P) 2003- 2004 and accounts for almost 25% of national merchandise exports (126.1 billion in 2003- 2004 and it is the biggest manufacturing sector and accounts for 46% of total retail spending (Anon, 2010). However, despite the holistic benefits of agribusiness to our nation- Nigeria there seems to be dearth of knowledge on what drives the agribusiness investors on their investment decision in Nigeria.

## **1.2 Problem Statement**

Despite the growth in venture capital funding, access to funding remain a problem for small enterprises in particular .However the growth and evolution of agribusiness has been researched, even as global development and market dynamic impact on the agriculture industry as a whole. Entrepreneurship is considered as a key to the ever growing problem of unemployment among graduates in Nigeria. In Nigeria today, both male and female unemployment seem to be increasing than in other developing countries. Besides, the public and private sectors endeavor to solve the unemployment problem, but the number of job opportunities in those sectors are not increasing to satisfy the demand of our labour force.

Lacks of profitable investment opportunities and high capital need and ever prevent business risk that is difficult to be mitigated in a cost effective manner are some of the main identified reasons for low agribusiness investment in Nigeria. Corruptions, bureaucratic harassment, the weak development of financial intermediation are also factors that impact negatively on the development of the private agribusiness sector. By stimulating entrepreneurship, the actual goal is especially to stimulate the young people who will be successful after starting up their agribusinesses.

Nocke (2006) enumerated the factors that hinder the growth of entrepreneurship in the African setting to include inadequacy of market opportunity, poor access to finance, poor market information, and poor managerial skills. It is common to see young graduates of agriculture roaming the streets looking for paid employment, when they have been educated and trained to venture into their own business in agriculture. However, what actually may determine career choice and entrepreneurship among Nigeria undergraduates is yet not clearly understood.

## **1.3 Objective of the Study**

The broad objective of the study is to investigate Critical Factors Influencing the Entrepreneurial Undergraduate's Decision Venturing into Agribusiness in Ebonyi State, (A Case Study of Ebonyi State University).

Specifically, the objectives are to;

- (i) characterize the undergraduates of agriculture according to socio economic attributes;
- (ii) assess the critical factors that influenced the students' choice of course of study, in the university;
- (iii) determine the factors that may influence their decision to be self employed agribusiness occupation
- (iv) assess the perceive constraints that may affect the students choice of agribusiness;

## **2.0 METHODOLOGY**

### **2.1 Study Area**

This study was conducted in Ebonyi state of Nigeria. The area is divided into three agro-political zones, Namely: Ebonyi south; Ebonyi central and Ebonyi North zones. The state a landmass of approximately 5,932 square kilometers lying between latitude 7<sup>o</sup>30E, and 8<sup>o</sup>30E, and longitude 5<sup>o</sup>40N and 6<sup>o</sup>40N and 6<sup>o</sup>45N, with population of about 2.1 million of people of which 85 percent reside in rural areas. Ebonyi state is located with

the tropical rain forest zone of Eastern Nigeria with favorable climate and sufficient moisture that is ideal for agricultural production. The mainstay of her economy is agriculture, although it is endowed with abundant mineral resources such as limestone, salt, zinc etc.

The state characterized by multiplicity of urban functions that have to do with Government and administration, tourism and recreation, research and education, marketing and sales and so on. Agribusiness activities (off-farm) are concentrated at cities and town of the study area such as processing, marketing, production, distribution, etc. They main farming activities involve the production of cassava, Yam rice, maize, millet, cowpea, okra, vegetable, cocoa, etc. and livestock production such as goat, sheep, cattle, poultry production, Fishery, crab, snail, Rabbit etc.

### 3.2 Sampling Techniques.

The method of multi-stage sampling was used. In the first stage, out of six (6) department in faculty of agricultural science and Natural Resources. In the second stage, three (3) Department such as Agricultural Economics, Management and Extension(AEM), Animal Science (ANS) and Fishery and Aquaculture were purposively selected from the six(6) departments, given a total of twelve(12). Finally, from the three (3) departments selected 10 undergraduates of agriculture were randomly selected from the University, which gave a total of 120 undergraduates of agriculture used for the study. Students selected are those in their fourth (4<sup>th</sup>) and final years(5<sup>th</sup>).

### 3.3 Data Collection and data analysis.

Both primary and secondary data were used for the study. The primary data were collected by the use of questionnaire. The questionnaire were administered to 120 undergraduates of agriculture (respondents). Based on the specific objectives of the study descriptive statistics was employed in the analysis of the data collected. Descriptive statistics such as frequency, distribution percentages, and tables were used to analyze objective i and ii. While objective iii and iv were analyzed using likert scale.

## 4.0 RESULTS AND DISCUSSION

### 4.1 Socio-Economic Characteristics of the Undergraduates

The following variables below were analyzed and interpreted based on data collection from the respondents and the result is presented in table (1)

**Table 1: Percentage distribution according to the socio-economize characteristics of the undergraduate students**

Variables	Frequency	Percentage
<b>Age</b>		
≤ 20	10	8.3
21 – 30	63	52.5
31 – 40	42	35
Above 40	5	4.2
<b>Sex</b>		
Male	69	57
Female	51	42.5
<b>Marital status</b>		
Single	73	60.8
Married	32	26.7
Widowed	11	9.2
<b>Student's course of study</b>		
ANS	40	33.3
CLM	35	29.2
AEM	17	14.2
SEM	7	5.8
FAQ	10	8.3
FST	11	9.2
<b>Employment plan after graduation</b>		
Private sector employment	19	15.8
Public service	20	16.7
Self employment in agribusiness	35	29.2
Work before getting self employed	46	38.3
<b>Student's work experience</b>		
1 – 5 years	31	25.8
6 -10 years	39	32.5
11 – 15 years	43	35.8
Above 16 years	17	14.2

**Source: Field survey, 2014**

#### Age of students.

Table 1 shows that majority (52.5%) of students in South West, Nigeria were within ages of 21-30 years. This results indicates that they students were within the actives ages for meaningful agribusiness. Thirty five percent of the undergraduate students also fall within age range of 31- 40 years. It implies that this age group, if found in

agribusiness can face the calculated risk in agriculture.

**Sex.**

Data in table 1 reveals that majority of the students (57%) were males while 42.5% of the respondents were females. This implies that males are more studying agriculture in the study area. Hence, this tend to disagree with the findings of Bardasi, and Guzman (2006) who reported that females are more in the study of agriculture in South West Nigeria.

**Marital Status of undergraduates**

The data presented in the table one (1) reveals that 60.8% of the respondents were single, 26.7% are married while 9.2% and 3.3% are widowed and divorced respectively. This is in line since the respondents were undergraduate, the majority of which are generally most likely to be single.

**Student Course Of Study**

Thirty-three percent of the respondents were of the animal science department, 29.2% were of crop science and production department, 14.2 percent were also seen to be of agriculture economic and extension department while 5.8%, 8.3% and 9.2% were seen to be of soil science and environmental management department, fishery and aquaculture department and food science and technology respectively.

**Employment plan after graduation.**

As can be seen from table 1, 38.3% of the undergraduates indicated their plan and willingness to get employed before become self employed in agribusiness. 29.2% indicated their plans of getting self employed in agribusiness immediately after graduation while (16.7) percent of the respondents showed interest in public service, 15.8 percent of them indicated interest in getting employment in the private sector and be part-time investors in agribusiness.

**Student’s Work Experience in family business**

As can be seen from table 1, 35.8% of the respondent have had a working experience in their parent business between 11- 15 years. 32.5% have had working experience of 6- 10 years while only 25.8% have had work experience of between 1- 5 years.

**4.2 Factors That Influence Undergraduates Choice Of Course Of Study.**

Factors	Frequency	Percentage
Family entrepreneurship history	30	25
Year of the study	7	5.8
Parental influence	11	9.2
One’s desire of fulfillment	5	4.2
Available infrastructure	7	5.8
Profit motive	31	25.8
Peer group influence	4	3.3

**Sources: Survey field, 2013**

From table (2), it was revealed that 25.8% of the respondents identified “profit motive” as a factor that the influence their choice of course of study. This is justified by the widely observed and known fact that prospective undergraduate among other things, considers courses that they feel would open to them opportunities for most profitable/lucrative ventures after graduation. This is quickly followed by family entrepreneurship history where 25% percent of the respondents indicated or identified it as a factor that influenced their choice of course of study. It is theoretically believed that children often develop interest in their parents’ area of business which as such also influence. Their area of interest in respect to choosing course of study.

Other factors, such as parental influence, years of the study of a program, available public infrastructure, one’s desire and peer group influence are relatively of low percentage, ranging between 3% and 10%, with peer group influence recording the lowest percentage of 3.3%. This however seems contrary to theoretical expectation since peer pressure have been widely observed and is believed to exert much influence on the decisions of young people including that of choice of course/career to pursue.

**4.3 Constraints That Hinder Undergraduates Choice of career in Agribusiness**

Items	Mean score	Remark
1 Poor infrastructural facilities	3.3	Accepted
2 Lack of start-up capital	3.0	Accepted
3 Market association polices	2.6	Accepted
4 Inexperience in the line of business	2.8	Accepted
5 Distance to market	2.5	Accepted
6 Multiple taxation	2.6	Accepted
7 High corruption	2.9	Accepted
8 Poor demand for the products	2.5	Accepted
9 Unfavorable government polices	2.8	Accepted
10 Environmental policies	2.7	Accepted

Source: Field survey, 2014

The result of the likert scale (mean score) analysis regarding the constraints that could hinder undergraduates

choice of agribusiness is presented in table (3). Based on the decision rule that any item that records a mean score of 2.0 and above is considered a significant factor/constraint. It was observed that all the items/constraints in the table proved to be significant. It is however note worthy from the table, that poor infrastructural facilities came up as the most significant possible obstacle with the highest mean score of 3.3. This is quickly followed by lack of start-up capital and high corruption with mean scores of 3.0 and 2.9 respectively. Other constraints such as market association policies, inexperience in the line of business, distance to market, multiple taxation, poor demand for the products, unfavorable government policies and environmental policies, are relatively of the same range of significance with mean score between 2.5 and 2.8.

#### 4.4 Critical Factors Influencing the Undergraduates Decision To Venture in Agribusiness.

Table 4: Mean Score on Responses of Factors Influencing Undergraduates' Decision to Venture into Agribusiness

	Items	Means score ( $\bar{x}$ )	Remark
1	Favorable government policy	2.9	Accepted
2	Experience in self employment	3.1	Accepted
3	Business environment/location	2.6	Accepted
4	Independent living	2.8	Accepted
5	Little capital needed to start up	3.2	Accepted
6	Course of study	2.5	Accepted
7	Availability of raw material	2.7	Accepted
8	Technical qualification	2.9	Accepted
9	Ambition to become an entrepreneur	3.3	Accepted

#### Sources: Field survey, 2014

Table 4 Contains the result of the 4-point likert scale (mean score) analysis regarding the factors that tend to influence the undergraduates decision to venture into agribusiness. The decision rule of considering a factor significant is if it has a mean score of 2.5 and above. It was observed as presented in the table that all the observed possible factors are significant.

However, it is pertinent, to note that the undergraduates, ambition to become entrepreneurs in agribusiness came up as the most significant factor with a mean score of 3.3. Quickly following are capital needed to start the business, experience in self employment, government facilities and technical qualification, with mean score of 3.2, 3.1, 2.9 and 2.9 respectively. Other factors such as course of study, business environment/location, availability of raw material and independent living was observed to be relatively on the same range of significance, with mean score, ranging between 2.5 and 2.8.

#### 4.1 Conclusion

Graduates unemployment can be drastically reduced if graduates are empowered to be job creators or valuing adding employees not job seekers. Judging from the findings as summarized in Table 4, the researcher concluded that different factors which influences the undergraduates decision to venture in agribusiness such as favorable government policy, experiences in self employment, business environment/location, independent living, little capital needed to start up, course of study, availability of raw materials, technical qualification and ambition to become entrepreneur. Again, the research work also identified the major constraints that hinder undergraduates choice of career in agribusiness such as Poor infrastructural facilities, Lack of start-up capital, Market association polices, Inexperience in the line of business, Distance to market, Multiple taxation, Poor demand for the products, Unfavorable government polices, Environmental policies.

#### 4.2 Recommendations

Based on the findings of this study the researcher suggests and recommends as follows:

- i. The governments should through relevant parastatals and agencies on agriculture seek to identify, encourage and assist undergraduates who are genuinely interested in venturing into agribusiness after graduation.
- ii. The government should put in place appropriate infrastructures that could enable agribusinesses to thrive. This will help to eliminate constraints to agribusiness start-up.
- iii. The government should also seek to eliminate corruption in its administration of polices regarding agro-infrastructures and incentives. This is highly necessary since high corruption was found to be among the strongest constraints that could hinder undergraduates choice to make a vocation in agribusiness
- iv. The universities/higher institutions authorities should encourage undergraduate of agriculture to develop a business plan” in any agribusiness aspects of their interest while undertaking their courses. The bankable ones can be projected and promoted for sponsorship by successful agribusiness entrepreneurs and businessmen and government.
- v. The universities/higher institutions authorities should identify the undergraduates who have favorable



attitude toward self employment in agribusiness, with high entrepreneurial ability. Such persons should be projected to the banks, to the government and other relevant agencies for sponsorship.

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