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Small and Medium Agricultural Enterprises (SMEs) in Nigeria: Problems and Prospects

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ABSTRACT
This paper investigated the constraints and prospects of small and medium agricultural enterprises in Nigeria. Getting the agricultural system back to its best will speed up the reduction of poverty and rapidly improve the economy. Policies and programmes that should be put in place to tackle this problems must include provision of agricultural technology, Scaling up through value-added processing, Ensuring farmers' access to inputs and to markets for outputs, Provision agricultural credit and attracting youth into farming. Since most of the agricultural activities are carried out in the rural areas, the government must turn to the rural area and invest a lot in the infrastructure and development of the rural areas as this will greatly help in combating the constraints.

INTRODUCTION

In Nigeria, about 70% of the populace lives in the rural areas and are engaged in agriculture at peasant level. However, the growing demands for increased agricultural production in Nigeria offers opportunities for farmers to relief the negative impact of traditional agricultural practices and underutilization of inputs in the new farming order of mechanization tagged 'precision agriculture (Bello and Saidu, 2015). One way by which this negative impact can be reversed is through the integration of the Small and Medium Scale Enterprises (SME). The small and medium scale enterprises are seen as keys to integrated growth, alleviation of poverty and reduction of unemployment in the country (Khan, 2014). Since small and medium-sized enterprises (SMEs) are the backbone of growth in production, employment and innovation it is crucial to provide an enabling environment for agricultural SMEs in Africa. Small and Medium Enterprises (SMEs) occupy a place of pride in virtually every country or state. Because of the significant roles SMEs play in the growth and development of various economies, SMEs have aptly been referred to as "the engine of growth" and "catalysts for socio-economic transformation of any country". SMEs

represents a veritable vehicle for the achievement of national economic objectives of employment generation and poverty reduction at low investment cost as well as the development of entrepreneurial capabilities including indigenous technology (Adebisi, etal,2015). Nigeria is endowed with vast productive arable land which can be harnessed for the development of SME agricultural projects. It stands to reason that if the country is to show serious commitment to the development of the SMEs in the agricultural sector, the economy must witness meaningful transformation and prosperity. A dynamic SMEs sub sector in the agricultural sphere is vital and imperative for the overall economic development of the nation. Apart from providing opportunities for employment that enhances poverty alleviation, SMEs help to provide effective means for curtailing rural urban migration and the utilization of local raw materials. It is against the back drop of the positive roles of SMEs in an economy that this paper proposes the rapid development of SMEs in the agricultural sector (Bello and Saidu, 2015).

In Nigeria, there is increasing realization of the critical role of women in agriculture and food production and of the fact that the empowerment of women is necessary for bringing about sustainable development at a faster pace. Various studies have shown that women produce between 60 to 80 % of the food in most developing countries and are responsible for half of the world's food production (Ukeje, 2004). No country can achieve its potential without adequately investing in and developing the capabilities of women. In the interest of long term development it is necessary to facilitate their empowerment. Given the multiples roles that a woman is expected to play in her family and society, SME's do provide a critical opportunity for empowerment and poverty reduction amongst rural women.

The need to enhance the growth and development of an economy through the activities of women in the participation of SMEs has gained tremendous support in development literature International Finance Corporation (2011) and Mahmood and Hanafi (2013). This is because of the supportive role women played in the involvement and enhancement of welfare status and poverty reduction. According to Stupnytska, Koch, Macbeath, Lawson & Matsui Stupnytska A, in Koch, et al. (2014) , the greater the involvement of women in SMEs, the more likely the increase in per capital GDP, increase in the propensity to use their earnings and increased bargaining power to buy goods and services as well as support the development of human capital.

The Role of Small and Medium Scale Business in The Development of Nigeria Economy

Hardly can any major industry succeed in isolation of the services and contributions of small business enterprise. The relative strength of their importance and role vary from one industry to another. In fact the importance of small scale business in any economy cannot be overestimated. Firstly, continuous growth in the economy of any nation depends to a large extent on the startups of small businesses. Even on a recessionary economy, small scale enterprises are a legitimate and viable component in any strategy for reconstructing the economy. Furthermore, it is emphasized that the small-scale enterprises make the possibility of the equitable distribution of national income more realistic of providing employment opportunities on a large scale. By creating more employment they help in mobilizing the capital and human resources that would otherwise be left idle. Some small businesses no doubt, provide certain distinct services that in most cases may not be matched success of large businesses. Implicitly, if the small businesses would by and large find themselves over saddled with a myriad of activities that they would only be able to manage minimally. The role of small-scale businesses in the development of Nigeria economy has made it very possible for firms to depend less on imported goods or materials. They often rather depend on locally made machines and local raw materials as inputs. One can buttress this point further by the fact that non dependence of small businesses on imported raw materials as inputs leads to a reduction in the demand of foreign raw materials thereby saving the foreign exchange earnings of the nation. Worthy of mention also is the advantage of solving payment problems as a result of less dependence on imported inputs. This has an attendant blessing of creating an interest in the promotion or home-made products. In this way small business ventures generate revenues and strengthen the Nigeria economy.

Small industries have a shorter gestation period and as a result, yield quicker returns on investment. They facilitate balanced industrial development in that only such small scale ventures can easily be established in many rural areas. In this regard, that presents a potent means of reducing rural urban migration and its consequential urban congestion, unemployment and other social vices. Small businesses also serve as a training school for indigenous entrepreneurs and provide the opportunity for acquisition of skills for a large number of workers. They facilitate a speedy development of Nigeria economy.

Constraint to Small and Medium Holder Farming in Nigeria

Small and medium holder farming is faced with a lot of challenges which include the following:

Lack of Modernization/Mechanization

At this day and age, farmers in Nigeria still rely on crude tools for farming and storage and this can inadvertently affect productivity. For instance, lack of proper irrigation tools makes it difficult to farm during the dry season and lack of mechanical tools such as tractors to substitute manual labor hinder productivity due to fatigue. According to Odoemenem and Obinne (2010), there is very limited access to modern improved technologies and their general circumstance does not always merit tangible investments in capital, inputs and labour. Agricultural technology for the smallholder farmer must help minimize the drudgery or irksomeness of farm chores. It should be labor-saving, labour-enhancing and labour-enlarging. The farmer needs information on production technology that involves cultivation, fertilizer application, pest control, weeding and harvesting. This sort of information is at the moment being diffused by extension workers, other farmers, government parastatals and agricultural equipment dealers but the impact is yet to be felt (Ozowa, 1995)).

Lack and high cost of farm inputs

The International Food Policy Research Institute, in its Nigeria Strategy Support Programme document says that the average smallholder farmer in Nigeria does not have access to sufficient fertilizer for one hectare. Yields require a combination of education through extension services, access to appropriate and timely inputs as well as access to finance to purchase inputs (Opara, 2011). International Fund for Agricultural Development (IFAD) (2009) observes that a number of negative factors that militate against high productivity in small scale farming in Nigeria include: (i) a large proportion of small-scale agriculture is uncompetitive, and is neither profit-/business- oriented nor sustainable; (ii) there is a vicious circle of low productivity and income, total shortages of cash, and limited investments or input availability/use; and (iii) the lack of market access and of credible processing and trading outlets also hinders improvements in or expansion of production. For example, an effective distribution system is needed to give smallholders access to fertilizer at affordable prices and help them remain competitive. The existing seed and planting material industries are underdeveloped, and supplies are often of substandard quality.

Land tenure system

Among the major problems facing the smalloscale farmers is land for farm use in promoting agricultural development because of the land tenure system that Nigeria operates. Nwalieji and Igbokwe (2011) report that acquisition of land for new entrants into farming is one of the agricultural roles of local government councils that have not been achieved. Smallholder farmers lack capital, hence they do not acquire land for agriculture. Unavailability of land is one of the serious problems militating against small scale farming in Nigeria.

Inadequate agricultural credit

Smallholder farmers' productivity and growth are hindered by limited access to credit facilities (Odoemenem and Obinne, 2010). According to the authors, agricultural credit encompasses all loans and advances granted borrowers to finance and service production activities relating to agriculture, fisheries and forestry and also for processing, marketing, storage and distribution of products resulting from these activities. The important role of credit in agricultural enterprise development and sustainability has prompted the Federal Government of Nigeria (FGN) to establish credit schemes such as the Agricultural Credit Guarantee Scheme (ACGS) and

Agricultural Credit Support Scheme (ACSS) to ensure farmers' access to agricultural credit (Badiru, undated). Yet, the situation has not improved substantially.

High cost of labour in rural areas

Smallholder farmers have problems with availability of adequate labour in the rural area because able-bodied men are no longer interested in farming. They rather become commercial motor cyclists or taxi drivers than work in the farms. They also migrate to big cities to access social amenities and white-collar jobs for better living. This resulted in scarcity and high cost of labour in rural areas.

Lack of information to small holder farmers

Information is an essential ingredient in agricultural development programmes but Nigerian farmers seldom feel the impact of agricultural innovations either because they have no access to such vital information or because it is poorly disseminated. Often, agricultural information is not integrated with other development programmes to address the numerous related problems that face farmers. There are some limiting factors and apparent constraints to agricultural information dissemination in Nigeria, including status differences between extension agents and their clients; agents' inadequate knowledge of how communication works; lack of interagency cooperation both in programme planning and implementation; and the extension's general lack of interest in traditional media. The ineffectiveness of smallholder farmers in Nigeria can also be attributed to the treatment of information delivery as a matter of course by most African governments. The non-provision of agricultural information is a key factor that has greatly limited agricultural development in developing countries. Ozowa (1995) observes that the agricultural information provided is exclusively focused on policy makers, researchers, and those who manage policy decisions with less attention paid to the information needs of the targeted beneficiaries of the policy decisions.

It is safe to assert that the information needs of Nigerian smallholder farmers revolve around the resolution of problems such as pest hazards, weed control, moisture insufficiency, soil infertility, inadequate farm credit, labour shortage, soil erosion and so forth. Ozowa (1995) grouped the information needs of smallholder farmers into five headings: agricultural inputs; extension education; agricultural technology; agricultural credit; and marketing. Modern farm inputs are needed to raise small farm productivity. These inputs include fertilizers, improved variety of seeds and seedlings, feeds, plant protection chemicals, agricultural machinery, equipment and water. An examination of the factors influencing the adoption and continued use of these inputs will show that information dissemination is a very important factor. There are many improved agricultural innovations from our universities and research institutes not properly diffused.

Marketing

Marketing comprises all business activities involved in the movement of commodities from production to consumption. Bamiduro (2011) observes that increase cost in of transportation is the major problem facing marketing of agricultural products in Nigeria. The farmer's market information needs are those that enable him make rational and relevant decisions. Ozowa (1995) observes that market information services have the function of collecting and processing market data systematically and continuously, and of making it available to market participants in a form relevant to their decision making. The authors reiterate that market information needs of smallholder farmers include:

1. Information on product planning. This is information on what crop and variety to grow at a given season with marketability of such a crop as an important deciding factor.
2. Information on current prices of farm produce.
3. Information on forecast of market trends. This type of information assists farmers in planning their market products.
4. Information on sales timing. This assists farmers in ensuring that they do not cause a market glut. It enables them to stagger harvesting and quantity for marketing.

5. Information on improved marketing practices. It includes information on improved harvesting methods. This information is disseminated by field level extension workers by demonstration on farmer's fields, at local and wholesale markets.
6. Information on group marketing. This enables smallholder farmers to have organized sales of marketable surplus and bulk transport of produce.

In Nigeria, agricultural market information to small and medium holder farmers is provided by the Ministry of Agriculture through the field level extension workers and broadcasting media. There is need for proper training of those in charge of market information in Nigeria.

Poor Research and Record Keeping

Farm records are kept carelessly if kept at all. Farmers do not have accurate tracking of farm activities and farm information. Information about the Nigerian farm market is not easily accessible and adequate information such as market prices are pertinent. This opens the door to adulteration of figures regarding farming in Nigeria. Agricultural development in Nigeria cannot be measured if there is disorganization of the farm records for research purposes. This makes it hard to narrow down certain farming issues and proffer solutions.

Extension education needs

The general lack of awareness among smallholder farmers can be attributed to their high level of illiteracy. This contributes to the low level of adoption of agricultural production technology. Extension is a type of education which is functional rather than formal. It is better provided by extension workers whose main task is to convey information in a meaningful form to farmers. One of the ways they do this is by training a group of model contact-farmers with the hope that such farmers come in contact with other farmers. This trickle- down effect is particularly necessary because farmers outnumber available extension workers with the present ratio of 1:3000.

Another major constraint to agricultural information dissemination is the inadequacy of existing extension programmes. Some of these programmes are conceived without well thought out plans and are prepared in a hurry without the farmers whose attitudes are to be changed making any input. Such agricultural information packages can neither sustain the farmers' interest nor effect the desired attitudinal change. Many people in extension are ill-prepared for extension. The emphasis in their training is more on technical proficiency rather than on rhetorical and persuasive skills.

Sources of information to smallholder farmers

Lack of information is one of the major problems that exist in Nigeria's agriculture sector. To begin with, there is more to farming than just digging the soil and planting crops. Farmers need to know how to select the right seed variety to get optimum yield, the best time for planting, best on-farm practices to reduce crop loss and how to partner with the right off-takers to get the best price for their product. An oral interview held with a group of farmers by the author reveals that farmers obtain agricultural information from the following sources, namely; television, agricultural radio programmes, Agricultural Development Projects (ADP), Field days, fellow farmers, agricultural Igbo radio programmes and Ministry of Agriculture. They affirm that the types of information they obtain from these sources include agricultural production, processing and storage packages of crops such as cassava, yam, sweet potato and soybeans, agricultural practical on crop and livestock (such as poultry birds, sheep and goats) production, production recommendations on sole maize production, extension service delivery of ADP, yam/cassava/maize intercropping, and income – generating activities.

Solutions to Constraint to Productivity of Small and Medium Holder Farmers in Nigeria

Provision of Agricultural technology

Since most farmers in Nigeria are rural farmers, the Government has a huge role to play in regards to favorable policies, agricultural research, grants to rural farmers, subsidized farm equipment and storage facilities. The Ministry of Agriculture should make it possible for farmers to have access to

affordable modern tools such as tractors, plows, and irrigation tools. Cooling supplies for perishable goods can also be installed in trucks to keep perishable food products fresh. Incubators should also be acquired to enhance poultry farming. Nigerian governments should encourage research institutes and universities to carry out more researche and equip the extension system more to disseminate the research findings effectively to farmers. The government and private sector should also increase financial assistance to small and medium scale farmers for practical application of the research findings. Additionally, farmers have achieved some level of efficiency through deployment of their indigenous knowledge. If provided with the right inputs, feasible technology and relevant information, they are capable of transforming traditional agriculture.

Scaling up through value-added processing

Many could benefit from being able to add value to their primary crops even before the farm gate. Cassava is a good example: for years, this has been a classic household food security crop, one that farmers can leave in the ground and harvest when needed. Value was rarely added. This already aligns with the policies promoted by agencies including the FAO, which sees smallholder inclusion in value chains as crucial and value-adding activities as one of the ways of achieving it. Essentially it comes down to how we think of smallholders in Africa. Therefore, we need to build their capacity, and make them better farmers. And to do that, governments also need to stop treating this as a social development sector. We do need to appreciate that agriculture is unique, and develop mechanisms for dealing with the risks farmers face. But if possible, we need to treat this sector like any other business.

Ensuring farmers' access to inputs and to markets for outputs

The private sector should be encouraged to participate in the supply of inputs which would lead to a gradual reduction of the role of the state in this area. It should also be the main driver of competitive commodity value chains and the promoter of farmer group/out-grower marketing schemes, with Government providing an enabling environment for commercial operations. Smallholder farmers must be helped to organize themselves into viable associations or groups that would enable them to respond to market demands.

Public-private partnerships

Such partnerships would ensure an integrated approach to producer, processor, trader and marketer arrangements. The most successful precedents in Nigeria have involved clusters of farmers being organized around major agro-based industries, notably in the supply of rice and other cereals for processing and food manufacture. The private sector's willingness to participate in such arrangements is likely to depend on the government's commitment to: (i) financing the social element of basic transport and handling infrastructure; (ii) providing policy continuity for, and judiciously applied subsidies to smallholder farmers; and (iii) undertaking an active programme of sensitization, advocacy, training and mentoring of State and LGA agencies and their field staff with regard to development approaches, partnerships and collaboration.

Provision of business/technical advice and services

The lack of reliable access to credit is a major impediment to improving smallholder farm operations and enhancing the livelihoods of rural households. Priority attention should be given to resolving the problem of microfinance in much greater depth across Nigeria. The national agricultural research institutes are potential sources of much more effective advice and services, particularly if they are better resourced and their operating paradigms are oriented to the commercial, rather than just the technical/scientific, aspects of agriculture. IFAD support is required for commodity-based marketing groups and for marketing information systems. Finally, in its efforts to support the renewed focus on smallholder farmers, IFAD is in a strong position to take advantage of its experience in West Africa, other parts of the continent and elsewhere. This implies pro-active and strategic use of knowledge management and policy dialogue.

Provision of Agricultural credit

One of the major factors limiting farmers from growing and making a reasonable living is lack of funds. These funds are difficult to come by as some banks do not loan to them for various reasons. This leads to the farmers struggling to make a living, asking disinterested family members to take part in farming instead of hiring proper human labor, and affecting agricultural productivity overall. There should be provision of a system through which smallholder farmers can improve efficiencies in all areas, including accessing inputs, improving yields, marking linkages, infrastructure development and skills transfer. The lending structure makes use of a cooperative mechanism that includes linkages to formal markets that provide minimum price guarantees (thus mitigating price risk), includes weather index insurance (to mitigate climate risk) as well as training and mentorship. The cooperative structure allows farmers to consolidate their bargaining power which reduces input costs and contributes to economies of scale in terms of output and market access.

Information needs of farmers

Farmers should be open to learning new techniques to improve their crop yield. They should also actively seek and share knowledge with their farming communities. Adequate training and seminars should be held for farmers and new technologies should be introduced. If possible, farmers should be monitored to ensure new knowledge gained is applied on their farms. FAO (2003) observed that farmers can improve agricultural productivity and ensure food security when up-to-date information is provided using appropriate languages and formats and delivered through proper communication channels. If the approaches to agricultural development programmes are to work, Nigerian governments need to take new approaches to information dissemination and management that grow out from a clear understanding of what farmers information needs are. Information gets to small and medium scale farmers usually through channels such as relations, friends, neighbors, government officials. Grassroots organs such as village heads and local government officials are used to diffuse such information because of their personal touch with smallholder farmers.

Extension education

Extension agents need to intensify their efforts in educating farmers to increase their level of awareness. Of all the existing channels of agricultural communication, Nigerian farmers rank extension highest in terms of providing credible information and advice, especially on agricultural technology (FAO, 2003). A major function of extension is to get the farmer into a frame of mind and attitude conducive to acceptance of technological change. The use of fertilizers, for example, is fairly widespread in the middle belt region of Nigeria where information about fertilizers is well diffused. Effective services of extension can be sustained by adequate government funding and staffing of extension agencies and research institutes.

Attracting youth into farming

A younger generation of farmers may help to achieve this. Agriculture has long suffered from an image problem – perhaps because young people do see it as a social development sector, rather than one of business opportunity. There is need for more mentors to help inspire a younger generation currently drawn more to cities than to farms. There are programmes where mentors go to schools and talk to young people about agriculture, we need to show young people that agriculture is as important as law and medicine – and that they can be successful in it.

CONCLUSION AND RECOMMENDATIONS

The researchers concluded that for a nation irrespective of its economic ideology to achieve meaningful and sustainable development, adequate attention must be given to wide spread of economic activities through entrepreneurship and small and medium scale agricultural enterprise generation. The youth as a major contributor to all round economic growth and development must be given due attention and their yearning for job security must be primary and paramount since they process greater capability to move the economy forward. This will be easily achieved by encouraging them to be entrepreneurial and focus.

Based on the conclusions stated, the researchers therefore recommended that for the present and future governance to achieve impressive development, more job should be created especially for the youths in the form of small and medium scale agricultural enterprises through policy formulation and implementation since SMEs and economic development are related.

The government should encourage the youth to cultivate and nurture entrepreneurial spirit as a way of achieving gainful employment. Young people in primary, secondary and tertiary institutions should be encouraged to take careers in agriculture especially production and processing by giving scholarships both local and overseas, and providing credit facilities to such people after training as many of our farmers are getting old.

The government should review and expand its skill acquisition programme by creating additional skill acquisition centers in addition to the already existing ones in order to boost skill acquisition and entrepreneurial capabilities of the youths. In addition, proper monitoring and funding of such programme should be ex-rayed in order to identify lope-holes therein so as to enhance the achievement of its objectives.

Lastly, attaining the status of the economic development of the western world, Nigeria as an economy should make herself SME driven economy that is adequately supported by the needed fund. In addition, the government should encourage the creation of more micro finance banks that are well supported and regulated to render necessary financial supports.

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