



Agrihub Trove is a bi-monthly publication that explores the key issues and challenges faced by agribusiness owners in Nigeria in recent years and shows how they can change their business models and deal with these challenges innovatively and creatively. Written in an engaging and accessible style, the contributors and staffs of Rural Youth Employment Opportunities: Support to integrated agribusiness hubs in Nigeria (IFAD-Agrihub) have drawn on years of experience in the industry to examine the massive changes in the agribusiness sector and share relevant thoughts.

This issue focuses on the how to bypass barriers to forming agribusiness.

## INNOVATIVE WAYS TO ADDRESS EXISTING BARRIERS IN AGRIBUSINESS

### The Concept of Agribusiness

The word and concept of agribusiness was developed from two words – agriculture and business. Agriculture is described as the practice of cultivating crops, rearing animals, and other related activities; while business refers to a unit that aims at meeting the needs and wants of customers at prices that will provide an adequate return to the owners.

Thus, Agribusiness is essentially carrying out agricultural activities with the aim of meeting the needs of identified customers in ways that brings profit to the owner of the enterprise.

Since inception, the concept of agribusiness has helped millions of farmers understand the difference between getting involved in agriculture as the act of practicing,

and agriculture purely as a business to make profits.

Hence, for an average person who would want to venture into agribusiness, there is the need to critically consider basic factors such as customers' identity and category based on their needs, location, how much they are willing to pay, and the best ways to reach them.

Providing answers to these questions will guide potential promoters of an agribusiness enterprise to prepare for establishing a successful agribusiness enterprise.

### Barriers and Solutions

According to the Collings Dictionary, "a barrier is an object or layer that physically prevents something from moving from one place to another". Similarly, Merriam-Webster presents the meaning of barrier as something material

that blocks or is intended to block a passage. Barriers in agribusiness means factors, conditions, and reality that prevent potential and existing promoters of agribusiness enterprises from achieving the desired vision, mission, and objectives of their enterprises.

However, despite the attendant barriers, youth agripreneurs see the business potentials that exist in agriculture, especially in Africa. The continent has huge market opportunities, and prevalent problems of hunger and malnutrition that pave ways for great business prospects in agribusiness.

Due to the mouthwatering profits, convincing Returns on Investment (ROI), and Cost Benefits Ratios (CBR) that most business plans present, a lot of agripreneurs do not realize the barriers that exist in agribusiness, this impedes the expected flow of

implementation and rewards. Unfortunately, an incomplete business plan would also not reveal these barriers that could prevent agripreneurs from achieving their desired goals. Below are some barriers and innovative ways of addressing them to achieve desired outcomes;

### **1. Wrong mindset towards agribusiness:**

Experience shows that the report of failures recorded in agribusiness by others, especially by close relatives creates fear in the minds of agripreneurs, and affects the progress of already established enterprises. It also prevents potential agripreneurs from taking action. In addition, the wrong perception of young people about agriculture, especially in Africa, contributes to the attitude that is exhibited toward agribusiness. This could be a result of several factors. The mindset is a key determinant of how the foundation of an agribusiness enterprise is laid and built on.

**Solutions:** Potential and existing agripreneurs should get trained in a good institution on entrepreneurship skills and soft skills development. Visits to existing agribusiness enterprises that have track records of success will help in developing a growth mindset.

### **2. Poor technical skills:**

Most times people get information about the successes and the potential of agribusiness enterprises to make profits, and they explore what it takes to achieve this success. A lot of times, failure

in agribusiness is caused by inadequate knowledge about production and processing activities as well as the basic management practices needed in the selected agricultural commodities and value chain activities.

Launching into agribusiness enterprises without requisite knowledge leads to failure and this constitutes a barrier to the establishment and expansion of agribusiness enterprises.

**Solution:** Potential and existing agripreneurs should ensure to get vocational training to acquire requisite skills that can help in recording desired success. This training should be received from an institution that has a track record of success. Young agripreneurs can also go for internships with existing farms and agribusinesses. This can be helpful for startups and even existing agribusiness enterprises.

It provides the opportunity for acquiring knowledge through experiential learning. Internships also provide exposure to new technologies and new ways of doing things. Reading could also be of help, especially reading about research conducted by research institutions, academia, and international organizations. This exposes readers to new technologies, and they do not need to go over the process of carrying out new research.

### **3. Poor knowledge of marketing:**

Failure to identify the right market and obtain necessary information about a market has

prevented many enterprises from running a good business. Once the marketing is not researched properly, the agripreneurs will not be able to set up a realistic scale of production and thereby not be able to make good projections for the business. This can create room for the failure of the business.

In some cases, once the business fails to sell the first set of products within the first few months of operations, an exit plan becomes the next line of action. Most times, Agripreneurs consider the chances of recording success as slim.

**Solutions:** Agripreneurs should take training in marketing very seriously. More importantly, all agribusiness promoters must assume the responsibilities of the marketer in their business. This way it becomes more practical and more realistic to work things out as far as marketing is concerned. Another approach is to outsource marketing to a marketing firm or consultant. Thorough market research and identification of target markets can go a long way to help in maximizing sales, while there must be deliberate efforts to implement well-designed advertisement and promotional strategies for the business.

### **4. Drudgery:**

Many times, agriculture is perceived as hard, uninteresting, and tasking. This is the case especially when farming is done in traditional ways, as lack of access to improved

agricultural technologies makes agriculture a hard, backbreaking occupation. This discourages farmers, especially young farmers who have great potential to succeed very well in agribusiness enterprises.

**Solutions:** Adoption of mechanization and using farm machinery for all farm activities can go a long way to make agriculture easy. While the cost of equipment can be high, farmers can hire service providers to carry out various farming operations. In addition, exploring new ways of farming like vertical farming, hydroponics, aeroponics, soilless farming, and cage culture systems in aquaculture, etc., can help farmers to avoid drudgery. Exploring business opportunities across other agricultural value chains could also be a good way to avoid drudgery. It is advisable to identify one's area of interest, talent, skill, and knowledge and use this to select a value chain to work with.

### **5. Lack of funds:**

This is a major problem prevalent in the agribusiness space. New entrants to the sector do not have the capital to establish while existing enterprises lack the capital to expand. Commercial banks do not favor farmers when it comes to disbursing loans. The demand for unrealistic collaterals and conditions oftentimes discourages farmers, and the conditions are tougher when it comes to younger farmers. Many times, banks ask young farmers to open accounts and in the end,

they fail to give them loans contrary to the promises that would have been made to them.

**Solutions:** Farmers should form cooperatives, and cluster groups of production, and use them to access loans and grants for their agribusiness operations. Farmers should also explore grant opportunities for their agribusiness opportunities. Development organizations should sponsor intervention programs on agribusiness development and should make provisions for grants to beneficiaries of such programs. Governments must clearly map out strategies for interventions in terms of loans and grants to get to actual beneficiaries. Also, farmers, especially young agripreneurs should consider the options of coming together to pull funds together – crowdfund - to operate their agribusiness enterprises together by forming smaller units of agribusinesses into clusters, it will afford them the opportunity to operate their enterprises at better scale than when operating as a single unit.

### **6. Labor issues:**

Labor issues are a hydra-headed problem facing the agribusiness industry. The problems range from unavailability of farm workers to farm workers not having requisite skills, unfaithfulness on the part of farm workers, and workers leaving the farm after gaining little experience. Sometimes workers become uncontrollable especially when dealing with those that

have drinking problems or abuse drugs. The demand for high salaries by workers is another problem. The inflation in the country is high, hence, the demand for an increase in wages.

**Solutions:** There are a few ways to solve this problem; agribusiness owners can liaise with training institutions to get trained hands or interns periodically. Secondly, paying good salaries can help in retaining good hands, also, membership in various agriculture groups and associations can lead to having timely information about labor. The use of surveillance cameras curbs dishonest behaviors by farm workers.

### **7. Inferior/fake inputs:**

The poor quality control system and the almost non-existent customer complaint commission have created room for low-quality production in the country. Coupled with other factors like the high cost of production have led to an increase in the production and distribution of fake inputs like seeds, feeds, fertilizers, veterinary drugs, etc. These days, agribusiness owners experience a high market influx of inferior qualities than good qualities. This leads to huge losses, which discourages both new entrants in the agribusiness industry and existing owners of agribusinesses in the same way.

**Solutions:** Get supplies from registered and approved suppliers that have trusted trademarks in stock. Buying in groups could help cluster

farmers buy directly from companies. Learning from the comments and recommendations of other farmers could also be of help.

### **8. Disease outbreak:**

Disease outbreak is a regular occurrence in the primary production value chain, and it affects enterprises involved in both animal production and crop production. At intervals, there must be routine maintenance activities to prevent outbreaks and the spread of diseases. There is an occasional occurrence of disease epidemics on farms, and this can be caused by many factors.

**Solutions:** Observing routine preventive drugs and medications is the first solution to this problem. All farms must also have in place a good biosecurity system to curb outbreaks of diseases. Getting stocks from reliable sources and buying drugs and other inputs from reliable sources have proved to be of great help over time.

### **Other precautionary measures;**

There are other important steps that could be of help to farmers like insuring the farm with a dependable insurance company. Insurance is a dependable way of recovering losses in agribusiness, but this is an area that is not being talked about in agriculture and agribusiness. Establishing good relationships with the host communities has proved to be a very good approach to ensuring farm security while some level of corporate social responsibility also works for the same purpose.

Coaching and mentorship are very important in business. Mentorship gives encouragement and builds confidence in agribusiness promoters and research has proved that it has been of help in many ways to business owners as well.

### **Conclusion:**

There are numerous factors that serve as barriers to starting a business in

agriculture to expanding already established agribusiness enterprises. They include those that are observed by others that are already running an agribusiness enterprise. There are also factors that come as a result of the ecosystem of the business while some other factors are due to failing government policies.

Despite the causes of these barriers in agribusiness, there are proven solutions that can help in preventing and overcoming barriers. The foundation for this is by having good training from a standard institution where the capacity of the potential agribusiness owners will be built on the basics existing in the agribusiness industry.

Finally, choosing a good consultant and mentor can also be of great help while adopting other measures earlier mentioned as solutions that have been proven and can still work for Agripreneurs.

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