

INTERFACE OF AGRICULTURAL CREDIT AND VOCATIONAL TRAINING IN IMPROVING ENTREPRENEURSHIP AMONG RURAL HOUSEHOLDS IN ENUGU STATE, NIGERIA

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Abstract

The national challenge of increasing food production and alleviating poverty, which on actualization will address the first goal of the Millennium Development Goals (MDGs), may not be fully achieved until development stakeholders begin to reallocate resources proportionately to the rural sector. The rural dwellers who account for over 70% of Nigerian population engage in farming as source of livelihood and should be made to have access to both capital and human resources to embark on agricultural enterprises or other entrepreneurial activities that could ameliorate their pitiable socio-economic conditions. Basically, 70% of the Enugu State human population (3,257,298) is engaged in farming (FGN 2001). This study examined interface of agricultural credit and vocational training in improving entrepreneurship among rural households in Enugu State, Nigeria. To achieve this, multinomial logic regression analysis was used. One hundred and eighty randomly selected household heads were interviewed using structured questionnaire. Results showed that their socio-economic characteristics were characterized with low potentials. The households who belonged to more groups or had more educational qualification had positive relationship with access to both Agricultural credit and vocational training. There was clear indication that improved socio-economic variables increase their chances of accessing more agricultural credit and agricultural vocational training which in turn improves their entrepreneurial attributes. It is therefore paramount that development stakeholders redesign programme that is capable of ameliorating this gap in vocational training/extension services and agricultural credit among the rural dwellers.

Keywords: Agricultural credit, vocational training, entrepreneurship, rural households.

Introduction

The national challenge of meeting up with the declaration of Millennium Development Goals in areas of poverty, hunger and food security by 2015 may not be fully achieved unless access to farm credit and skills in the rural sector encounter a paradigm shift. According to Omeje (2012), access to credit improves households' livelihood outcomes such as production, well-being, access to social amenities, reduced vulnerability, income and entrepreneurial attributes. No doubt, roles of credit have been found to be indispensable in the process of agricultural transformation and diversification of livelihood strategies among rural households (Ijere, 1986).

Despite these indispensable contributions of credit, access to it by rural dwellers has been marred by some constraints. Prominent among the constraints were high interest rate, late disbursement of loan, stringent conditions and drudgery in processing of loan, inadequate loan amount, wrong payment plan, loan diversion, wrong attitude to loan, poor supervision and lack of vocational training/skills. In the submission of David (2013), vocational training programme organized for farmers is capable of complementing the efforts of both government and non-government agencies in providing loan to the rural sector. However, in Enugu State, 70% of its population lives in the rural areas which were mainly agrarians (FGN 2001). Olukosi and Ogungbile (2001) noted that 94.4% of Nigerian farmers are small scale farmers. Most of these small scale farmers live in the rural areas and were constrained by land fragmentation, poor skills and lack of capital. Emphasis on vocational training support for rural dwellers dates back to the ancient time. According to International Labour Organization (ILO, 1956) the objectives of vocational training in agriculture include:

- i. imparting training skills to farmers of different categories, instilling in them a sense of social importance of the work they are doing and securing public recognition in general.

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- ii. effective use of land and natural resources, labour and capital in agriculture.
- iii. increase in production efficiency and yield in agriculture and improvement in processing of farm output.
- iv. effective conservation of soil and natural resources necessary in agriculture.
- v. provision of appropriate vocational guidance for rural youth;
- vi. closing the gap between technological development which affects agricultural production and their applications in agricultural practices; and
- vii. over-coming the problems of seasonal unemployment and underemployment in agriculture, among other issues.

The ILO consequently recommended that special care should be taken to impart sustainable skill training on the weaker sections of agricultural production in developing countries. Thus emphasis was placed on “on-the-farm” training where appropriate, and extension services were made available to the rural farmers.

In 2005, a new interface of both farm credit and vocational training programme was introduced by farm credit University, America. It was established to ensure that problems associated with loan access, investment and repayment were averted. The combination has become a united force that is serving agriculture and rural America (David, 2013). In addition, International Fund for Agricultural Development (IFAD, 2001) observed that human capital provision is very essential as the poor people undertake rural farm or non-farm activities that could enhance loan and micro-credit that may be given to them.

Despite the interventions of Government and Non-Government agencies in provision of loan and micro-credit to farmers in the rural areas, recent researches have shown that the socio-economic conditions of the rural dwellers in Enugu-State and Nigeria at large are still characterized by poor income. Can entrepreneurship survive without finance and skills? Both capital and human resources are invaluable to entrepreneurship. Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, physical and social risks, and receiving rewards of money for personal satisfaction and independence (Histrich and Peters, 2002). Okoye (2012) stated that entrepreneurship is not necessarily only about starting or running a business venture/enterprise but also being able to take risks. Despite the varied definitions of entrepreneurship, the fact remains that it has to do with making of money by using skills to combine financial and other resources in production.

This study therefore re-examined the present socio-economic variables of the rural households in Enugu State, determined their access to agricultural credit facilities and vocational training as well as the rate of repayment of loan and established relationship between the identified socio-economic variables and respondents’ to agricultural credit and vocational training.

Research Questions

The following research questions were answered by the study.

1. What are the socio-economic characteristics of the rural households in Enugu State?
2. What is the rural households’ access to agricultural credit/vocational training and repayment rate?
3. What is the relationship between the socio-economic characteristics of the households and their access to Agricultural Credit/Vocational training?

Methodology

This study was conducted in Enugu State, Nigeria. Descriptive survey research design was adopted for the study. The population of the study was 1, 681 rural households. The sample for the study was 180 households selected through multistage sampling method. Three Local Government Areas (LGAs) that were predominantly rural were purposively selected from each of the three agriculture development zones in the state, giving nine LGAs. Uzuwani, Udenu and Igbo-Eze South LGAs were selected from the north zone. Isi-Uzo, Nkanu West and Nkanu East LGAs were selected from the east zone while Awgu, Ezeagu and Aniri LGAs were selected from the west zone.

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Two communities were selected at random from each of the nine LGAs, giving 18 communities. Ten households were randomly selected from each of the 18 communities giving 180 respondents. Primary data were collected using structured questionnaire. Data generated were analyzed using multinomial logic model.

Results and Discussion

The results of the study obtained from the data collected and analyzed were discussed as follows.

Objective 1: To identify the socio-economic characteristic of the rural households in Enugu State.

The computed mean age of the household was 57years. Majority (32%) of them were between 45 and 50years of age. Males (68%) dominated the rural household heads. Most household heads (58.4%) were married while 8.3%, 25% and 8.3% were single, widowed and divorced respectively. About 30% of the household heads had secondary education, 28% had primary education, and 19% had tertiary education while 10% had no formal education. The majority of them were engaged in farming (76.7%), trading (13.3%) and services (10%). These observations suggest that the rural sector is predominantly rural and characterized by low potentials and poor entrepreneurial attributes.

Objective 2: To determine their access to agricultural credit/vocational training and repayment rate.

Table 1: Frequency distribution table showing the response of the rural household heads on access to agricultural credit, vocational training and repayment rate

Variables	180 Respondents	(100%) Total
ACCESS TO AGRIC CREDIT		
a. Those who never accessed agricultural credit	54	30
b. Those who accessed agricultural credit	126	70
ACCESS TO AGRIC VOCATIONAL TRAINING		
a. Those who never had access to training	148	82
b. Those who had access to training	32	18
REPAYMENT RATE		
a. Those who repaid on expiration of loan	92	93
b. Those who repaid after expiration	24	19
c. Those who never repaid	10	8

Source: Field Survey 2013.

Table1 showed that 30% of the respondents never had access to agricultural credit while 70% had access to various types of agricultural credit including short, medium and long terms. Among all the sampled population, 82% of them never had access to any form of agricultural vocational training or extension services while 18% claimed to have gained access to either vocational training or extension services. The perception of the household heads as presented in table 2.1 showed that 13% of the borrowers paid back their loan on expiration, 19% paid back later after the expiration while 8% never paid back.

Comparatively, the rural household heads had more access to credit than vocational training. Also, the repayment rate was commendable.

Objective 3: To establish relationship between the socio-economic characteristics of the households and their access to Agric Credit/Vocational training.

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Table 2: Multinomial Logic Analysis of Socio-economic variables and access to agricultural credit/vocational training among rural households in Enugu State, Nigeria

Co-efficient			
Explanatory variables	Category II	Category III	Category IV
Age (Number)	0.03	0.323	0.828
Gender	4.56	291.1	03.65
Marital status	0.98	9.726	0.158
Years of education	-0.04	0.729	0.632
Household size	0.35	2.868	0.152
Income wind	-0.000	0.103	0.000
Farm size	4.30	-90.45	4.38
Group member	3.54	0.43	2.007
Savings	-0.000	0.103	0.004
Constants	0.02	-65.604	-9.59
No of observations	180		

Source: Field survey, 2013

Chi square $(x)^2 - (22) = 217.97$

Prob $> x^2 = 0.0000$

Pseudo $R^2 = 0.4918$

Note ($P \leq 0.01$), ($0.01 < p \leq 0.05$), ($0.05 < p \leq 0.10$)

No access to Agric credit/vocational training was adopted as base category = 0.

Table 2 analyzed the relationship between the socio-economic characteristic of the respondents and their access to both agricultural credit and vocational training. Four categories of respondents were represented as:

Category I: Those who never had access to agricultural credit/vocational training

Category II: Those who had access to agricultural credit only

Category III: Those who had access to vocational training only

Category IV: Those who had access to both agricultural credit and vocational training.

Category I (those who never had access to agricultural credit/vocational training) was retained as the base category ($P_r(Y_i) = 0$).

The socio-economic variables including age, gender, marital status, and years of Education, household size, income level, farm size, group membership and savings were adopted from previous related studies of Adekambi (2011), Sissay (2008) and Peter (2002). Table 3 showed that age of rural household heads had positive and significant relationship with the probability of accessing both agricultural credit and vocational training. This implies that increase in income or savings would increase their probability to accessing both credit and vocational training in agriculture. As rural household increased in size, their probability to access to credit increased too. Also, those households, dominated by Male heads had more access to credit. This suggested that Male headed households and those households with higher sizes had more access to land and labour respectively. This implies that with abundant labour and land, the households require agricultural credit to improve their entrepreneurial status.

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However, category II and IV (access to agric credit only and access to both agricultural credit and vocational training) were influenced by the number of years spent in school and membership of social groups. This observation implies that more rural dwellers will gain vocational training and agricultural credit if they have access to agricultural credit and vocational training/extension services.

Conclusion

The observation of the researchers showed that the socio-economic and livelihood characteristics of the rural households were dominated with low potentials and poor entrepreneurial attributes. They had good access to informal agricultural credit but very poor access to vocational training/extension services. This calls for immediate reallocation of capital and human resources to the rural sector through organized responsive rural campaign. The relationship between their socio-economic characteristics and access to agricultural credit and vocational training is an indicator that the rural households require human-capital intervention to improve their entrepreneurial and livelihood outcomes. Households believed to have more family labour and access to land also wanted more skills and agricultural credit to boost production. It is therefore paramount that development stakeholders should redesign programme capable of ameliorating this gap in vocational training/extension services and agricultural credit among the rural dwellers.

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