

*Full Length Research Paper*

# **Impact of access to credit on Poultry farmer's performance in Ikenne local government area of Ogun state, Nigeria.**

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**The study examined the impact of access to credit on poultry farmer's performance in Ikenne local government area of Ogun state, Nigeria. A sample of one hundred and six (106) poultry farmers was randomly selected from the study area through structured questionnaires. The data analysis was based on the complete responses from the respondents. The data were analyzed using descriptive statistics and linear regression. It was observed from the results that male farmers (75.5%) dominated the poultry enterprise, majority (95.3%) of the farmers were below 50 years of age. The farmers had at least primary education. Majority (70.8%) of them had minimum of 5 years farming experience. The regression results show that education, farming experience, extension services and belonging to association significantly contributed to access to credit by the poultry farmers. The results therefore calls for farm level policies aimed at intensifying extension services among the farmers to help in accessing loans and also on the new ideal and recent innovation on the enterprise. In addition, compulsory universal education policies of the federal government should be strongly upheld; to enable farmers allocate their resources more efficiently.**

**Keywords:** Poultry farming; Access, Credit, Farmers, Performance

## **INTRODUCTION**

It is interesting though disturbing to note that sub-Saharan Africa (SSA) with its very large population happens to be the poorest region in the world (Chauvin et al., 2012). The average real per capita income in 2010 was \$688 (in constant 2000 US\$) compared to \$1717 in the rest of the developing world. Over the past 30 years, GDP growth per capita in SSA has averaged 0.16 percent per year.

This failure of growth over the long term has resulted in high levels of poverty in the region, such that in 2008, 47% of the population of SSA lived on \$1.25 a day or less (United Nations, 2012).

The United Nations Food and Agriculture Organization (UN-FAO) estimates that 239 million people in SSA were

hungry/undernourished in 2010. This implies that almost one in three people who live in SSA were hungry, far more than any other region of the world, with the exception of South Asia. Poverty has been reported as the principal cause of hunger.

Livestock/poultry is one of the most important agricultural sectors serving as 'safety net' providing ready cash in emergency needs as well as an important source of protein for consumers. Its role in rural livelihoods and food security is enormous.

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The Nigerian's livestock resources consist of 13,885,813 Cattle; 34,453,724 Goat; 22,092,602 Sheep; 3,406,381 Pigs; 104,247,960 poultry (RIM, 1992). From these figures, poultry is about 58.72 percent of the total livestock production, which indicates the place of poultry sub sectors in the livestock industry. Poultry meat and Eggs play a very useful role in bridging the protein gap in Nigeria. They are palatable and generally acceptable. This acceptability cuts across nearly all cultural religion boundaries in Nigeria. The poultry industry plays important roles in the development of Nigerian economy. It is a major source of eggs and meat which have a high nutritional value particularly in the supply of protein. Eggs are also important in the preparation of confectionary and vaccines. The poultry industry also provides employment opportunities for the populace, thereby serving as a source of income to the people.

However, the poultry industry in Nigeria, as well as other developing countries of Africa, is continually characterized by low production levels (Okoli, 1991). This is largely associated with lack or limited finance (credit facilities) for the procurement of basic poultry equipment and materials. Feed ingredients are also expensive. This makes it difficult for the farmers to produce and supply sufficient and good quality feeds to the poultry birds (Oyenuga et al., 1977; Ogunfowora et al., 1975).

Oboth (2003) observed that about 88.9 percent of the poultry farms were funded to the tune of N2.5 million per annum while the average annual funding rate was N1.701 million. This thus indicated the poor funding status of the small scale poultry farms in South Western Nigeria. It was also reported that only 4.21% of the poultry farms had between N3.1 to N3.5 million funding rate per year. As the majority of these farms operated below fund secure level, there were limited credit facilities to procure necessary items such as high quality and abundant feeds, drugs and vaccines, cages and feeding troughs, hybrid chicks and so on. Funds were also required for settling workers' salaries, constructing feed mills and rendering various marketing services. The low level of credit supply to the poultry farms therefore limits productivity and expansion in the sub-sector. To enhance performance in the small scale commercial poultry farms, therefore, adequate and timely release of funds that will see the farms beyond the fund insecure zone is essential (Akanni, 2007).

The importance of poultry to the national economy cannot be over emphasized, as it has become popular industry for the smallholders that have great contribution to the economy of the country. The profession has assumed greater importance in improving the employment opportunity and animal food production in Nigeria.

Nigeria is in poverty due to poor financial standing and high business risk which reduces the level of accruable profit (Oludimu et al., 2004). Credit supply to farmers is widely perceived as an effective strategy for enhancing

the increase in agricultural productivity (Phillip et al., 2008). The argument is that the agricultural sector depends more on credit than any other sector of the economy because of the seasonal variations in the farmers' returns and credit requirement in the transformation of subsistence to commercial farming.

Credit provides the opportunity for them to earn more money and improve on their standard of living (Mahmood, et al., 2009). Thus there is a concern for lack of credit for the agricultural sector most especially for the poultry farmers. Therefore this study is focused on the impact of access to credit on the productivity of poultry farmers.

**RESEARCH METHODOLOGY**

The study was conducted in Ikenne Local Government Area (LGA) of Ogun State, which has its headquarter at Ikenne Remo. The Local Government Area is bounded 4km to the East by Odogbolu Local Government Area (LGA), 5km to the South by Ayepe, 10km to the North east by Irolu, 4km to the North by Ilara, 2km to the East by Ilishan and 7km to the West by Sagamu. The local government is located along the transitional forest zone of southern Nigeria and Guinea savannah. It is situated 235.2 meters above sea level, has an annual rainfall of 1200mm, 65% mean relative humidity and 21.4° mean temperature. Figure 1 shows the map of Ikenne local Government Area in Ogun state, Nigeria.

**Sampling Procedure**

Data for this study were mainly primary data which were collected with the aid of questionnaires applied to poultry farmers in the study area. A two stage random sampling technique was adopted for this study. At the first stage five towns were randomly selected from the Local Government Area (LGA). The next stage of the sampling involved the random selection of 21 poultry farmers from each of the selected towns in the Local Government Area (LGA) except for the local government head quarter where we got 22 poultry farmers, to give a total of 106 poultry farmers which were used for the analysis.

**Analytical tools**

**Analytical tools used in the study were: descriptive statistics and linear regression**

- i) Descriptive Statistics: Descriptive statistics such as mean, percentage and frequency
- ii) Linear Regression

$$Y_i^* = \beta' x_i + \epsilon_i \dots\dots\dots (1)$$

The linear regression is specified as follow:

$$Y = a + b_1X_1 + b_2X_2+ b_3X_3, \dots, + b_nX_n+ e \dots\dots\dots (2)$$

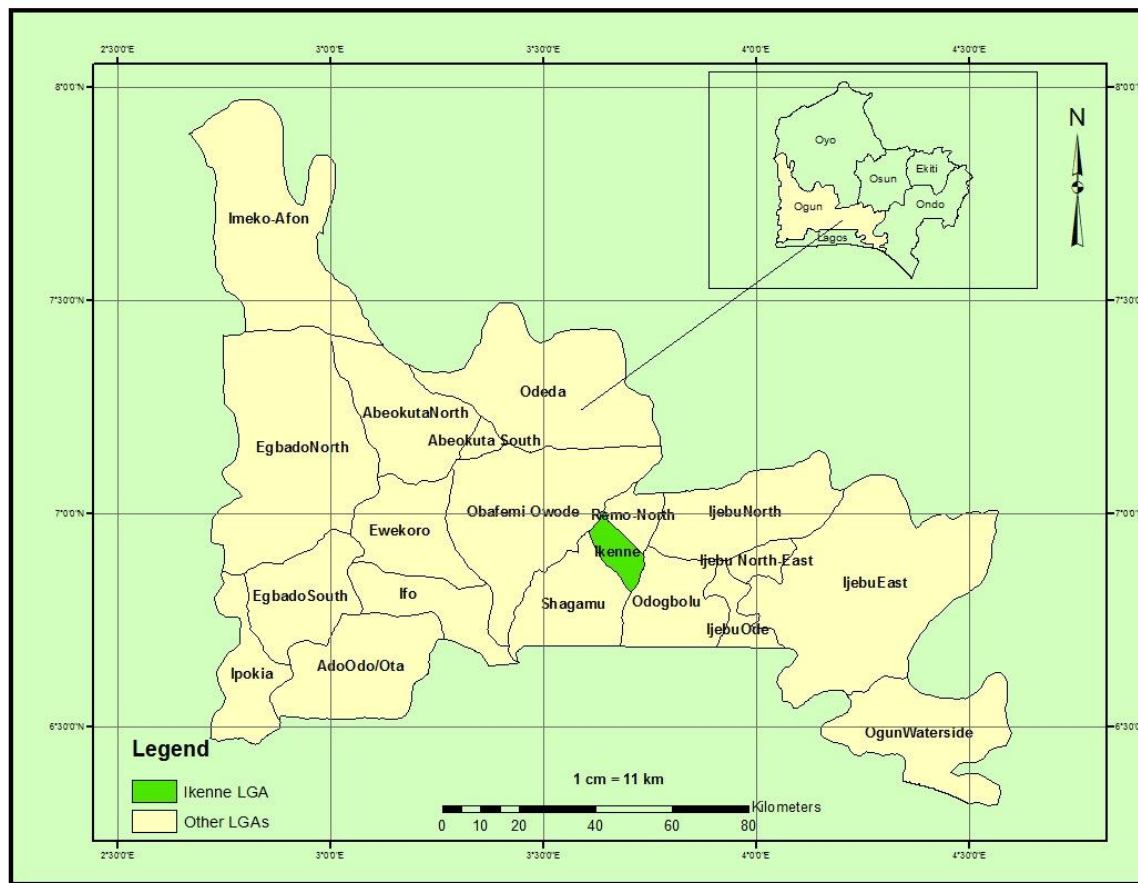


Figure 1. Map of Ogun state showing Ikenne local Government Area.

Where: Y = Dependent variable (Access to credit, Yes = 1, No = 2)

$X_1$  = Age of farmers

$X_2$  = Gender

$X_3$  = Marital Status

$X_4$  = Household Size

$X_5$  = Educational level

$X_6$  = Farming Experience

$X_7$  = Extension Visit

$X_8$  = Belonging to any association (Yes = 1, No = 2)

## RESULTS AND DISCUSSION

Age is an important factor in Agriculture. It determines farmer's productive ability and consequently his output. This is because farming is still labour intensive in this part of the world and traditional agriculture production system relying on rudiments implements powered by human muscle. Therefore, beyond certain age, farmer's productivity begins to decline (Afodu et al; 2017). The below shows the age of the poultry farmers, the modal age of the farmers was 25-30 years, which means that majority of the poultry

farmers interviewed were below 30 years and in their active age. This has effect on productivity (Table 1).

Table 2 shows the gender distribution of the poultry farmers. It was observed that majority (75.5%) of the farmers were male while the female were 24.5%. This shows that there are more male poultry farmers in the study area than their female counterpart.

This shows the number of dependents, which poultry farmers have to cater for as part of his responsibility. From the Table 3, majority of the sampled farmers were married (66.0%) while the singles were 34.0%. The result shows that most of the farmers interviewed have one or more people to cater for and who can also serve as source of family labour. This is in line with (Makinde et al; 2016).

Table 4 shows that 14.0 percent of the poultry farmers had at least formal education while 66 percent had up to tertiary education on the whole. Poultry farmers need to have good education on poultry keeping so that they are able to properly harness all available resource to the advantage of production process. With this, the level of production per poultry farm will increase. Knowledge about the latest research efforts to effect the prevention of communicable disease such

**Table 1.** Age of farmers

(in years)	Frequency	Percent
25-30	36	34.0
31-35	20	18.9
36-40	30	28.3
41- 45	5	4.7
46 – 50	10	9.4
51 and above	5	4.7
Total	106	100.0

Field survey: 2017

**Table 2.** Gender

	Frequency	Percent
Male	80	75.5
Female	26	24.5
Total	106	100.0

Field survey: 2017

**Table 3.** Marital status

	Frequency	Percent
Married	70	66.0
Single	36	34.0
Total	106	100.0

Field survey: 2017

**Table 4.** Educational status

	Frequency	Percent
PRI	15	14.2
SEC	21	19.8
TER	70	66.0
Total	106	100.0

Field survey: 2017

**Table 5.** Farming expirience

(in years)	Frequency	Percent
1-5	75	70.8
6-10	16	15.1
11-15	15	14.1
Total	106	100.0

Field survey: 2017

**Table 6.** Extension service

	Frequency	Percent
Yes	50	47.2
No	56	52.8
Total	106	100.0

Field survey: 2017

**Table 7.** Any association

	Frequency	Percent
Yes	56	52.8
No	50	47.2
Total	106	100.0

Field survey: 2017

**Table 8.** Access to credit

	Frequency	Percent
Yes	86	81.1
No	20	18.9
Total	106	100.0

Field survey: 2017

as avian influenza is necessary for effective performance and increased productivity of the poultry industry (Tibi And Adaigho, 2006).

The number of years of farming of fish farmers will determine how he will organized his resources in order to achieve level of production. (Munir et al; 1999) asserted that more experienced and educated farmers realize a high productive efficiency and this output. The years of farming experience of farmers affect the level of productivity and efficiency. Majority of the sampled farmers have been in farming operation for a long time. Table 5 show that 70.8% (75) of the respondents had at least 5 years of farming experience. About 15.1% (55) of the farmers had been in the business for between 6 and 10 years, while 14.1% of the farmers had between 11 and 15 years of experience.

Table 6 shows that majority (52.8%) of the respondents had no contact with any extension agent, while 47.2% of them had contact with extension agent.

Table 7 shows that 52.8% (56) of the respondents belong to one association or the other, while 47.2% of the respondents do not belong to any association.

It was observed that most (81.1%) of the respondents had access to credit, while 18.9% of the respondents had no access to credit facilities (Table 8).

Table 9 shows that majority of the respondents (49.1%) got their capital from personal savings to finance the business. 14.2% (15) of the respondents opined that they received loan from informal sources (Money Lenders) This might be as a result of the bureaucracy in obtaining loan from the financial institutions or it could be as a result of high rate of interest which discouraged farmers. While a huge percent ( 28.3%) received loans from banks 5.7% of them received loans from cooperatives, while 2.8% got their loans from family and relatives. Capital is very important because of its ability to engage or motivate other factors of production. It acts as a catalyst or elixir

**Table 9.** Source of credit

	Frequency	Percent
Personal	52	49.1
Savings money lender	15	14.2
Bank	30	28.3
Cooperatives, friends and relatives	6	5.7
Total	3	2.8
	106	100

Field survey: 2017

**Table 10.** Linear regression analysis on the determinants of credit on poultry productivity

Variables	Coefficients	T-Statistics
(Constant)	.653	2.042**
Age	-.004	-.504
Gender	.234	2.861**
Ms	.004	.612
Hhs	-.044	-1.460
Edu	.028	2.698**
Farming ex	.205	1.880*
Extension visit	.395	3.949***
Any association	.475	4.643***

Field survey 2017

\*\*\*Significant at 1%, \*\*Significant at 5%, \*Significant at 10%

R<sup>2</sup> = 0.69, Adjusted R<sup>2</sup> = 0.66, F = 7.153

that activates the engine of growth, enables it to mobilize its inherent potentials and to advance in the planned or expected direction (Ijere, 1998). If farmers possess credit, he could overcome his destruction by applying credit to purchase needed equipment goods and services to attain a more efficient use. From the table, the lending sources of credit is personal savings because of these institutional source cannot be easily access by the farmers. Also, it shown from the table that as the sources of capital of the poultry farmers increases, their efficiency level also increases.

The result of the regression analysis is presented in Table 10. The R<sup>2</sup> values of 0.69 for poultry farms implies that about 69% of variations in the impact of access to credit on poultry productivity in poultry enterprise is explained by the specified explanatory variables in the model. The F-ratio for the enterprise is significant at 1% which implies that the data attest to the overall significant of the regression equation. The variables that had significant co-efficient are gender, marital status, educational level, contact with extension agents and belonging to an association.

It should be noted that a positive value tend to increase the likelihood of credit impact on poultry productivity, while a negative value of a co-efficient implied that higher values of the variables would reduce the probability of credit impact on the poultry productivity.

The result also showed that the positive relationship

between the contact with extension agents and the impact of access of credit on poultry productivity implies that the more they have contact to extension agents the better their productivity. Education level determines the degree of opportunities available to improve living conditions. It also affects level of exposure to new ideas, managerial capacity in production, and the perception of household members on how to adopt to, and integrate, innovations (Deininger and Okidi, 2001).

The positive relationship between educational status and farm productivity is an indicator that farmers with higher educational status enjoy higher productivity compared to their counterparts with lower status. The positive relationship between farmers' experience in farming and farm productivity is an indicator that longer year of experience positively affects farm productivity. An additional year of experience on poultry increased farmers productivity by 0.21%. Hence, years of experience equip farmers with useful knowledge of combining inputs to maximize their output and subsequently their income.

This study focused on the impact of access to credit on the productivity of poultry farmers in Ikenne local government area of Ogun State. Poultry farming is one of the major farming activities among livestock farmers in the study area. It is an enterprise that is capital intensive that needs loans to make it more productive. The study has indicated that educational status, frequency with extension agent, farming experience and belonging to association had direct significance on the impact of access to credit on poultry farmers productivity.

## CONCLUSION AND RECOMMENDATION

Based on the finding of this study, the following recommendations may be appropriate for increasing the farmers access to credit. The results therefore calls for farm level policies aimed at intensifying extension services among the farmers to help in accessing loans and also on the new ideal and recent innovation on the enterprise. In addition, compulsory universal education policies of the federal government should be strongly upheld; to enable farmers allocate their resources more efficiently.

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