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Cocoa enterprises in Ondo state: Farmers/buyers perception of involvement and constraints

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Abstract

Cocoa enterprise is very critical as a source of livelihood of the people in the rural areas of the region where it is produced as it account for a high proportion of the household income. Cocoa production in Nigeria is essentially on a small-scale level and is mainly produced in Ekiti, Ondo, Osun, Oyo and Ogun. Over 50% of the total quantity of cocoa produced for export or utilized locally per annum are from Ondo State. Of the global production, Africa production of cocoa beans has declined from 71.8% in 2007/2008 to 68% in 2009/2010. This study focuses on cocoa enterprises in ondo state, farmers/buyers perception of involvement in the enterprise as well as the constraints faced by them. Results show that that majority of the respondents had at least basic primary education as advocated by UNESCO. Cocoa farmers/buyers are of the perception that people see cocoa entrepreneur as well to do and have a lucrative business, they do not agree that cocoa entrepreneurs are better to do than their counterparts in other enterprises. There is an engagement in non-farm occupations by many of the farmers which serves as a means to augment their means of welfare. A larger proportion (89.3%) of the respondents indicated weather and climate variability, limited selling opportunities, lack of processing facilities international market fluctuations as major constraint faced by the enterprise.

Keywords: Cocoa enterprise, farmer/buyers perception, constraints

1. Introduction

Nigeria is the world's fourth largest cocoa producer annual yield of 427800MT after Cote d'ivoire, Indonesia and Ghana with annual yield of 1,242,300MT, 810,100MT and 632,037 respectively and the third largest exporter after Côte d'Ivoire and Ghana (FAOSTAT,2005, Verter and Bečvářová, 2014) [2, 8]. The Nigerian cocoa economy has a rich history which is well documented in literature. In terms of foreign exchange earnings, no single agricultural export commodity has earned more than cocoa (Nkang *et al.*, 2009) [5].

Cocoa is a major export crop with revenue of at least 34 billion derived annually from the export of cocoa beans alone, besides revenue from cocoa by-products like butter, cake, liquor and powder (Akinwale, 2006; Ibiremo *et al.*, 2011) [1, 3].

In the southern belt of Nigeria cocoa is widely cultivated, owing to the soil and climatic conditions prevailing in the area. The top growing States Ondo, Ogun, Osun Oyo and Ekiti account for about 60% of the cocoa production and make up at least 30% of the total cocoa export in Nigeria. Others are Cross River, Edo, Abia, Kwara, Kogi, Adamawa, and Akwa Ibom. But Nigerian Bureau of Statistic (2013) [4] identified eighteen cocoa producing States in Nigeria. Therefore in addition to the aforesaid States, others are Taraba, Delta, Lagos, Bayelsa, River and Imo States In terms of capacity, Ondo State is rated as the largest cocoa producing state in Nigeria (Oluyole, 2018) [6]

Cocoa production in Nigeria is undertaken typically by poor, small scale and low technical farmers that neither use

fertilizer nor manure for soil fertility improvement. These farmers therefore face challenges in setting up new cocoa farms and restoration of old ones. Meanwhile, high levels of yield loss to pests and disease is a major problem for world cocoa production.

According to PwC (2016) [7], Nigeria's output in cocoa production declined by 37.9 per cent between 2010 and 2014. However, Nigeria has been lagging behind and struggling to retain the fourth position in global cocoa production since 2014. Declined agricultural productivity due to oil discovery in Nigeria has drastically reduced the volume of agricultural products and revenue from cash crops over the years.

Problems militating against cocoa production and enterprises in Nigeria that caused this decline are climate change, aging of plantation, soil nutrient degradation (natural) and negligence of agricultural sector in favour of oil exploitation amongst others. This study aims to reveal further constraints to cocoa enterprises and farmers/buyers perception of involvement in cocoa enterprises in ondo state.

2. Methodology

The population of study comprises of the farmers and buyers involved in cocoa enterprises in the study area. Stratified sampling technique was used to select respondents from the population of farmers and buyers in the study area.

Stage 1: Stratified sampling was used to classify the 18 local government areas in Ondo state two classes as follows:

1. Cocoa producing local government areas
2. Less cocoa producing local government areas

The cocoa producing LGA’s are: Idanre, Owo, Ile Oluji, Ondo-west and Odigbo.

Stage 2: Forty percent (40%) of the cocoa producing LGA’s

were then selected using simple random sampling technique giving just two LGAs.

Stage 3: Forty percent (40%) of the registered farmers obtained from the produce office while 25% of registered buyers of the Cocoa Association of Nigeria were sampled as follows:

Table 1: Selection of Respondents

Local Government	No of Registered cocoa farmers	Selection of 25%	No of Registered buyers	Selection of 25%
Ile Oluji	220	55	80	20
Ondo West	184	48	76	19
Total	404	103	156	39

This gave a sample size of 142 respondents

3 Data Analysis

3.1 Socioeconomic characteristics of the respondents

The socioeconomic characteristics of the cocoa entrepreneurs that were considered in the study include age, religion, marital status, household size, education, occupation, and income. The results on Table 1 show the distribution of the respondents according to the variables.

3.1.1 Age

The distribution of the respondents by age as shown in Table 2 reveals that a highest proportion of respondents (40.1%) were between the age group of 50 and 59 years. While just 3.5% and 7.1% are between the age categories of 30 to 39yrs and 70 to 79yrs respectively, 26.1% and 23.2% fall between the age groups 40 to 49yrs and 60 to 69yrs respectively. Further analysis of this data shows that 97.5% of the respondents are between the age categories of between 40 and 79. This shows the predominance middle aged and adult in this agricultural enterprise. That youth are not as much involved in agricultural production.

3.1.2 Marital status

Most of the respondents (98.6%) were married with just 0.7% being single and widowed respectively. This indicates that majority of the respondents have dependants relying on them for means of existence which in turn will have impact on their welfare. Another dimension to the issue of marital status is access to resources especially in the case of women, which will in turn affect their welfare.

3.1.3 Occupation

The result on table 2 shows that 72.5% of the respondents indicated farming as their primary occupation while 27.5% of the respondents were primarily traders. While secondary occupation distribution of respondents reveals that 72.5% of the respondents indicated trading as their secondary occupation. Findings also revealed that 4.9% of the respondents each indicated teaching and carpentry as their secondary occupation while 0.7% and 16.9% have weaving and being technician respectively as their secondary occupation. These findings therefore show that agriculture is a major source of livelihood in the area. Agricultural policies favourable to agricultural development are therefore essential. Engagement in non-farm occupations by many of the farmers could therefore be seen as a means to augment their means of welfare.

3.1.4 Years of formal education

Table 2 reveals that a higher proportion of the respondents (47.2%) have secondary education. While 38.0% possess just the primary education, 14.8% of the respondents have tertiary education.

3.1.5 Household size

According to Table 1, 62.7% of the respondents have a household size of between 4 and 6. While just 33.8% has a household size of between 7-9, just 3.4% of the respondents have 10 to12 people in their households. Since the household size determines the per capita expenditure of the household, it will in turn affect the welfare of the family.

Table 2: Socioeconomic Characteristics Distribution of cocoa entrepreneurs

Variable	Frequency	Percentage (%)
Age (years)		
30-39	5	3.5
40-49	37	26.1
50-59	57	40.1
60-69	33	23.2
70-79	10	7.1
Gender		
Male	116	81.7
Female	26	18.3
Marital Status		
Single	1	0.7
Married	140	98.6
Widowed	1	0.7
Primary occupation		
Farming	103	72.5
Trading	39	27.5
Secondary occupation		
Trading	103	72.5
Teaching	7	4.9
Weaving	1	0.7
Carpentry	7	4.9
Technician	24	16.9
Years of formal education		
6-10	54	38
11-15	67	47.2
16-20	21	14.8
Household size		
4-6	89	62.7
7-9	48	33.8
10-12	5	3.4
Total	142	100

Source: Field Survey (2018)

3.2 Perception of involvement in cocoa enterprises

The results in table 3 shows that Cocoa farmers/buyers are of the perception that people see cocoa entrepreneur as well to do and have a lucrative business, they main reason higher percentage disagree that people are moving from cocoa

business to other business. They do not agree that cocoa entrepreneurs are better to do than their counterparts in other enterprises. There is an engagement in non-farm occupations by many of the farmers which serves as a means to augment their means of welfare.

Table 3: Distribution of respondents' based on perception of involvement in cocoa enterprises

Statements	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Cocoa entrepreneurs are well to do	14.1	85.9	0.0	0.0	0.0
People see cocoa entrepreneurs as well to do	12.7	87.3	0.0	0.0	0.0
Cocoa enterprises are lucrative	13.4	85.9	0.0	0.7	0.0
Cocoa entrepreneurs normally have funds for other businesses	8.5	91.5	0.0	0.0	0.0
Cocoa entrepreneurs do have collateral to access funds	12.0	87.3	0.0	0.7	0.0
Cocoa entrepreneur do have many people working under them	1.4	98.6	0.0	0.0	0.0
Cocoa enterprise can conveniently take care of my family	0.7	97.8	0.0	1.4	0.0
I need other businesses to augment returns from cocoa enterprise	0.0	61.3	0.0	38.0	0.7
Cocoa entrepreneurs are respected in the society	0.0	99.3	0.0	0.7	0.0
Cocoa entrepreneurs contribute well in social functions	1.4	98.6	0.0	0.0	0.0
Cocoa entrepreneurs are more well to do than their counterparts in other enterprises	0.0	11.3	0.0	88.7	0.0
People are moving from cocoa business to other enterprise	0.0	7.0	0.0	93.0	0.0
Children of cocoa entrepreneurs attend good schools	0.0	100	0.0	0.0	0.0
Cocoa entrepreneurs are always food secure	0.0	99.3	0.0	0.7	0.0
Cocoa entrepreneurs have access to basic necessities of life	0.0	100	0.0	0.0	0.0
Cocoa entrepreneurs are always active in their social organisation	0.0	100	0.0	0.0	0.0
Cocoa entrepreneurs have access to credit facility and external funding	33.8	64.8	0.0	1.4	0.0
Cocoa entrepreneurs pay their employees well	0.0	95.1	0.0	4.2	0.7
Employees of cocoa entrepreneurs have access to basic necessities of life	0.0	99.3	0.0	0.7	0.0
Cocoa entrepreneurs can do the business without depending on external funds	1.4	6.3	0.0	92.3	0.0

Source: Field Survey (2018)

Result in Table 4 reveals that 62% of the respondents have unfavourable perception while 38% have a favourable or positive perception towards involvement in cocoa enterprises. This is inconsistent with the general favourable perception that cocoa entrepreneurs are involved in a lucrative business.

Table 4: Levels of perception

Level	Frequency	Percentage (%)
Unfavourable	88	62
Favourable	54	38
Total	142	100

Source: Field Survey (2013)

3.3 Constraints to cocoa enterprises

The distribution of respondents according to the constraints encountered in cocoa enterprises is shown in Table 4. All

the respondents indicated inadequate credit, inadequate input, inadequate labour, poor means of transportation from farm gate and pests and diseases as major constraints.

In the case of buying and selling on credit as a constraint, 78.2% of the respondents indicated it as a major constraint while 21.8% do not see it as a constraint. Also for price not being competitive, 78.9% said it is a major constraint while 21.9% of them indicated it as not being a constraint. A larger proportion (89.3%) of the respondents also indicated weather and climate variability as a major constraint.

Whereas 60.6%, 85.9% and 99.3% of the respondents indicated international market fluctuations, limited selling opportunities and lack of processing facilities respectively as major constraints, all the respondents admitted that high costs of inputs and high quality parameters required by end users are also major constraints.

Table 5: Distribution based on constraints

Constraints	Major constraint	Mild constraint	Not a constraint
Inadequate Credit	100	0.0	0.0
Inadequate input	100	0.0	0.0
Inadequate Labour	100	0.0	0.0
Poor means of transportation from farm gate	100.0	0.0	0.0
Pests and diseases	100.0	0.0	0.0
Buying and selling on credit	78.2	0.0	21.8
Pricing not competitive enough	78.9	0.0	21.1
Weather and Climate variability	89.3	0.0	10.7
International market fluctuations	60.6	0.0	39.4
Limited selling opportunities	85.9	0.0	14.1
Lack of processing facilities	99.3	0.0	0.7
High costs of inputs	100.0	0.0	0.0
High quality parameters requirements of end users	100.0	0.0	0.0

Table 6: Level of Constraints Distribution

Level	Frequency	Percentage
Low	72	50.7
High	70	49.3
Total	142	100

Source: Field Survey (2018)

Table 5 shows the distribution of respondents based on constraints encountered in their enterprise and level of constraints respectively. 50.7% of the respondents' level of facing the constraints is low while 49.3% of the respondent's level of facing constraint is high

4. Conclusion

The trend pattern of cocoa production in Nigeria has been fluctuating since 1970. Exportation is geometrically increasing while local processing is gradually dwindling. Farmers and buyers from the study area yearn for a need to add other businesses to cocoa enterprise in other to augment returns from cocoa enterprise. Cocoa entrepreneurs in the study area disagree that they are better to do than their counterparts in other enterprises although they are food secure. They opined that Cocoa entrepreneurs cannot do the business without depending on external funds when inadequate credit, inadequate/high cost of input, inadequate labour, poor means of transportation from farm gate and pests and diseases are major constraints to the enterprise. This study hereby recommends that Government should subsidize input used in production and financial organization should make accessibility to loans easier for both the farmers and buyers.

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