

## INCOME, SAVINGS AND INVESTMENT PATTERN OF SMALL-SCALE AGRO-BASED ENTREPRENEURS IN KADUNA SOUTH LOCAL GOVERNMENT AREA OF KADUNA STATE, NIGERIA

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### ABSTRACT

*The study aimed at analyzing the income, saving and investment pattern of small-scale agro-based entrepreneurs in Kaduna South Local Government Area of Kaduna State. A total of 102 respondents were randomly selected from four wards in the study area using a multistage sampling procedure. Primary data were collected using well-structured questionnaire and analyzed using descriptive statistics (such as frequency distribution, percentage, and mean), and Likert Scale Entrepreneurs in the study area were engaged in selling foodstuffs with average entrepreneurial experience of 6 years with average monthly income and savings of ₦39190 and ₦26759 respectively. Majority (40.2%) invested within ₦101000 - ₦200000 in their businesses.*

Keywords: *entrepreneurs, investment, Nigeria, savings*

### INTRODUCTION

Nigeria is a blessed country with fertile soil and right climate which is highly suitable for agricultural activities. Agriculture in Nigeria is practiced at a subsistence level and is characterized by numerous farmers and entrepreneurs operating several scattered small-scale and fragmented plots of lands, using traditional methods such as land and crop rotation, bush burning and crude implements (Odoemenem, 2013).

In many parts of the world, agriculture sector covers a wide array of industries such as farming, animal, fisheries, food processing, non-food processing, plantation and many more (Silva *et al.*, 2010). Agro-based enterprises are involved in the production, processing, preservation, manufacturing of agricultural inputs and marketing of agricultural products, and the individuals involved in these activities are the entrepreneurs. These entrepreneurs involve themselves in the processing of agricultural products improve their value by elongating their shelf life, reducing their bulkiness and creating various varieties and forms.

Nigeria like other developing economies is faced with the task of finding sufficient capital to pursue her developmental efforts. As such, the activities of the dominant sector in the economy (i.e. small-scale agro-based entrepreneurs) are affected by their income, savings and investment patterns. Therefore, income, savings and investment are highly significant elements that explain the wellbeing and performance of small-scale agro-based entrepreneurs (Chete *et al.*, 2012). One of the basic problems confronting the development of agricultural sector in Nigeria could be attributed to inadequate savings, income and investment by the small-scale farmers. Despite this problem, policy makers have not really drawn up adequate and comprehensive rural savings scheme that will motivate the farmers to invest their capital productively (Odoemenem *et al.*, 2013; Sunday *et al.*, 2011).

As we recognize the roles entrepreneurs play in the development of economy, it is equally important to understand what constrains them from taking effective entrepreneurship and investment decisions. Thus, this study assessed the income savings and investment patterns of entrepreneurs in Kaduna State.

#### MATERIALS AND METHODS

The study was conducted at Kaduna South Local Government Area in Kaduna State, Nigeria. Kaduna State. Multistage sampling technique was used to select respondents for the study. In the first stage Kaduna South was purposely selected and the second stage involved a random selection of 4 wards (Kakuri Hausa, Makera, Nasarawa, and Kakuri Gwari) from the already selected Kaduna South zone as shown in table 1. Finally, Yamane formula was employed in determining sample size. This formula is given as;

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n = the sample size

N = the population size

e = the acceptable sampling error at 0.05 probability level

Table 1: Population and sample size of respondents in the study area

Zone	Village	Sample Frame	Sample Size
Kaduna South	Kakuri Hausa	37	29
	Makera	34	26
	Kakuri Gwari	31	23
	Nasarawa	36	24
	Total	138	102

Source: KADP, 2021

#### Data Collection and Analytical Technique

Primary data were collected through the use of questionnaires and the data were analyzed using descriptive statistics, Likert rating scale. Descriptive statistics such as mean, tables, frequency distribution, percentages, was used to describe the savings and investment pattern of the respondents.

#### RESULTS AND DISCUSSIONS

##### *Income, savings and investment pattern of small-scale agro-based entrepreneurs*

Table 2 shows that majority (77.5%) of the respondents earned a monthly income of ₦101,000 – ₦150,000 compared to 0.9% who earned below ₦50,000. The income of ₦150,000 and above per month for majority of the respondents may encourage savings and investment pattern for small households especially households with single persons. However, for a household with an average of six persons in the household which is the case for this study, ₦150,000 per month was below the 1.95 dollar / day poverty line. Thus, savings and investment for such a household may be difficult because they can barely cater for the needs of the household.

Majority (72.6%) were involved agro-based businesses (i.e foodstuff, frozen foods, restaurant,

poultry farming and cassava flour). By implication agro-businesses is lucrative in nature given earlier report of this study that majority (77.5%) of the respondents earned a monthly income of ₦101,000 – ₦150,000. Also, agricultural products are becoming a necessity in all works of life as most raw material are derived from it. The average monthly savings by the respondents in the study area was ₦26,759 as shown in table 2. This may be due to their low level of income as earlier established in table 2. However, for a country to achieve sustainable economic development, it needs to increase its aggregate savings, which in turn can contribute to greater investments and higher GDP growth.

Table 2: Distribution of respondents according to level of income, savings and investment pattern

Variables	Frequency	Percentage	Mean
<b>Income level (₦)</b>			
<50000	1	0.9	39,190
51000-100000	12	11.8	
101000-150000	79	77.5	
>150000	10	9.8	
<b>Sources of income</b>			
Agro-based business	74	72.6	
Government employment	7	6.9	
Teaching	9	8.7	
Tailoring	12	11.8	
<b>Saving level</b>			
≤50000	58	56.9	26,759
51000-100000	23	22.6	
101000-150000	16	15.7	
>150000	3	2.9	
None	2	1.9	
<b>Saving pattern</b>			
Bank	39	38.2	
Esusu	19	18.6	
Cooperative	26	25.5	
Personal home saving	18	17.7	
<b>Investment level</b>			
≤100000	39	38.2	159,573
101000-200000	41	40.2	
201000-300000	15	14.7	
>300000	7	6.9	

Source: Field survey, 2021

Moreso, Table 2 also indicated that only 38.2% saved in commercial banks while 36.3% saved in informal sources i.e esusu (18.6%) and personal home savings (17.7%) respectively. Savings with esusu may not be reliable because the death or migration of the esusu collector may lead to the loss of the money saved. Table 2 also showed that a large number (40.2%) of the respondents invested between ₦101,000 – ₦200,000 compared to 6.9% of those that invested ₦300,000 and above with an average investment of ₦159,573. This implies that most of the respondents depended mainly on their personal savings which is often limited and small in nature therefore hindering their full investment potentials which in turn affects their level of income, savings and consumption.

*Constraints limiting savings and investment of small-scale agro-based entrepreneurs*

Figure 1 shows revealed inadequate financing ( $\bar{X} = 4.35$ ) ranked 1<sup>st</sup> as a constraint faced by small scale agro-based entrepreneurs in the study area. Implying that entrepreneurs in the study area lacked the finance to invest in their business, thus their inability to save much. This finding is in agreement with Osondu *et al.* (2015) who reported that majority of small-scale farmers in Enugu State of Nigeria suffered from inadequate capital. This was followed by lack of constant power supply ( $\bar{X} = 4.08$ ). Erratic power supply was a major problem faced by small scale entrepreneurs in Nigeria.

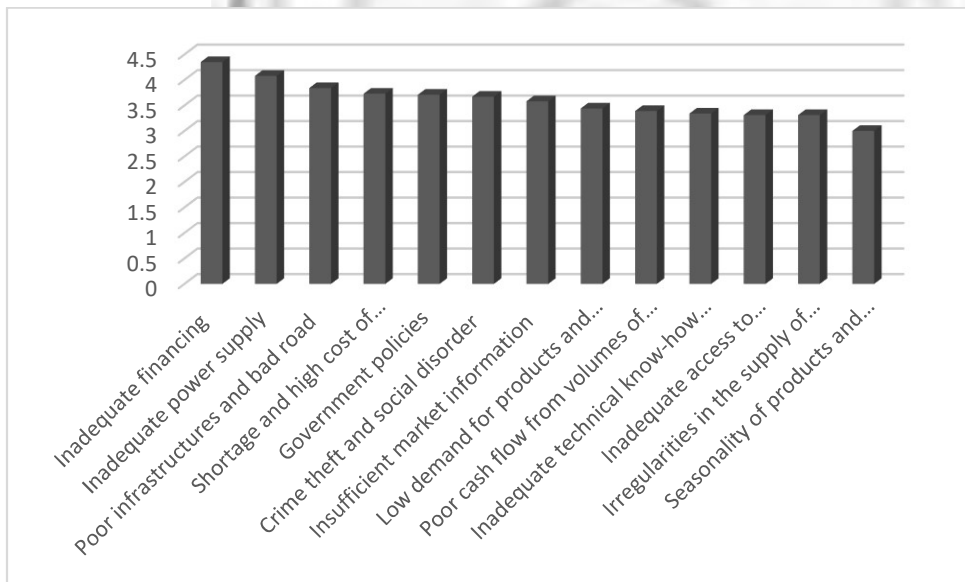


Fig 1: Constraints limiting savings and investment of small-scale agro-based entrepreneurs

**CONCLUSION**

The study concluded that the level of income, savings and investment in the study area was low and this was attributed to inadequate financing of agro allied industries, poor infrastructural development and unfavorable government policies. The study found out that most entrepreneurs lack the necessary training and training is a prerequisite for success

Based on the research findings, it is recommended that

- i. Government should put in place policies that encourages savings and investment so as to enhance the growth of the economy.
- ii. Poor infrastructural facilities such as bad road and erratic power supply is also believed to hamper income, saving and investment of small-scale agro-based entrepreneurs. Government should be proactive in construction and/or maintenance of existing ones likewise the users.
- iii. Entrepreneurs should be committed to undergoing the required training for their trade so ensure efficiency in the use of their resources.

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