Impact of Government Intervention in Small Business Management in Nigeria: A Case Study of Agro Businesses in Gwagwalada Area Council

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Abstract

Small Business Enterprises (SBE) represent the great majority of businesses in Africa and provide nearly 80% of jobs. Therefore, their performance has become a subject of a great importance for their owners and/or managers, the government and the researchers. The purpose of this study is to evaluate the impact of government intervention on small business performance for agro businesses in Gwagwalada Area Council of Abuja, Federal Capital Territory. Data was generated based on published information on the internet/online about agribusiness in Gwagwalada Area Council to access the impact of government interventions. The result showed that government intervention in agro-businesses in Gwagwalada area council was limited and there was need for improvement to boost food and general agricultural activities of the area.

Key words: *Small Business Enterprises, Government, Agribusinesses, Gwagwalada Area Council.*

1.0 INTRODUCTION

A small business is a company of relatively limited size, as measured by its revenue, number of employees, or both (Xiaoou *et al*., 2024). Often described as the backbone of the economy, small businesses range from sole proprietorships to partnerships and corporations with multiple owners and sometimes hundreds of workers. The exact definition varies depending on the country, industry, and context, but there are **some common characteristics** which include: i) Small scale of operations, ii) Limited resources, iii) Flexibility and adaptability, iv) Personal ownership and decision-making, v) Local or regional focus.

Importance of small businesses include: job creation, economic growth, innovation, community development, competition and diversity (Cunningham *et al*., 2024).

- Agricultural business was the first business Enterprise that God ordained, with creation.
- With humanity still in existence, food is required for sustenance, the business cannot go out of vogue. Food will continue to be relevant as long as there is life.
- Export Expansion Grant (EEG) by FGN through NEPC (Nigerian Export Promotion Council).
- Income Tax Exempt by the FGN through The Federal Inland Revenue Service.
- Obtaining trading funds at a Single digit interest rates by Development Banks & impact Investors.
- Opportunities for attracting International funding by various international Donour Agencies.
- Earnings & income in local and foreign Exchange.
- Helping the Nigerian Economy to earn scarce foreign exchange.

You will be helping to create jobs for Nigeria's teaming population

1.1 AGRIC-BUSINESS IN NIGERIA

Agricultural development is an integral part of national development. It is that aspect of development that is related to agrarian reforms. Considering the contribution of agriculture to the socio-economic development of many countries, several scholars have postulated theories linking agriculture with national development.

Within the context of development paradigms postulated in the field of agriculture, communication, sociology and economics there are evidences to show that changes are taking place in the agricultural sector across the globe. Therefore, such changes can be viewed from contributions of agriculture to the national economies of various countries in form of Gross Domestic Product (GDP). However, the general goal of development initiatives is total transformation in the quality of the life of the people or target beneficiaries of development programmes.

In development process, people are not only the most important means, but also the ultimate end of development. Therefore, agricultural development can be viewed as another arm of development, which connotes improvement in the principles, and practice of agriculture given both human and material resources that will result in maximum output from a combination of minimum inputs. (Olawoye and Ogunfiditimi, 1989).

In general, government intervention has been viewed from a multi-dimensional perspective. These are related to political, economical, social, psychological, cultural and ecological phenomena at almost all levels of human activity. Consequently, several schools of thought have continued to view government intervention in agrobusiness from the economic, social or modernization and technological perspective (Chauvin, 1993). Thus, intervention should be defined in relation to sustainability and of course its relevance to the socio-cultural circumstances of the people affected by changes inherent in the process.

It is sad to note that in Nigeria, the rural sector suffers more neglect and under development with ever increasing cases of population growth, unabated rural migration of able bodied youths, malnutrition, lack of basic necessities of life (heath care centers, schools, good roads, portable and safe drinking water, electricity, irrigation), total marginalization, etc. Consequently, what were left are multiple negative forces in the social system such as armed robbery, advanced fee fraud (419) and general dishonesty, cheating and stealing. This justifies the need for urgent actions and interventions to address the myriads of problems of the rural areas and set the nation on the path to glory and excuse a larger proportion of the nation's population from inhuman living circumstances in order achieve greatness.

1.2 Various aspects of agribusiness in Nigeria

Agribusiness encompasses various aspects of agriculture, including:

i. Crop production (fruits, vegetables, grains, etc.)
ii. Livestock production (meat, dairy, poultry, etc.)
iii. Aquaculture (fish, shrimp-crayfish.. Sea food etc.)
iv. Forestry and logging -cutting, processing and moving of trees
v. Agricultural processing and manufacturing
vi. Farm equipment and supplies
vii. Agricultural services (consulting, financing, etc.)
viii. Agro Chemicals.

1.3 Agribusiness ideas in Nigeria.

These include the followings:

i. Cassava farming and processing
ii. Poultry farming and egg production
iii. Catfish farming
iv. Rice cultivation and milling
v. Vegetable and fruit production (for local and export markets)
vi. Livestock feed production
vii. Honey production and processing
viii. Snail farming

ix. Plantain and banana plantation
x. Spice cultivation and processing (e.g., pepper, ginger, turmeric)
xi. Hibiscus flower, Soyabeans, Cocoa, Cashew nuts, Hides and Skins etc.

These agribusiness ideas are faced with various challenges that call for periodic government intervention in Nigeria. For the purpose of this paper, emphasis will be focused on Gwagwalada Area Council of the Federal Capital Territory, Abuja.

1.4 Objectives of the Study

The main objective of the study is to examine the Impact of Government Intervention in Small Business Management in Nigeria.

Other objectives are:

ii. To examine the extent at which Government Intervention in Small Business Management in Nigeria impact Agrobusinesses**.**
iii. To investigate the degree at which Government Intervention in Small Business Management in Nigeria affect Agrobusinesses in Nigeria.

2.0 LITERATURE REVIEW

2.1 GWAGWALADA AREA COUNCIL

157,770 at the 2006 census. It is projected to have a 6.26% growth between 2020 and 2025. Before the creation of Federal Capital Territory, Gwagwalada was under the Kwali District of the former Abuja emirate now Suleja_emirate. Gwagwalada was created on 15th October, 1984. The relocation of the seat of government from Lagos to Abuja in 1992 and the recent

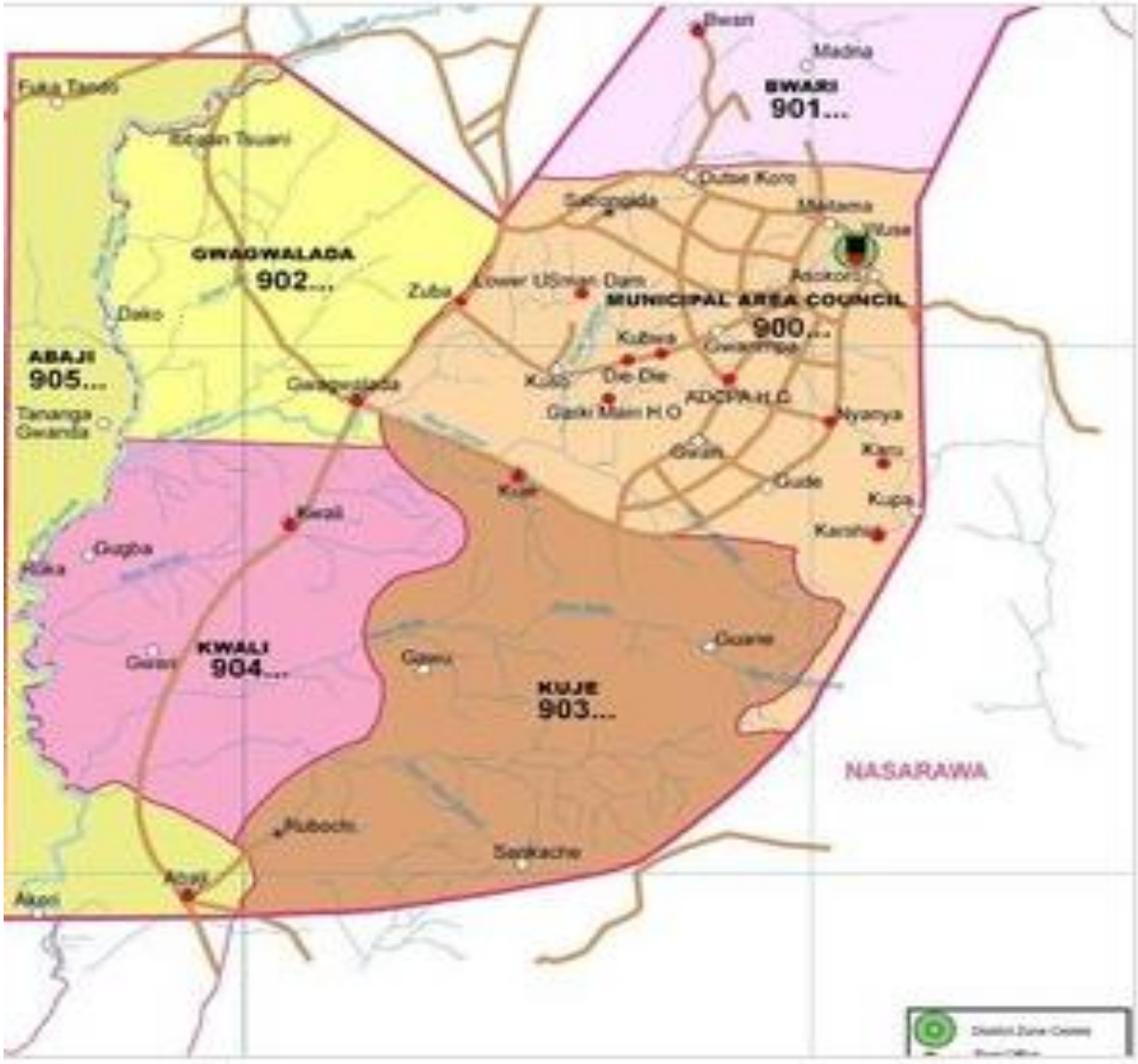


Fig. 1: Map of Gwagwalada Area Council FCT Abuja

2.2 Location and brief history Gwagwalada Area Council

Gwagwalada is a local government area in the Federal Capital Territory in Nigeria. It has an area of 1,043 km^2 and a population of

demolition of illegal structures within the Federal City Center brought a massive influx of people into the area being one of the fastest growing urban centers in the Federal Capital Territory. The population of the area has grown to over 1,000,000 people. Gwagwalada is one of the five local government areas of the Federal Capital Territory of Nigeria, together with Abaji, Kuje, Bwari, and Kwali;

the Federal Capital Territory also includes the city of Abuja.

The rainy season in Gwagwalada Local Government Area is oppressive and cloudy, while the dry season is humid and partially cloudy. The area has year-round heat. The average annual temperature fluctuates between **63°F and 95°F**; it is rarely lower or higher than 57°F or **102°F**. Due in part to the oppressive and overcast wet season as well as the humid and partially cloudy dry season, the temperature rarely varies.

2.3 Agrobusinesses in Gwagwalada

Agro businesses in Gwagwalada Area Council are thriving, with several companies operating in the region. Here are some of them:

i. **Frontier Agro Allied Resources**: A business name registered with the Nigerian government, is located in Gwagwalada Area Council.

ii. **Paiko-kore/Dobi Livestock Industrial Hub:** An Agro-Industrial Hub (AIH) supported by the Islamic Development Bank, is also located in Gwagwalada Area Council.

iii. **Arowona Integrated Farms**: This produces, consults, and offers training on mushroom production, is based in Gwagwalada.

iv. **Danwaire Farms**: Focus on agro-business, consultancy services, value chain development, and farm management, operates in Gwagwalada.

3.0 MATERIALS AND METHODS

3.1 Government Intervention in the Economy

Government intervention in small businesses can be in any of the forms highlighted in figure 2 below:

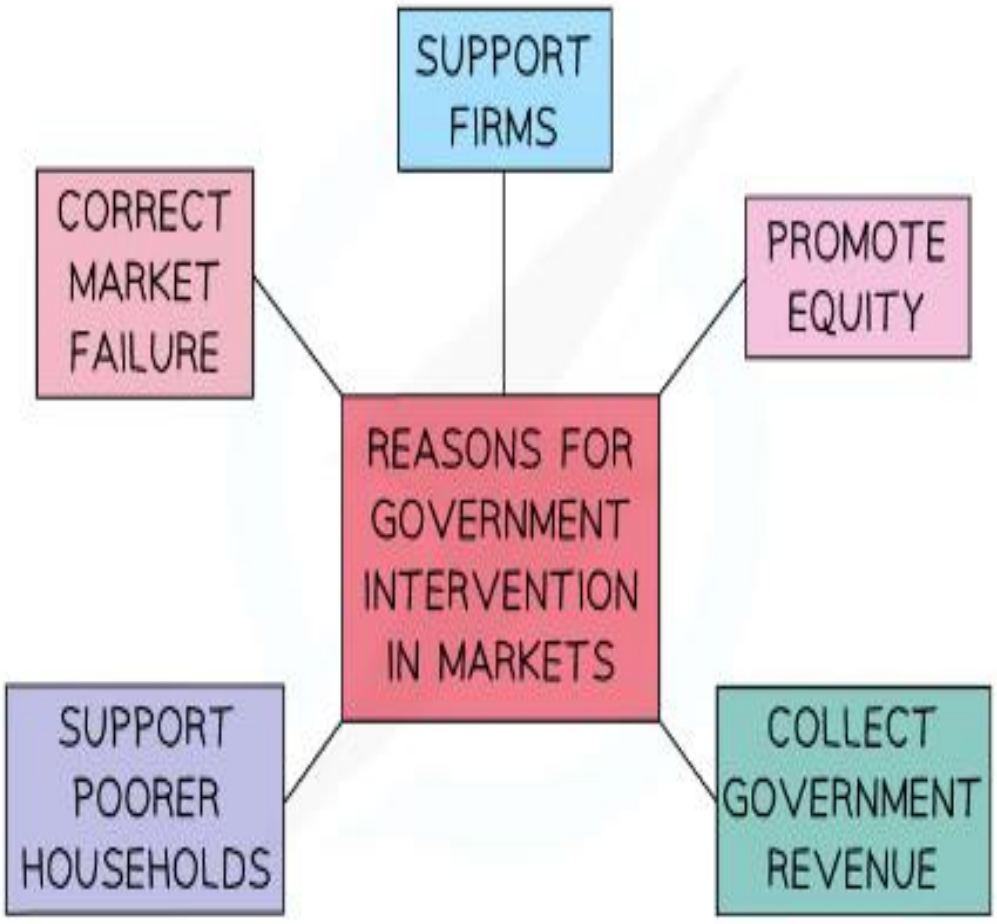


Fig. 2: A diagram showing several reasons for government intervention in the economic systems

It is probably as a result of the aforementioned that successive governments in Nigeria have executed several agricultural development interventions aimed at improving or elevating the level of agricultural production that will ensure self-sufficiency in food production.

These interventions can be viewed from two perspectives that is based on policy and nature of the agency with the following outcomes. Data was obtained based on the published articles on the internet.

4.0 RESULTS (OUTCOME) OF GOVERNMENT INTERVENTION IN AGROBUSINESS IN GWAGWALADA AREA COUNCIL

Policy Based Intervention Programmes outcome

National Accelerated Food Production Programme (NAFPP)

This programme was designed in the early 60s by both the Federal and state governments to accelerate the production of grains (maize, rice, guinea corn, millet, wheat, cassava and cowpeas). It was the opinion of the initiators of this programme that target crops for accelerated production are major staple foods of Nigerians and if produced in abundance, hunger and related food crisis will be put to check.

This was achieved through the introduction of high yielding varieties, use of appropriate fertilizers, agrochemicals, good storage and processing facilities, provision of credit as well as marketing outlets. In addition, several research institutes were mandated to develop improved crop varieties and were made popular through extension agents and the use of mass media.

Operation Feed the Nation (OFN)

In 1976, Operation Feed the Nation was launched to address the problem of rising food crisis, rural-urban migration and escalating food import bills. The OFN programme attempted to mobilize the general public to participate actively in agricultural production and ensure self-sufficiency in food production. The programme stimulated Nigerians to farming through the strategy used. Some of these strategies included subsidized production inputs, increased bank credit to farmers, establishment of commodity boards and fixing of attractive prices for agricultural produce.

Green Revolution Programme (GRP)

The green revolution programme replaced the Operation Feed the Nation of the Federal Military Government by the civilian government in 1979. This was an attempt to bring about radical changes in Nigerian Agricultural production and eliminate inherited food problems of successive governments. Large, medium and small-scale farmers received a number of incentives to boost their production level during the implementation of the programme. Livestock and crop components were introduced while the research institutes were re-organized to make them more responsive to the need of the programme (Williams, 1981).

Agency-Based Intervention Programmes

National Agricultural Land Development Authority (NALDA)

This development authority executed a national agricultural land development programme aimed at moderating the problems of low utilization of abundant farm land, thereby increasing food production level of farmers through expansion of farmers' farm lands. A survey conducted by the Central Bank of Nigeria in 1998 indicated that the agency was able to develop 16,000 hectares of land. Out of this, 12,984 (81.1%) was cultivated with various crops. It also provided extension services to farmers at project sites. The overall goal of NALDA was to encourage farmers to plant above what they can consume, so that the surpluses can be sold at the local markets or exported to other countries for foreign exchange earnings.

River Basin Development Authority (RBDA)

The existing abundant water resources in the country and its potential for increasing agricultural production prompted the establishment of River Basin Development Authority (RBDA). The scheme became necessary because of persistent short rainy seasons in many parts of the country which has

continued to restrict cultivation to single cropping pattern the year round. However, the establishment of various large-scale irrigation facilities in the country witnessed unprecedented multiple cropping patterns. In addition, larger areas were put into cultivation, while livestock and fisheries production were intensified.

Available statistics from eight River Basin Development Authorities showed that there was an increase in the tempo of activities in 1998 when the total land area developed by the authorities rose from 30.3 thousand ha in 1994 to 47.7 thousand ha in 1998. William (1981) had earlier reported that the **Hadejia-Jama'are River Basin** and **Tiga and Challawa Dams** located in former Kano State could conserve enough water to irrigated land that can produce over 50% of the nations need for wheat, 30% of its need for rice, cotton and sugar cane. In addition, it could produce several thousand tons of fish; develop livestock, poultry and hydroelectric power generation.

Agricultural Development Programmes (ADPs)

The idea of Agricultural Development Programmes is an offshoot of the concept of integrated agricultural and rural development. It started in 1972 in Northern Nigerian towns of Gombe and Gusau with two pilot projects assisted by the World Bank. This became necessary because of the need for the application of knowledge and skills in all the relevant areas of agriculture. This concept involves the provision of Infrastructural facilities such as roads, schools, water supply in the rural areas at the right times in required quantity to farmers. The ADP is the implementation organ of the state ministry of agriculture and natural resources. It is semi autonomous and focuses on the small farmer. It adopts the integrated rural development strategy in its operations (Jibowo, 2005).

The success of the Gombe and Gusau projects encouraged other state governments including FCT to embark on more of such projects with the assistance of the World Bank. Since then, Nigeria has continued to witness agricultural development programmes of various dimensions. It is against this background that effective extension services have been established. The closest assistance ever realized by farmers in Nigeria have come from contact with various Agricultural Development Programmes (ADPs) and the extension agents working under the Training and Visit (T and V)) system. The Activities of ADPs in Nigeria spread over three thematic areas; provision of infrastructural rural facilities, conducting worthwhile trainings on improved agricultural technologies and supply of farm inputs.

Directorate of Food, Road and Rural Infrastructure (DFRRI)

Trends in the transformation of the rural sector shows that despite the huge investment in the agricultural sector, which was assumed will automatically bring about eradication of rural poverty and isolation has not been achieved. This is partly due to the deplorable conditions of rural areas, enormous size and dwindling economic resources to address the problem of rural under development in Nigeria. In 1987, the Babangida administration established the Directorate of Foods, Road and Rural Infrastructure (DFRRI).

On establishment, DFRRI attempted to open the rural areas through the construction of access roads, and provision of basic amenities of modern living. This is inevitable because it has long been realized according to Otunbanjo (1992) that the economic future of Nigeria depends on the development of rural areas. Therefore, the potentials of rural areas were seen to be both immediate and long term. The idea of opening up of rural areas with feeder roads and integrating it with other parts of the country provide basis for food that could be evacuated to enhance the quantity of food and raw materials consumption.

Consequently, there will be more food at cheaper rate. On the other hand, improved rural condition will stem the rate of rural-urban migration; improve quality of rural life and by implication, its productive capacity that would ensure a greater exploitation of the potentials of rural areas. The problem of DFRRI was hardly one of enthusiasm and relevance but of variation between enormity of rural under development and the quantum of resources available to subdue the problem.

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

All these agricultural and rural development initiatives have affected agricultural production level in Nigeria. Omenesa (1991) reported that annual production of sorghum has continued to

increase, even though it is grown only in the Savannah ecological zones of Nigeria. This is as a result of improved varieties developed by researchers for its popularization. Furthermore, the area under sorghum production has increased from 0.5 million ha in 1959 to over 3 million hectares in 1989 with a total production of over 3 million tones. Wudir (1991) reported that rice is the most popular of all cereals grown in the country. It is grown in all the states of the federation. In 1989, there were over I million hectares of rice under cultivation with a total production level at about 2 million tones. It accounts for nearly 12% of Nigeria's food consumption. Maize forms major component of poultry and piggery feeds. It is also part of the concentrate ration of dairy and beef cattle, sheep and goats. In all these, maize is a major raw material for several industries. For instance, the ban on importation of malted barley used mainly in the brewing industries, the industries in Nigeria automatically resorted to the use of maize as alternative.

Cassava and rice are some of one of the most staple food crops in many households in Nigeria. Gwagwalad area council is the largest producer of cassava in the Abuja. There are more than 400 varieties of cassava species in Nigeria now (IITA, 1992). And the International Institute of Tropical Agriculture (IITA) has made tremendous contribution to the improvement of cassava production in Nigeria (IITA, 1992) and Gwagwalada in particular. About 13.2 million tones of cassava tubers were produced in 1989 and the most common food from cassava is Garri with Gwagwalada contributing significant quantity of it. Some by - products of cassava include starch and cassava flour.

All these aforementioned are traceable to the policy and agency based development initiatives of successive governments in Nigeria over the last decades. While it cannot be said that these policies are not vibrant enough for rural and agricultural transformation, **lack of continuity** and eagerness to be identified with a named policy intervention of successive government in our country has been the bane of the much desired rural and agricultural development and transformation to guarantee self-sufficiency in food and fibre.

Limitations of Past Agricultural and Rural Development Strategies

It is obvious that in spite of the positive impact of some of the rural/agricultural development strategies adopted in Nigeria, several noticeable limitations were evident. However, some of these are common to all the programmes. These include the following:

Top-down approach in project design and implementation.

In many of the programmes, development planners assumed both the problem and solutions and forced them on the target beneficiaries whose programmes are often times at variance with the needs of the people This often results in conflicts, wasting of scarce resources, time and energy and sad enough the affected people at the end of it all are worse off.

Bureaucratic bottlenecks

In Nigeria development agencies are often erroneously subjected to the civil service rules and regulations level of development achieved. It is very important to stress the need for sustainability at the onset of the development initiatives and during the process of programme implementation. This is necessary if the entire effort must stand the test of time.

Conclusion and Recommendations

It is no longer news that Nigerian society is segregated in such a way that the urban sector is controlled by small influential group of elites who are better-off economically and more educated and control the industries as well as hold key government positions. On the other hand, the sub-urban segment like Gwagwalada is made of the slums and areas inhabited by the illiterate or half educated citizens forced out of the rural sectors by the pull and push factors, particularly, harsh realities of economic deprivation.

Gwagwalada area is large in population and land area. It is characterized by traditional practices, fatalism (passive acceptance) and lack the basic necessities that make life worthwhile (lack motorable roads, few medical facilities, schools are almost absent in the suburbs because where they even exist, there are inadequate teachers, lack furniture with poor attendance records and they predominantly practice subsistence agriculture). In the process, monitoring and evaluation should be fully integrated into the project. While target beneficiaries should form

the cardinal point of the evaluation process, the gains and outcomes in both social and economic perspectives should form the principal indicators in the process of evaluation. No matter what happens or befall Nigerian agriculture today, it will turn out to be the saviour of the FCT's social and economic doldrums in the nearest future.

Consequently, policy direction in rural and agricultural development programmes should be integrated with target beneficiaries seen as active rather than passive participants. Hence, the development of both human and economic capital in the face of social and cultural challenges should have human face and sympathy.

The design and management of rural development and agricultural programmes in Nigeria can only move forward if the present practice is adjusted to the social and economic realities and progressive strategies and ideas are given a chance. This is with due acknowledgement to existing shortcomings.

In conclusion, government intervention on agrobusinesses in Gwagwalada area council has yielded a reasonable impact in form of food productivity and employment opportunity for the teaming populace of the area council. However, there is need for more intervention for a robustic improvement in agrobusinesses.

Recommendations:

i. Increased Funding: This will boost NALDA's resources to expand interventions.

ii. Climate-Smart Agriculture: This will promote climate-resilient practices.

iii. Private Sector Partnerships: Collaborate with private companies to enhance impact.

iv. Improve security: To curb clashes and boost production.

v. More Export Grants initiative.

vi. Everyone should see Agrobusinesses as a business but not part time business.

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