



AGRICULTURAL MARKETING AS AN INSTRUMENT OF DEVELOPMENT IN NIGERIA: A REVIEW

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Abstract

The purpose of this study is to analyse the role of agricultural marketing towards development in Nigeria. Agricultural marketing represents an instrument of development. However, an inefficient production practices militates against this role. This study has generated a number of important results that broadly indicate what needs to be done to assist agricultural marketing to perform its role. First, efficient production forms the bedrock and gives marketing a vantage position to play the role of stimulating the required level of demand which is necessary for sustained production. The profit that ensues from sustained production gets converted to capital for further production and expansion leading to development. The study recommended that collective effort is required to ensure efficient production of commodities and increased education of stakeholders about the desirable role marketing play in development. There is also need for Government to take serious the issue of road network especially in the rural area to ease the transportation of agricultural commodities thereby reducing marketing cost, ensure constant power supply to prevent post-harvest losses of agricultural commodities which reduces capital for further production. Need to encourage entrepreneurship in agriculture since agricultural sector mirrors the image of the entire economy.

Keywords: Agricultural Marketing, Efficient production, Economy, and Entrepreneurship

Introduction

Marketing functions have been attributed to the reason development can occur in any society. Marketing is able to gather data on consumer needs seeking the most efficient and effective ways of satisfying these needs. This is done through research and information gathering. The type of information so collected is usually very useful for a developing country in its economic development plans (Ogwo, 2014). Marketing makes it possible for specialization to take place. With the exchange system, people do not consider it plausible to labour themselves again to produce all they need. They tend to concentrate on that which they have comparative advantage over others. The result of specialization is improvement and increase in production which contributes to economic growth and development. Buying and selling; another function of marketing, creates profit which accumulates to be used to undertake production. The products are produced in a way to maximize profit. These profits accumulate as capital which is used for further production. Accumulation of capital eliminates the possibility- of circle of poverty and scarcity which in turn increase economic development.

Employment opportunities are made possible through marketing functions. Specialization necessitates creation of many work units that can employ people. Marketing makes it possible for distribution unit, processing unit, storage unit, buying and selling unit to be created. As these units are created, they provide employment for people thereby creating improvement, opportunities and development in the economy. Marketing integrates rural community to urban areas. Those living in the urban areas connect the rural dwellers through the transportation of rural food to the urban areas. The exchange system and distribution function of marketing are catalysts in provision of such integration which contribute to development in the society. As an agrarian society, Nigeria has particularly experienced development through agricultural marketing. In view of the developmental role of marketing as described, it is safe to assert that agricultural marketing plays a vital role in economic development in Nigeria. According to Anyanwu et al. (2011), about 78% of the population of Nigeria is engaged in farming. Comparing this with figure for advanced countries like United State of America (8%) and Britain (5%), It is therefore, imperative that a

society such as Nigeria interested in improving the welfare of its citizenry must improve and encourage agricultural marketing in particular and agricultural production in general.

Marketing is defined as consisting of business activities that seek to anticipate demand, help in developing and making the product/services available to the satisfaction of the consumers/users at a profit to the organization (Anyanwu, 1993). When applied to agriculture, it is seen as consisting of agribusiness activities that seek to anticipate demand and help in developing and making agricultural commodities available to the satisfaction of users at a profit to the agribusiness enterprise. As plausible as the functions of agricultural marketing seems in Nigeria, its role in promoting economic development is undermined by inefficient production processes that lead to scarcity of goods. This has the capacity to overthrow consumer as "king" in the market place as marketing is relegated to the background. This study is, therefore, designed to analyze the role of agricultural marketing in particular and marketing in general to present its vital contributions toward economic development. This would contribute to the design of appropriate policies that might accord marketing its proper position to perform its role of stimulating development in Nigeria.

Problem

Despite the important role agricultural marketing play in the developmental process of a nation, inefficient production process has made possible scarcity of goods leading to lack or minimal competition among dealers. The high cost input is among the factors that have contributed to the prevailing inefficiency in production processes. When inputs are out of the reach of farming population, the result is the inability to make full use of the fixed inputs leading to lot of these inputs lying fallow and wasting.

Agricultural inputs, like improved breeds of crops and animals, fertilizers and agricultural chemicals are expensive and beyond the reach of majority of the rural farmers. The growth rate of food supply in Nigeria is, therefore, low and calls for increased efforts in research and agricultural production. In addition to the aforementioned problems, most farmers are still using the cutlass and hoe for their farm operation. These traditional farm tools do not encourage large scale farming (Anyanwu et al., 2011).

Large scale farming with affordable input costs necessitates increased or mass production which in turns provides opportunity for dealers to have enough products to compete with each other. When commodities are scarce, consumers usually lose their "kingship" position and are treated as second class in the market place. Ogwo (2014), noted that regime of scarcity persists for many commodities and in many sectors of the economy. Under this situation, the preoccupation of most companies would rightly be with production. This will invariably result to marketing inefficiency.

Marketing efficiency is measured by comparing out and input values. Output values are based on consumer valuation of goods, while input values (costs) are determined by the value of alternative production capabilities. When this ratio is lowered or minimized, marketing inefficiency sets in causing a dysfunction in the economy. In the process, profit would not be maximized. When producers could not maximize profit, it becomes too difficult to generate capital use for further production to bring about multiplier effect in the economy. If nothing multiplies, nothing develops. Marketing, therefore, has to be given an enabling environment to play its role of stimulating development in Nigeria. This study, therefore, addressed the questions:

- i. Why is economic efficiency the bed rock of marketing?
- ii. What makes marketing the instrument of development?
- iii. Why is agricultural marketing the instrument of development in Nigeria?
- iv. How can government and other stakeholders position agricultural marketing in particular and marketing in general to properly play its role of development?

The answers to these questions give the basis of suggesting where policy can be rightly applied to tackle undesirable issues and bring about development in the agricultural sector in particular and the economy in general.

Justification

Despite the fact that business firms cannot achieve their objective of profit maximization and growth until marketing function (planning, pricing, promotion, distribution of goods and services) are performed, marketing has continued to be disadvantaged through production inefficiencies in the Nigeria economy. Yet agricultural marketing in particular and marketing in general is a major contributor to economic development in the country. Marketing plays this role by stimulating the required level of demand which is necessary for sustained production (Ogwo, 2014). This paper therefore presents the cause and remedy to the problem of inefficiency in agricultural production and marketing. Recent empirical literature on the importance of agricultural marketing as an instrument of economic development in Nigerian economy is minimal and almost non-existent. This study therefore not only contributes to the literature on importance of agricultural marketing towards development, but with its focus on Nigeria, it further contributes to the current tendency to redefine Nigeria for better tomorrow.

Marketing Efficiency Concepts

In order to analyze the contribution which agricultural marketing makes towards development, several studies had adopted the concept of economic and marketing efficiency in agricultural production. Economic efficiency entails that marginal value product of the input has to equal marginal input cost. Inefficiency results when marginal input cost outweigh marginal value product. Economic principles in determining efficiency imply that both have to approach equality.

We can represent the relationship between the output and the inputs as;

$$Y = f(X_1, X_2, X_3, \dots, X_n) \dots \dots (1)$$

Where Y stands for the physical quantity of product or output; X's identify the different resources used to produce Y; where X_n refers to different resources in the production function and $f(\)$ implies the function of (Cramer and Jenson, 1979). The resources specified need to be skillfully managed adhering to the economic principles, to irk out a maximum production. But the objective function examines the technical aspect of production. We are interested in a different objective function which is to maximize profit subject to cost of production.

Reducing our variable input, for simplicity, to input-input relationship (i.e. two inputs one output relationship) and keeping others constant (*ceteris paribus*), we have

$$Y = F(X_1, X_2) \dots \dots (2)$$

But since we are interested in profit we have to maximize the function thus;

$$PY \text{ Subject to } C = P_1 X_1 + P_2 X_2 \dots \dots (3)$$

Where;

P = Price of final output

Y = Quantity of final output = $F(X_1, X_2)$

C = Total cost of production

P_1 = Price of first input (resource) X_1

P_2 = Price of second input (resource) X_2

Given our two variable inputs X_1 and X_2

Profit is given by $= PY - P_1 X_1 - P_2 X_2$

But $Y = F(X_1, X_2)$

Hence $n = PF(X_1, X_2) - P_1 X_1 - P_2 X_2$

Partially differentiating, we obtain the following:

$$\frac{dn}{dX_1} = P \frac{dF}{dX_1} - P_1 = 0 \text{ or } P.MPX_1 = P_1 \dots \dots (4)$$

$$\frac{dn}{dx_2} = P \frac{dF}{dx_2} - P_2 = 0 \text{ or } P.MPX_2 = P_2 \dots \dots (5)$$

To maximize profit therefore, production should be at a level at which $P.MX_1 = P_1$ and $P.MPX_2 = P_2$

To maximize profit therefore, production should be at a level at which $P.MX_1 = P_1$ and $P.MPX_2 = P_2$

$P.MPX_1 = MVP_{x1}$, the marginal value product of X_1 and similarly.

$P.MPX_2 = MVP_{x2}$ the marginal value product of X_2 .

The point at which profit is maximized is therefore

given by that which satisfies these three equations thus;

- (1) $MVP_{x1} = P_1$
- (2) $MVP_{x2} = P_2$
- (3) $Q = F(X_1, X_2)$

These are the three equations used in estimating the three unknown quantities X_1 , X_2 and Q which maximize profit (Adeseye and Dittoh, 1985).

In summary, efficiency is achieved where marginal value product of X_1 or the marginal value product of X_2 is equal to P_1 or P_2 (marginal input costs) respectively. Inefficiency results when $MVP_{x1} > P_1$ or $MVP_{x2} < P_2$.

Efficient Production-Bedrock of Marketing

Production inefficiency leading to marketing inefficiency causes scarcity of commodities and poverty to majority of the populace. Where there is scarcity of commodities, agricultural marketing in particular and marketing in general are constrained to impact positively on the economy. Ehiorobo (2018) examined how inefficient allocation and utilization of material, human and financial resources has made the attainment of sustainable development goal (SDGs) elusive in Nigeria. The findings of the research work made clear gross inefficiency in resource allocation and utilization in Nigeria. The problem is attributed to corruption, ethnic prejudices, bad government, absence of accountability, lack of transparency and wasteful spending on frivolous activities. For resource allocation and utilization to be effective, economic and technical efficiency must be embraced. This must take place if Nigeria wants to develop. Reiterating, the result of inefficient production practices is scarcity of commodities. It is, therefore, pertinent to note that scarcity demotes marketing. For marketing to reign and consumers to become "king" in the market place as they ought to be, there must be mass or abundant products to bring about competition among operators. This forms the bedrock or bases for marketing to thrive.

Marketing - Instrument of Development

Increased efficiency culminating in abundance of commodities necessitates competition among dealers for customers. When customers are satisfied, they become loyal to the company and in the process constitute Profit Avenue to the firms. The profit converts to capital for further investment. As these capital expands, the existing companies pay workers salary, pay for supplies etc. The recipients of these monies will use it to exchange for their needs: housing, vehicles, schools etc. As the income multiplies in the economy, provision of numerous infrastructure and amenities take place. The ensuing development is what makes marketing unique. Through resource and information gathering, marketing is able to gather data on consumer needs and the most efficient way of satisfying these needs. The information so collected is usually useful for a developing nation like Nigeria in her economic

development plans. Marketing also contributes to general material progress by stimulating accumulation of capital such as needed for industrialization and infrastructural facilities development (Ogwo, 2014).

Agricultural Marketing - Instrument of Development in Nigeria

Anyanwu et al. (2011), noted that agriculture is the mainstay of Nigeria's economy. This implies that agricultural marketing plays a major contribution to development in Nigeria. It is, therefore, imperative that a society such as Nigeria interested in improving the welfare of its citizenry must improve and encourage agricultural marketing in particular and efficient agricultural production in general. The importance of agricultural export which is a subset of agricultural marketing cannot also be overemphasized. Many developmental activities were initiated and executed because of proceeds from agriculture.

The basic tenet of the regime in the pre-civil war era, was diversification of the economy from agricultural base to other sectors. Agriculture was at that time the mainstay of Nigeria's economy. Nigeria could be described as having a very robust agricultural sector during the period (Abolagba et al., 2010; Ojiako, 2008). In this policy regime period, farmers produced enough food crops to feed the population and export crops to finance government expenditure. Imports were also financed through a foreign exchange that accrued from agricultural export. The government, therefore, decided that Nigeria cannot depend on agriculture alone and decided to diversify. In order to achieve the policy goal of diversification, agriculture was taxed to develop the other sectors of the economy such as education, health, construction etc. The federal government played a supportive role, while regional and state governments were left to take major initiatives (Abolagba *ibid*, Ojiako, *ibid*).

Conclusion

The purpose of this study is to analyze the role of agricultural marketing as an instrument of development in Nigeria. Understanding the role which the subject plays is a necessary condition in the design and implementation of policies to put mechanism in place to address the production inefficiency, which is a barrier to marketing, for a sustainable development. Development in this sense is not only crucial for poverty alleviation but also for the performance of the overall economy. The underlying fact is that despite the crucial role of agricultural marketing in stimulating demand and subsequent generation of capital for continuous investment, the subject has been relegated to the background. This has implications on its performance since enabling environment has been denied her through inefficient production practices. The study have shown that if agricultural marketing is given the enabling environment such as efficient production and productivity that result to abundant output, constant supply of electricity and good access road, it will perform its role of stimulating demand, which leads to

maximum profit for the producer, which in turn generate capital for further production. The multiplier effect that result from all the marketing activities, therefore, would enhance economic development.

Recommendations

Based on the findings from the study, the following recommendations suffice;

1. After 50 years of independence and self rule, it is time for Nigeria to take development serious. Efficient production and productivity will address the issue of marketing inefficiency and form bedrock for marketing to play its role in development.

2. The role of constant power supply in provision of enabling environment for a successful agricultural marketing is very important. This prevents post-harvest losses in agricultural commodities and enables agricultural marketing to offer time utility to consumers.

3. In view of the importance of agricultural marketing for enhanced development, there is need to provide access to education for the masses. This is to educate and sensitize them about the important role marketing plays in development. Education is not only tied to the classroom. Extension workers can increase their role by ensuring adequate training time for farmers who did not attain formal education.

4. Need to encourage entrepreneurship in agriculture. Since agricultural sector mirrors the image of the entire economy, numerous operators in the business will provide a level playing ground for agricultural marketing to steer the economy towards development.

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