THE INVISIBLE PLAYER - THE CONTRIBUTION OF SMALL AND MEDIUM ENTERPRISES IN THE AGRIBUSINESS SECTOR ON THE NIGERIAN ECONOMY

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Abstract

Small and medium-sized enterprises (SMEs) around the world contribute to the growth of economies and promote employment, equitable income distribution and better living standards The research therefore was intended to evaluate the contribution of the Small and Medium Enterprises (SMEs) in the agribusiness sector on the economy of Nigeria.

The study utilized a quantitative analysis of published data for the period 2011 to 2021 obtained from the Central Bank of Nigeria Statistical Bulletin of 2021. Descriptive statistics was employed in establishing the causal relationship between Gross Domestic Product (GDP) and agribusiness output (AbO).

The findings showed that there was a significant positive correlation between agribusiness output and GDP. Equivocally, agribusiness investment also had a significant relationship on the Gross Domestic Product and vice versa. The study concluded that if national economic

well-being is the primary goal of government, investment in agribusiness should not be sidelined.

1.0 Introduction

Agriculture's contribution to GDP in Nigeria has been incredible lately. Varrella (2021b) found that between October and December 2020, agriculture accounted for 26. 95% of total GDP. It has two main contents. Food production and exports and more productive sectors drive growth (World Bank, 2004:211). Ironically, proceeds from the export of crude oil that used to be cherished as the backbone of the economy contributed 5.9% to total real GDP from October 2020 to December 2020, down by 3% from the previous quarter (Varrella, 2021a).

Agriculture provides raw materials for the efficient functioning of industry. Onwualu (2009) states that input is one crucial component of every business in Nigeria. Small and medium-sized enterprises (SMEs) around the world contribute to the growth of economies and promote employment, equitable income distribution and better living standards. According to SMEDAN (MSME report, 2017), the contribution of SMEs to Nigerian GDP is 47% with a total number of business formations of 96.7% and an employment rate of 84%, with more prospects preceding the sector. This means that promoting the agricultural sector will help boost the development of small and medium-sized agricultural enterprises (SMEs) in Nigeria and greatly improve contribution to GDP.

1.1   Background of the Study

Small and medium-sized enterprises (SMEs) contribute immensely to the growth of economies (Obi et al. 2018), and particularly pronounced in emerging markets (Ndiaye et al., 2018) in addition to promoting sustainability, employment, equitable income distribution and better living standards (Perez-Gomez, 2018). Therefore, the small and medium-sized enterprises (SMEs) sector is referred to as the backbone of an economy (Tsatsenko, 2020). As stated in the SMEDAN report (MSME report, 2017), the contribution of SMEs to Nigerian GDP is 47% with a total number of business formations of 96.7% and an employment rate of 84%, with more prospects preceding the sector. However, in order to sustain the growth of

SMEs in Nigeria, it is imperative that they continue to receive adequate support from the government when needed (Akerejola et al., 2019). The challenges, including financing, poor infrastructure and an unworkable policy framework for SME creation and growth are also eliminated (Victor et al., 2019).

As shown by the 2017-2020 Economic Growth and Recovery Plan (ERGP) and the 2020 Economic Sustainability Plan (ESP), there is a great need for the nation to invest its resources in other sectors, and the agricultural and agro-industrial industries are evidently boosting the Nigerian economy by promoting inclusive growth. and Jobs. Therefore, entering the agro-industrial sector would be an opportunity. Proper use of its potential through mobilization and productive channeling will be an important source of internal capital formation.

1.2 Statement of the Problem

The SME sector makes an important contribution to many economies, particularly as a key tool in efforts to reduce poverty (Dengate & Howard, 2003). The contribution of agriculture to GDP in Nigeria has been incredible. Varrella (2021b) found that between October and December 2020, agriculture accounted for 26. 95% of total GDP. The contribution of SMEs to Nigerian GDP is 47% with a total number of business formations of 96.7% and an employment rate of 84%, with more prospects. This means that SMEs could have greatly stimulated the agricultural contribution of 26.95% to GDP since its overall contribution to GDP stands at 47%.

According to (Agwu and Emeti, 2014; Nwokocha and Madu, 2015), many economies have been able to build and sustain their economies through the development of SMEs, which had a domino effect through job creation and improving their GDP; therefore, the Case of Nigeria could not be different. Despite the far-reaching economic reforms Nigeria has brought since independence, the contribution of SMEs to the agricultural sector has remained elusive.

The research was therefore intended to evaluate the contribution of the Small and Medium Enterprises (SMEs) in the agribusiness sector on the economy of Nigeria.

1.3 Aims and objectives of the study

The main aim of this study is to evaluate the contribution of the Small and Medium Enterprises (SMEs) in the agribusiness sector on the Nigerian economy. The specific objectives of the study are:

- To ascertain the contribution of Agribusiness by Small and Medium Enterprises to the Nigerian economy.

- To examine the challenges faced by Small and Medium Enterprises in agribusiness in Nigeria.

- To identify growth opportunities for Small and Medium Enterprises in Agribusiness to improve contribution to the economy.

The research was guided to answer the following research questions: What is the contribution of Agribusiness established by Small and Medium Enterprises to the Nigerian economy? What are the challenges faced by Small and Medium Enterprises in agribusiness in Nigeria? Which growth opportunities can be identified for Small and Medium Enterprises in Agribusiness in Nigeria?

2.0　Review of related literature

This chapter provides an integrated review summarizing empirical and theoretical literature on agribusiness.

2.1　Theoretical framework

The agricultural sector has undoubtedly become one of the most important sectors in Nigeria. Through agribusiness, the importance of SMEs in agriculture brings with it the social and economic development of the nation. Eliot et al. (2022) explained this in his book the process and characteristics of agribusiness with its myriad benefits for societies and accounting potentials that can transform an economy and contribute to GDP. Agribusiness in Nigeria plays a colossal role in its development. Agribusiness has the potential to improve the country's GDP, but it is evident that insufficient attention to this sector has rendered its contributions inconsequential.

For SMEs in Nigeria, UNIDO 2017 statistically found in their report that only 20% start their business and manage to survive. For this reason, a study on this sector is being carried out with the Growth and Economic Recovery Plan for Nigeria. The objectives of the study are to determine the level of contribution of small and medium-sized enterprises to agribusiness, assess the growth opportunities and conflicting challenges that pose a threat to small and medium-sized enterprises (SMEs) in agribusiness in Nigeria.

The advancement of a discipline is grounded on defining a field's set of fundamental questions or issues because resolution of such issues serves to elevate the field to a high level of research inquiry. In order to advance the subject of agribusiness economic development, this study is hinged on the "nature of the firm," theory of Coase (1937) and Barney's (1991) Resource-Based View.

Coase (1937) "offered an economic explanation of why individuals choose to form partnerships, companies, and other business entities rather than trading bilaterally through contracts on a market. It is therefore deponed that a firm consists of the system of relationships which comes into existence when the direction of resources is dependent".

On the other hand, Barney's Resource-Based View Theory (1991) states that:

... a firm's sustained competitive advantage is based on its valuable, rare, inimitable, and non-substitutable resources. The capability of firms to create or acquire these resources affects their performance and competitiveness over their competitors (Barney, 1991).

Equivocally, the contribution of SMEs in the economic development of Nigeria is based on its ability to create and acquire resources which are then translated into promoting sustainability, providing employment, equitable income distribution and improving standards of living among the population. These in aggregate contribute to growth of GDP.

2.2   Empirical framework

Agribusiness opportunities existed in Nigeria long before the discovery of oil. Strategies have been developed with the introduction of transformative investment ideas but hindering factors such as inflation have led to stagnation in the industry. There is no doubt that agribusiness tends to create better jobs through SMEs than regular primary agriculture, since labor productivity in agribusiness is higher annually than in primary agriculture, where productivity is only seasonal. Since the advent of oil discoveries, the statistical contribution to employment has shifted between agriculture and the oil sector, with the latter receiving a strong focus despite the global oil glut of the 1980s.

To have a refocus on the agriculture sector, the National Planning Commission Policy of Nigeria (2004:78) established an objective to accelerate the pace of industrial development by radically increasing value-adding at every stage of the value-chain on agricultural produce. Only if this policy is actually practiced would it improve Nigeria's GDP. In the book by Elliot et al. (2022) "Transforming Agribusiness in Nigeria for Inclusive Recovery, Job Creation and Poverty Reduction" highlighted that traditional cash crops have the highest capacity in the value chain to create jobs, then cassava, rice, oilseeds and legumes. Therefore, the transformative economic impact of this value chain has the potential for a multiplier effect in job creation and poverty alleviation with high opportunities to revitalize the agro-industrial sector. Other areas that contribute to reducing poverty and unemployment in Nigeria could be livestock, aquaculture cash crops and products from this value chain.

The potentials of these value chains have a growth elasticity of more than -1, which means that a percentage change in agricultural GDP due to productive growth in one of the value chains mentioned would reduce the national poverty index by more than 1%. It is crucial to focus on the value chain as it has a positive impact on the economy in terms of job creation and poverty reduction.

There are growth opportunities for Small and Medium Enterprises in Agribusiness in generating employment in Nigeria. According to Sessi (1999), as cited in Carré and Levratto (2009), policies with focus on SMEs are mostly unified into policy frameworks that aid other types of businesses and include measures that may not be relevant to all SMEs. On the contrary studies conducted by Elliot Et al. (2022) shows the use of Rural Investment and Policy Analysis (RIAPA) model in deciding structure of growth in different subsectors in Agriculture that could affect consumption and income with a multiplier effect on jobs and poverty reduction.

The measures in this model where "economic growth, employment, poverty, dietary diversity score, poverty-growth elasticity, dietary diversity growth elasticity, and economy sectoral growth employment elasticity". The aim of this model is for 6 million job creation in the Agribusiness sector. The outcome was estimated that Agribusiness would be required to grow at 2.4% on an annual basis till 2024 in other to achieve this aim.

To experience growth in the agribusiness sector Nto and Mbanasor (2011) conducted a study on productivity in agribusiness firms and its determinants in Abia State, Nigeria and in his findings discovered there is need for human capital development. Even if policies are enacted there is still a great need for investment in innovative capacity Abdukazeez, Issa & Yusuf (2019). To achieving the aim of bolstering agribusiness in the economy, there is a need for human capital development with a refocus on innovative methods in the sectors operation.

2.3   Challenges faced by Small and Medium Enterprises in agribusiness in Nigeria.

SMEs are faced with a number of challenges such as financial inadequacy, poor infrastructure, insecurity, environmental factor and corruption. These challenges are discussed below.

Financial Inadequacy: The funds provided by the state for the creation of small and medium enterprises are insufficient. Ololube and Abeh (2017) highlight Nigeria has limited budget allocations for SME growth and development. Hence, this hinders proper planning for agribusiness SMEs to start operations. Another key area is the lack of a proper institutional

framework as it is substandard. (Abeh, 2017) Not providing adequate funding for SMEs is detrimental to their business success. must be provided.

Infrastructure Challenges: A key infrastructure challenge facing SMEs in Nigeria is ICT. This challenge applies not only to Nigeria, but to many Sub-Saharan countries as well, given the importance of power supply issues. The problem is underfunded, affecting other infrastructure such as telecommunications, roads and water. Even those living below the poverty line in Nigeria find it difficult to run a business because they cannot afford the technology needed to run a business. Ololube and Uzorka (2008) state that they spend the money they make on generating electricity for production, which limits their ability to reach their full potential.

Insecurity and Environmental Factor: Insecurity in Nigeria creates an unhealthy environment. Part of the problem is kidnapping and property destruction by bandits. This has posed serious challenges to the proper functioning of Nigerian agribusiness SMEs. According to the World Bank annual report, Nigeria ranks her 130th in ease of doing business. Providing the Right Business Environment for SME Development in Nigeria Boosts GDP (Ololube, Uriah & Dudafa, 2014).

Corruption: A failing economy is usually threatened by corruption that hinders the development and growth of small and medium enterprises. Nigeria is listed as one of the most corrupt countries in the world (Transparency International, 2019). Many leaders employ corrupt standards and practices that impede their company's progress. They are involved in some of these practices when making payments, for example during the release of funds provided to boost small businesses. The unreasonable increase to start a business is another economic aspect of the challenges faced by SMEs in agribusiness. These days, most SMEs die because Nigeria's persistent poverty rate prevents people from buying their products.

3.0 Research Methodology

A quantitative approach was employed in the analysis of the data where data was gotten from the Central Bank of Nigeria statistical bulletin for a period of 2011 – 2021. An economic approach was used to test the degree of correlation between the highlighted variables using the multiple regression analysis of the Ordinary Lease Square (OLS) while determining the R^2 and F-statistics with the error correction model. This regression technique was used to test the hypothesis (HO_1) that there is no significant relationship between agricultural output, agricultural investment, and GDP, and the hypothesis (HO_0) Agribusiness sector (investment

& output) does not trigger GDP growth and the GDP does not cause Agribusiness sector (investment & output) to grow.

In undertaking this study, the positivism philosophy was employed in highlighting the congruent part of the study as identified by the researcher. The selected philosophy has no resonation with any compelling human ideology and are by large, independent of the investigator (Mertens, 2014). The understanding acquired from the adoption of the positivism philosophy was the cause-effect linkage identified in the study variables which aided in investigating the impact of agribusiness on the Nigerian Economy. Using positivism also bridged the gap on analyzing the contribution of Agribusiness by Small and Medium Enterprises, challenges faced and identifying growth opportunities.

The research approach adopted for this study is the deductive approach because of its capability to explore the existing principal. The selected approach had a linkage with the quantitative studies and positivism philosophy (Smith, 2015). In exploring the deductive approach, information regarding the independent variable on agribusiness (SMEs) was be gathered.

Secondary data was derived from the Central Bank of Nigeria Statistical Bulletin and National Bureau of Statistics, Nigeria. The data set covers the period from 2011 to 2021. An econometric approach was used to test the level of correlation that existed between the variables, by using the multiple regression analysis of the Ordinary Lease Square (OLS). The error correction model was employed to test for R^2 and F-Statistics of the OLS regression. Therefore, the analysis tested for a relation between agribusiness output, agribusiness investment and the Gross Domestic Product. Use of secondary data was a limiting factor in itself.

4.0 Findings, analysis and interpretation

4.1 Findings

Table 1 depicts the data of Gross Domestic Product at Current Market Price, Agribusiness Output and Agribusiness Investment from the period of 2011 to 2021, from the statistical bulletin of the Central Bank of Nigeria, 2021. The data was used to measure the stated objectives in the research to determining the level of contribution of Agribusiness SMES to the Nigeria economy. The data is gotten from the Central Bank of Nigeria Statistical Bulletin on agricultural activities covering crop production, livestock, fisheries, and forestry.

Table 1 Showing GDP at current market price, Agribusiness output and Agribusiness Investment

Year	GDP at Current Market price	Agribusiness Output	Agribusiness Investment
2011	63,713.36	4,527.45	14,037.83
2012	72,599.63	5,588.82	15,816.00
2013	81,009.96	7,233.32	16,816.55
2014	90,136.98	8,685.43	18,018.61
2015	95,177.74	8,973.77	19,636.97
2016	102,575.42	8,903.24	21,523.51
2017	114,899.25	10,044.48	23,952.55
2018	129,086.91	12,455.53	27,371.30
2019	145,639.14	16,781.06	31,904.14
2020	154,252.32	19,539.55	37,241.61
2021	176,075.50	25,725.87	41,126.06

Source: Central Bank of Nigeria Statistical Bulletin 2022

An overview of the changes in agribusiness sector and the Nigeria Economy from 2011 to 2021.

The changes in agribusiness output and the GDP from (2011-2021) is presented in the Figure 1.
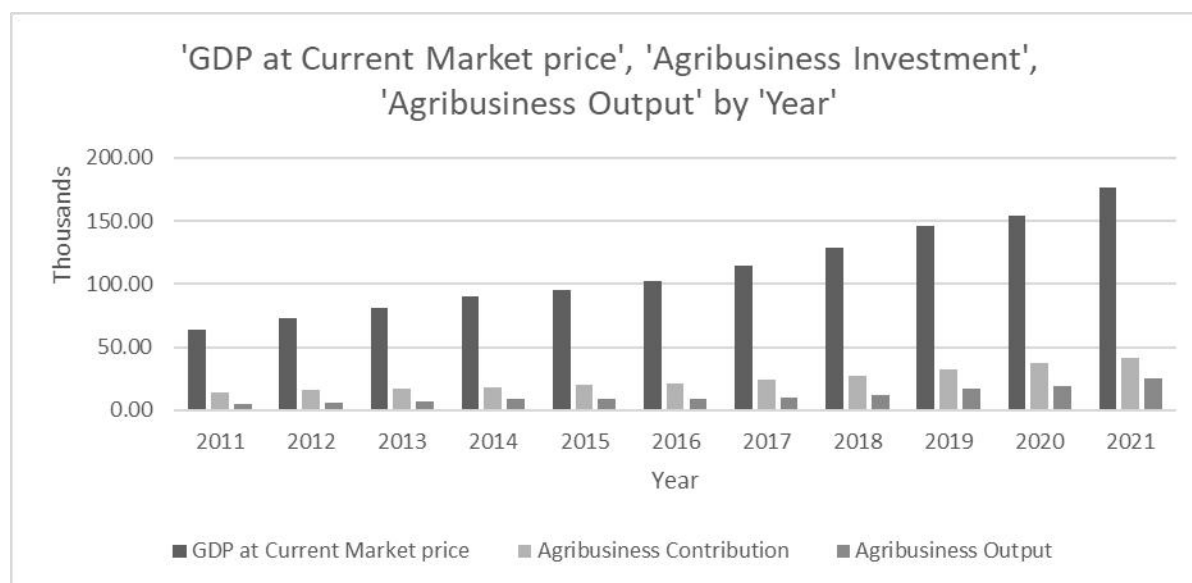

Figure 1 Changes in Agribusiness output, Agribusiness Investment and GDP

Source: CBN statistical bulletin, 2021.

Figure 1 is a graphical representation of all the indicators to be analyzed. From the graph above, there has been a constant rise in the GDP of the Nigeria economy, but this rise is not owing to the agribusiness sector. The level of contribution from agribusiness SMES has been on the increase but at a relatively slow pace from 2011 to 2021, likewise agribusiness output.
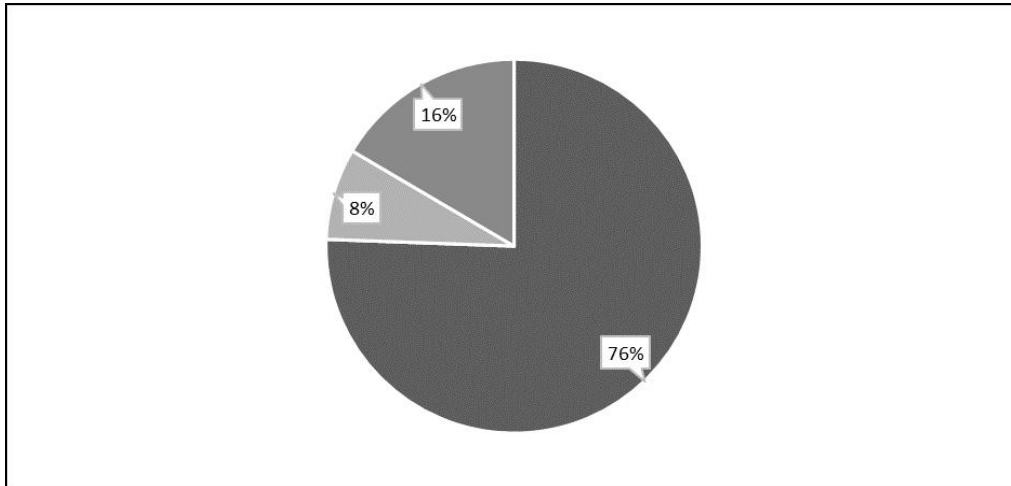
Figure 2 Percentage variation in Agribusiness output, Agribusiness Investment and GDP from 2011-2021.

Source: CBN statistical bulletin, 2021.

The Pie chart above shows the level of percentage contribution of Agribusiness output – 8%, Agribusiness contribution which is investment at – 16% and the GDP contribution by other sectors of the Nigeria economy -76%, from the period of 2011 to 2021.
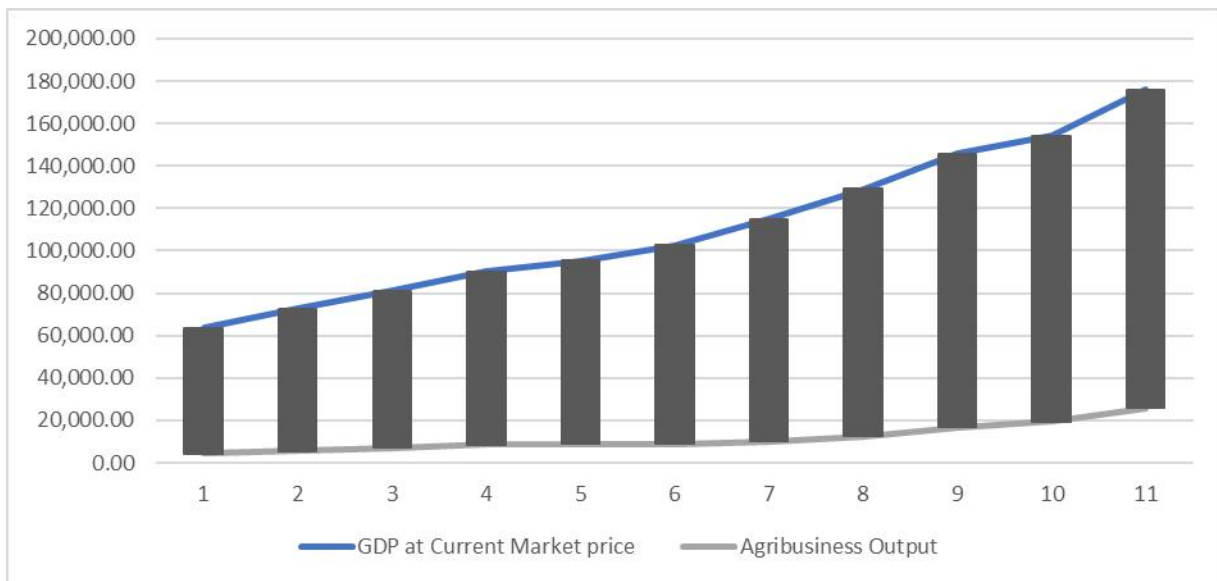

Figure 3 Changes in Agribusiness output and GDP

Source: CBN statistical bulletin, 2021.

This graph shows that agribusiness output and GDP trend lines are moving in the same direction. The figures 1-11 on the horizontal axis of the graph represent year 2011-2021, which is the test year period. Between years 2011 and 2016 output from agribusiness remained relatively constant, while GDP increased geometrically withing those periods. From 2017-2021 as seen from the agribusiness output trend line, the industry began to flourish and could be owned to the government policies being initiated during those periods, and this caused the GDP to also increase. Other sectors have been a main contributor to the GDP

growth of the economy but mainly oil, due to high dependence. However, with the introduction of some government programs and policies to boost agribusiness output, agribusiness output began to rise relatively in the country. While the GDP increased due to contributions from the agribusiness sector and other sectors.

The democratic dispensation in Nigeria has caused increment in the agribusiness output owing to some policy measures most importantly on the Economic Recovery and Growth Plan of Nigeria (ERGP) initiated which has brough programs on Presidential Initiatives on Cassava, FADAMA, Agro-Processing productivity Enhancement and Livelihood Support Project (APPEALS), Anchors borrows program, and other World Bank and African Development Bank assisted programs to the Federal Government. while the GDP continued to increase due to its contribution and the contribution of other sectors.
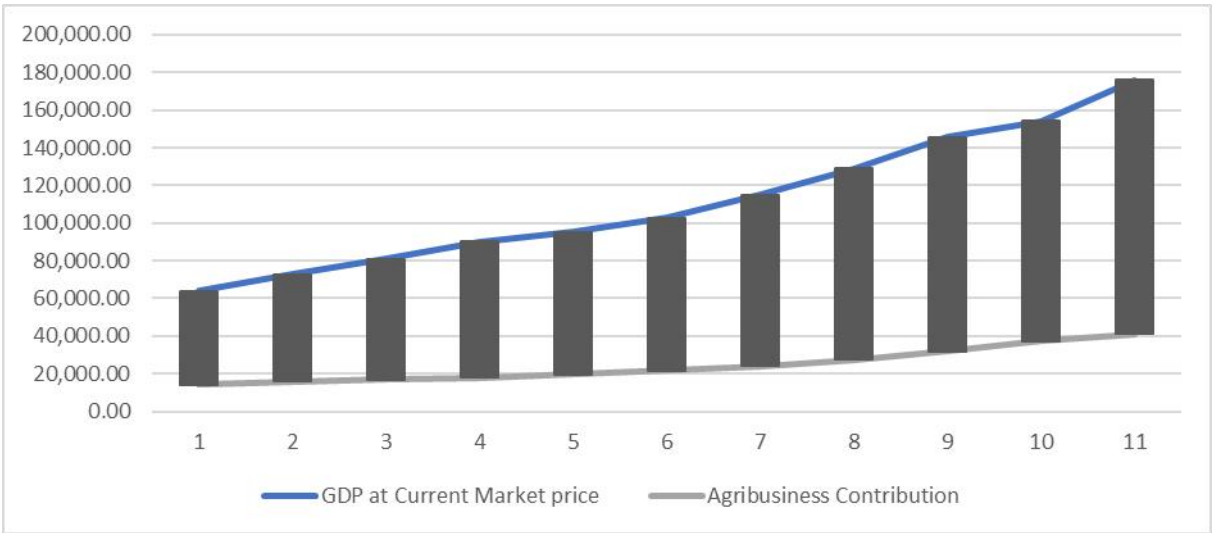

Figure 4 Changes in Agribusiness output and GDP

Source: CBN statistical bulletin, 2021.

The graph above shows the relationship between GDP growth and contribution by the agribusiness sector. The grey line represents agribusiness contribution, whereas the blue line represents GDP. With a very high concentration on the oil sector till date, there has been a negligence to the other sectors with little investment contribution to the GDP of Nigeria. As quoted by (Mbanasor et al, 1997), the level of agribusiness contribution has been relatively low from 1970 to 2000. The trend has remained the same since the discovery of oil in the country. Despite chances to improve contribution in agribusiness by the government with an aim to cause a paradigm shift of concentration to other sectors more importantly, agriculture, several factors such as corruption, crude level of agriculture, and poor policy formulation and implantation have stomped the growth of agribusiness contribution. This sector could boost

the GDP of the economy. The trend line shows only an improvement in the Agribusiness investment from 2017-2021.

The following results illustrate how the ordinary least squares method (OLS) estimation approach was used to estimate the required regression model:

Table 2 Regression Analysis for GDP, Agribusiness Investment, and Agribusiness Output

Regression Statistics	
Multiple R	0.990593929
R Square	0.981276333
Adjusted R Square	0.976595416
Standard Error	5518.691458
Durbin-Watson Statistics	1.160021
Observations	11
F-statistics	209.633

*Statistically relevant at 10%, significantly (p<0.05 at 1%)

Source: computed from CBN statistical bulletin 2021

4.2 Analysis and interpretation of findings

The Ordinary Lease Square (OLS) regression estimates in Table 2 with the coefficient of multiple determination (R^2) of 0.981 indicate that the independent variables (Agribusiness contribution and Agribusiness Output) included in the model accounted for 98.1 percent of the total variation in GDP. The model is statistically significant at 1%, according to the F-test statistics value of 209.6333. With n=10 (number of observations) and k = 1, the Durbin Watson value is 1.16. (Number of parameter estimates). Negative first order autocorrelation is present.

Meanwhile, agribusiness output is not statistically significant at 1% and is inversely related to GDP, with a negative coefficient value of -0.365205. This indicates that as GDP increases, the value of agricultural output decreases. Investment in agriculture was statistically significant. The estimated OLS regression equation's R2 of 0.98 and F-statistics of 209.633 were far too high.

Using the F-test, Adjusted R2 and Durbin –Watson Statistics: F-test – the F-statistics value of (209.6333) as shown in Table 2 indicates that the null hypothesis should be accepted. This indicates that the model is meaningful and that not all the coefficients are equal to zero.

F-statistics can also be used to test the significance of R^2 and Adjusted R^2. When it is significant, R^2 and Adjusted R^2 are also significant.

The Adjusted R - squared is advantageous to R^2 because it reports for the failure of freedom in the model as more variables are incorporated into the model. R^2 and Adjusted R^2 indicate the percentage of the dependent variable's variation explained by the explanatory variables. According to the F-test statistics, an Adjusted R^2 of 0.98 indicates that the included explanatory variables can explain 98% of the variation in GDP.

Finally, the Durbin-Watson statistics reveal whether the model has serial correlation, indicating an autocorrelation issue. A model with high autocorrelation is inefficient even if the coefficients are not biased. The parameter estimate is unreliable because the least squares estimator is less efficient than other estimators. A good estimator with little or no autocorrelation has a Durbin-Watson statistic between 1.0 and 2.2. The closer the value is to two, the closer the estimate is to being correct. A value less than 2 indicates positive autocorrelation, while a value greater than 2 indicates negative autocorrelation. The Durbin-Watson statistic of 1.16 in this study indicates a less severe presence of positive autocorrelation. This means that the results' estimates are unbiased while remaining efficient and reliable.

Table 3 Test for Coefficient and Probability Value

	Coefficients of Standard deviation	Standard Error	t Statistics	Probability -value
Intercept	13467.62021	9416.436242	1.430224754	0.190524932
Agric Output	-0.365205119	1.47139206	-0.248203812	0.810229143
Agric Investment	4.202492308	1.05342067	3.989377109	0.004008802

Analysis of Results based on Econometric/Statistical Criteria

The t-test is an appropriate and widely used test of significance for this type of research. Each coefficient's probability value (Prob.) will be used to decide. Table 3 above showing the Coefficient and the Probability value summarizes this.

A probability value between 5% and 10% (0.05 and 0.1) indicates significance at 5% and 10%. At the respective levels of significance, the significant parameter indicates that the null hypothesis should be rejected, and the alternative hypothesis should be accepted. As a result, Agribusiness output are not significant at 5% and 10%, and the H0: should be accepted. By extension, the agribusiness industries are an important variable that explains variations in GDP. Similarly, at 5% and 10%, the agribusiness investment. As a result, the null hypothesis should be accepted at 5% because the variables are very important in determining the position of the gross domestic product in Nigeria.

Table 4 Test for Confidence level

	t Statistics	*Lower 95%*	*Upper 95%*
Intercept	1.430224754	-8246.720703	35181.96112
Agribusiness Output	-0.248203812	-3.758241293	3.027831056
Agribusiness Investment	3.989377109	1.773299886	6.631684729

To test for confidence of intervals is to test the significance of betas. The null hypothesis that the respective beta is equal to zero is cross-checked using this method, that is, whether zero falls within the interval or not. According to the results in the table above the variables Agribusiness Output does not fall within the 90% and 95% and Agribusiness Investment falls within the 90% and 95% confidence intervals and thus the former is significant why Agribusiness output is not significant at the specified confidence level. Surprisingly, this result is consistent with the above-mentioned significance test (t-test).

Analysis based on Research Objectives

The main findings as seen from this analysis on agribusiness investment and output in answering the objectives of the study shows focus on contribution, growth and challenges within the period of 2011 to 2021. As indicative of the Agribusiness sector from the analysis, it perhaps provides the best opportunities to the Small and Medium Enterprises in this sector which can stimulate the GPD of the economy for growth, alleviation of poverty and generation of more and better jobs. Elliot et. al, 2022 in his book gave findings on the performance of the agribusiness sector for the period of 2009–18 stating that the performance of the agribusiness during this period, most especially off-farm agribusiness sector created better opportunities than other sectors, impacting on the GDP. This findings by Elliot are tantamount to my findings from the analysis that there has been tremendous performance by the agribusiness out sector. The Agribusiness output though insignificant still showed capacity for boasting the economy while agribusiness investment is still significant.

Further to enforcing the potentials of agribusiness output, it has the capacity to create jobs and grow the economy because of the agriculture sector as seen from studies by Elliot that the activities for primary agriculture grew two times greater than the normal average. Therefore, with regards to investment for the growth of overall GDP more opportunities lie within off-farm segments when better inputs are supplied.

In terms of growth opportunities, there would be need for better coordination within the sector. These trickles down to proper arrangements which can trigger job opportunities for SMEs in agriculture/agribusiness value chain. Furthermore, the possibility of growth can emanate from

the exploration in agribusiness value chain where fragmentation can be limited while initiating strong connectivity in upstream primary production and downstream value-addition areas.

Explicitly, to experience growth, SMEs in Agribusiness should focus on Provision of innovative capacity to improve productivity in on-farm activities thereby lowering cost in off-farm ; Coordination of agricultural value chains that is effective, such as a gradual transition from disconnected spot markets and toward strong vertical structures; value chain innovation strategies that demonstrate strong connections with primary agribusiness, the processing of higher-value farm products such as staple crops, livestock products, and animal and fisheries feeds is being expanded.; and expanding agricultural output and shifting away from low-value-added, manufacturing, and nutritional-value root crops.

5.0   Summary, conclusion and recommendations

5.1   Summary

This study examined the impact of agribusiness on the Nigerian economy (a case study of small and medium enterprises). The study objectives were collapsed to Agribusiness investment and Agribusiness output for ease of measurability as against the Gross Domestic Product of the Nigerian economy. Therefore, the research aims, and objectives were met through measuring data extracted from the National bureau of Statistics, on agriculture from the period of 2011 to 2021 by using an econometric model.

Based on the findings, the relationship between Agribusiness Output and GDP was relative, but the relationship between Agribusiness Investment and GDP was significant, and these are very important variables that have varying effects on GDP. This lends credence to Alpuerto et al. (2010) and Haggblade (2007)'s claims that investment promotes the economy, and the economy promotes investment. This highlights the need for additional reasons to create an enabling environment for SMEs to thrive in the Agribusiness sector.

The study found out that agribusiness investment was the only significant variable while agribusiness output was insignificant, therefore the hypothesis was upheld that agribusiness output does not cause the GDP to grow rather the output of other sectors of the economy. For Agribusiness investment therefore emerged to be a major player in the determinant of the growth of the. Mainly, it is the growth of investments in the Nigerian economy that riggers the growth of GDP.

5.2   Conclusion

There is a need for a high focus and refocus on policies that would improve the agriculture sector in general, which will cause a sporadic effect on improving the GDP of the country. To cause this trigger, Domestic and foreign investment in the agribusiness sector should be increased. Secondly, to significantly increase agribusiness output, contribution in the agribusiness sector should be implemented in major areas of need. To increase its economic contribution of the agribusiness sector, policies and programs should be developed to encourage more investment in the agribusiness sector. As indicative in the background to the study research has shown that SMES contributes about 47% to the Nigeria Economy.

Therefore, the study concludes that agribusiness investment causes a growth in the GDP and GDP causes a growth in agribusiness investment in the Nigerian economy. This implies that there are potentials for growing the Nigerian economy by investment withing the agribusiness sector. The implication of this finding is that the government needs to focus on improving in agribusiness investment. The agribusiness output which consists mainly of off-farm and on-farm productivity activities needs to be galvanized. If this is done, it will cause a sporadic improvement in the agribusiness investment sector feeding the GDP of the country.

The SMEs have always been a channel through which growth happens to the economy. Therefore, to improve the functionality of the agribusiness sector to transforming the economy, there is a dire need to empower SMEs with necessary capacity.

5.3   Recommendations

The following recommendations are given to address the need for improving agribusiness output to cause more investment for agribusiness SMEs. First, for agribusiness SMEs to cause a growth to the GDP on the economy, there needs to be a paradigm shift from subsistence means of operation to technological modes. Secondly, more agribusiness SMEs would need to move into value addition through food processing and market expansion, which would cause agricultural growth and stimulate strong linkages between agribusiness and on farm farmers with a potential to reduce poverty. Thirdly, the Federal Government should provide an enabling a functioning environment for Agribusiness SMEs to thrive to optimum capacity through provision of favorable loan facilities at low interests and provision of adequate infrastructure and social amenities that promote a functional agribusiness SME industrial cluster. Lastly, the federal government should have more focus on improving domestic and foreign investment for Agribusiness SMEs growth.

It is prudent that further research can be done in the contribution of Agribusiness value addition to the Nigerian economy considering SMEs as a case study.

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