

Analysis of Entrepreneurial Potential and Financial Performance of Cashew Processors in Kogi State

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Abstract

This study thus focused on the entrepreneurial potential and financial performance of cashew processors in Kogi State. The study used a research survey design, and was conducted on Cashew Processors in Kogi State. Purposive sampling was adopted and 300 cashew processors were selected in Kogi State. Questionnaire was used and the reliability of the instrument was established through the Cronbach Coefficient alpha (α). The results of reliability test for the constructs are adequate sophisticated technology ($\alpha = 0.808$); adequate capital ($\alpha = 0.888$); infrastructure inadequacy ($\alpha = 0.745$); availability of adequate information ($\alpha = 0.708$); and inadequate support or motivation from government ($\alpha = 0.721$). Data were gathered and analyzed using Descriptive Statistics, Principal Component and Probit regression analysis. Findings show that unavailability of adequate information, inadequate sophisticated technology and infrastructure inadequacy are prime constraints on the conversion of the entrepreneurial potential of cashew processors in Kogi State; while inadequate capital and inadequate sophisticated technology are significantly inverse on the financial performance of cashew processors in Kogi State. The study concluded that if cashew processors are supported to prevent the constraints, the economy of Kogi State is likely to benefit in the area of job creation and poverty reduction. This study therefore recommended that the government and other economic stakeholders should support cashew processors in the aspects of capital adequacy, sophisticated technology and infrastructure adequacy so that their entrepreneurial potentials can be utilized.

Keywords: *Entrepreneurial Potential; Financial Performance; Infrastructure Inadequacy; Cashew Processing Entrepreneurship; Innovative Method; Economic Growth*

JEL Classification: *E23; M19*

Introduction

In Kogi State, cashew processing is mainly witnessed during cashew season. It is observed that cashew processors are short-term oriented making it almost impossible for the industry to witness expansion for a decade. Cashew processors may have engaged in the short-term cashew processing entrepreneurial activities for reasons like lack of adequate government support, lack of adequate finance and lack of sophisticated technology. These factors among others are seen as serious constraints against the entrepreneurial process of cashew processors. Based on the position of some studies, constraining factors are categorized as measurable and immeasurable factors. Jancikova (2004) identified measurable factors to include 'geographic location, quality of land, size of organization, organizational structure and financial incentives'. Olowa and

Olowa (2015) also noted that immeasurable factors comprise quality of management, leadership style, staffs' attitudes and non-financial incentives for employees.

The dominance of poverty in the agrarian Kogi State is also associated with the backdrop in cashew processing entrepreneurship. Factors that lead to impoverishment in this sense are 'economic, environmental, governance, socio-cultural, health and life cycle' (International Monetary Fund, 2006). Oguonu (2015) expressed that "Nigeria has enjoyed very limited years of governance" (p. 15). Relating governance as a constraint is a critical point because cashew processors have often expressed dismay concerning government policies and legal framework. Coercion, corruption and exorbitant taxation and political interplay in Kogi State are often the drivers of short-term focus of cashew processors. Factors such as geographical locations and natural endowments of the environments that a person finds himself and other factors that include 'unemployment, old age and physical disabilities' are culprit of poverty (Akeredolu, 1975).

However, interview has it that cashew processing can be easily embarked upon but most cashew processors in the nation have neglected full-time investment in it. Rather, they embrace the exportation of raw cashew seeds for quick return. It is believed that this entrepreneurial practice is short-sighted, and is less profitable option and less economic growth inclined. No wonder, Lawal, Oduwole, Shittu and Muyiwa (2011) purported that "in Nigeria, products of the cashew tree (kernel and apple) are under-utilized for income generation" (p. 50). There appears to be existing weak or no strategic framework for developing cashew processing entrepreneurship locally and government has no viable policy and programmes to support entrepreneurial potentials of cashew processors. The export of cashew nut may continue to have little effect on the economic growth. If this unacceptable trend persists, Adofu and Ocheja (2013) stressed that the cycle will continue with the generation after generation propagating this vicious cycle of poverty. This is because cashew made products is largely imported from other countries of the world which are more expensive than when processed in Kogi State.

Based on the discussion above, it is noted that this study is highly imperative to boosting literature on cashew processing entrepreneurship. Literature on this aspect of 'agri-preneurship' (that is, agriculture and entrepreneurship) is very scanty; this informs the necessity of this study. The most important gap intended to be bridged by this study is the lack of research relating to factors affecting the cashew processing entrepreneurship in Kogi State. Thus, the objectives of this study were to examine the factors affecting the entrepreneurial potentials and financial performance of cashew processors in Kogi State.

Literature Review

Scholars like Emylon, Huffinton, Paul Raynolds, (n.d) have proved that entrepreneurship is more than simply "starting a business." Adeoye (2015) added that entrepreneurship is not limited to individuals who start or operate (innovative) small business.. The definition of entrepreneurship according to Stevenson (2003), it is a process that identifies opportunities, allocates resources and creates values. This creation of value is often through the identification of unmet needs or through the identification of opportunities for change. Under the situation of uncertainty, Idam (2014) views entrepreneurship as the act of defining and exploiting opportunities, by means of an innovative method, either to start up entrepreneurial operations in new businesses or to restructure current ones capable of creating jobs and value for stakeholders. This definition captures entrepreneurship potential towards employment generation without considering poverty reduction. Wennekers and Thurik (1999) as cited in Spencer, Kirchhoff and White (2008) elaborated more that "entrepreneurship is the manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations, to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product- market combinations) and

to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions” (p. 13). Entrepreneurship is the process of exploring the opportunities in the market place and arranging resources required to exploit opportunities for long term gain. It is the process of planning, organizing and actualizing discovered opportunities. Thus, it is taking risk in entrepreneurial activities. It can be differentiated as a risk-taking capability.

Entrepreneurs see 'issues around entrepreneurship' as 'opportunities,' and then take measures to define alternatives to these issues. Cashew processing seems weak, and this is seen as a business chance or issues around entrepreneurship that need to be transformed. It is a popular belief by Kogites that cashew nuts exporting are a very potential lucrative entrepreneurial activity that can be explored by small-scale entrepreneurs; this make the entrepreneurial effect of cashew process weak as other manufacturing entrepreneurs who venture in cashew made products often run out of stock. Aliyu and Hammed (2012) noted that 75-80% of the output of cashew nuts in Nigeria is exported, since only very few businesses are engaged in manufacturing processing of cashew made products. Azam-Ali *et al.* (2004) stated that cashew kernels are a high-value premium item with a steady increase in sales at an annual pace of 7 percent, with all expectations of a powerful market. They further added that, cashew by-products like cashew butter from crushed nuts, cashew nut fluid for industrial and medicinal purposes and cashew apple juice which can still further be processed are significantly likely to be exploited.

Hanlon (2000) noted that cashew processing (as a business activity) has the ability to boost non-performing producers' incomes and generate job possibilities during processing. The entrepreneurial effect of cashew processing assumes super importance for accelerating economic growth in Kogi State. It may in turn promote capital formation and creates wealth in country. This among other reasons made Popoola (2014) to confirm that entrepreneurial activities as such are at the heart of the free enterprise economy. The economic growth as a result of the entrepreneurial effect of cashew processing is expected to translate into reduced poverty. This is because Usman and Adam (2017) empirically proved that increased entrepreneurial activities can result into decreased poverty incident. Entrepreneurship and entrepreneurship in nations that have attained significant poverty decrease have been actually resurgent over the previous three decades (Naude, 2013).

However, cashew processing entrepreneurial activities may be constrained from having a full effect on the economy of Kogi State when barrier factors (as show in Figure 1) appear to be mediating.

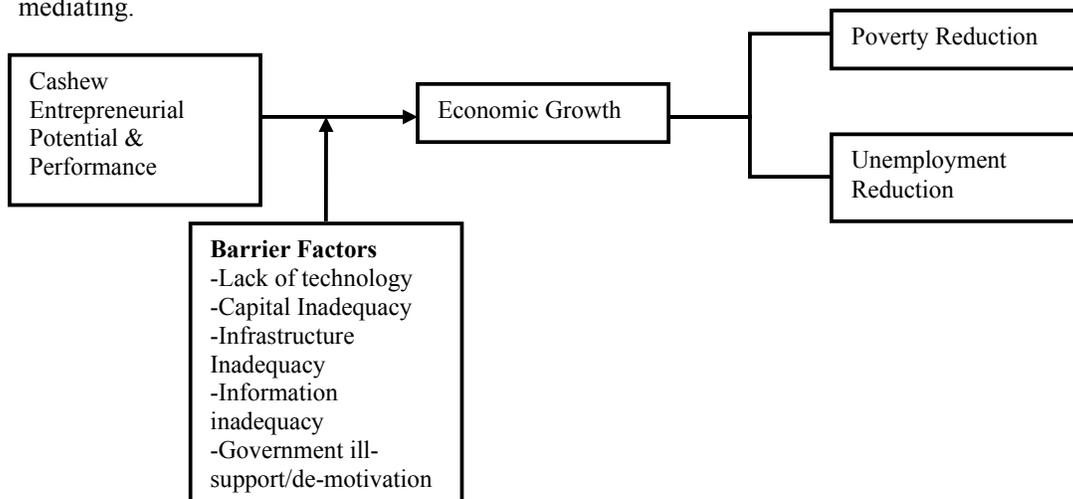


Fig. 1. Entrepreneurial Effect of Cashew Processing with Barrier Factors

Source: Adapted from Casson (1982); Agboli and Ukaegbu (2006); Aliyu and Hammed (2012); Ali and Ali (2013)

The term 'poverty' may have more than one meaning depending on the direction of the subject matter. In view of this, Adofu and Akoji (2013) take poverty to be herculean task because of the elusiveness and the controversy surrounding the concept. Attempt to defining the concept must capture what aspect of poverty is really the matter of discuss. Haruna (2002) argued that poverty is more than lack of income. Okolo *et al.* (2014) also noted that poverty is a complex notion that undermines in various elements of growth deep within society. Yet, Oghojafor *et al.* (2011) asserted that Economist refers to poverty as a small-income or poor-consumption condition, and individuals can be called poor when their measured income or consumption or living standards are below the poverty line. Thus, poverty can be seen as a defect in individuals' economic strength to consume fundamental necessities of life.

As shown in Figure 1, the potential of cashew processors and their financial performance are perceived crucial for economic growth of Kogi State. A growing economy is known for minimal poverty and unemployment rates. There are factors affecting the entrepreneurial potential and the financial performance of cashew processors in Kogi State. According to Ezeagu (2002), the following factors affect processing performance of cashew:

- Quality of Nuts: Low-quality nuts may lead from nut immaturity, unacceptable drying with excessive moisture or a combination of foreign products. Any processor's focus is on getting a whole nut.
- Infrastructural Constraints: Processing factories face irregular electricity supply, challenging roads network and other infrastructural obstacles. Ogonu (2015) added that "Nigerian economy is characterized by poor infrastructural amenities (poor road network and epileptic power supply)" (p. 15). These variables led to higher cost of manufacturing.
- Insufficient nut supply: The processing plants were built on the premise that there would be adequate supply of raw nuts. However, it was found that nuts were not always accessible as anticipated after installation of several plants.
- Lack of access Credits: Rural processors seldom have access to operating capital, particularly for off-season storage of raw nuts.
- Access to information: Probably the most significant drawback for a mere lucrative inclusion of small manufacturers in a value chain is the technical or market data.

However, other bottleneck identified by Sherma, Chrisman and Carl (2010) are:

- Political instability: This does not motivate an investor to invest in the business operation of cashew processing. Even if he has invested, owing to the prevalent threatening financial environment, he may decide to wind up.
- Presence of inflation: Inflation is an economic situation characterized by an overall and constant price-level increase combined with a fall in money-value. Inflation is therefore economically damaging to providers due to volatile market prices references.
- Inadequacy of information: Collecting and analyzing comparatively dependable, reliable and genuine data which facilitates and improves forecasting and planning. It is appropriate to point out that the agri-entrepreneur may not be aware of the existing demand and supply law forces that affect the behavior of consumers actively or passively.
- Capital: Capital is comparatively insufficient to finance business operations in Nigeria. The original capital for the business's take-off may not be sufficient or it may not exist. Because of absence of resources, the development of entrepreneurial / managerial abilities is not a criterion or prerequisite for setting up a small business.
- Inadequacy of Infrastructural Facilities: This can hinder or hamper entrepreneurial activity growth.
- Inadequacy of Government support or motivation: To help embark on small business through the provision of free consultancy services and the provision of soft loans.

Theoretical Considerations

The Economic Theory was propounded by Mark Casson in 1982. The Economic Theory of Mark Casson is different in the sense that it helps to explain factors that lead to poverty decrease can restrict entrepreneurship. Particularly, the theory focuses on encouragement of entrepreneurs to achieve economic growth.

Advancement of entrepreneurship is the cornerstone of financial progress alongside social development. Casson (1982) argues that the entrepreneur does not have an established economic theory. To clarify economic issues (such as poverty and unemployment) a theory of entrepreneurship is required. Casson *ibid* said that theories of entrepreneurship should clarify economic growth and development and distribution of income. So many entrepreneurship theories have concentrated on drives, features and entrepreneurial trait without contemplating the causes of failure in entrepreneurship in fulfilling their poverty reduction potential. Casson *ibid* believes that both the rationalization of achievement and the explanation of failure should be the core of an entrepreneurial concept.

However, Casson (1982) assumes that the outcome of conducive economic circumstances is entrepreneurship. This implies that several adverse economic factors can be linked to the diminishing business impact of cashew processing on poverty reduction. The common government-instituted entrepreneurship programs emerge in reaction to changes in economic outlook. However, changes that have deep consequences for entrepreneurship can happen in the long run. Poverty is anticipated to decrease where favorable and conducive economic circumstances exist. Casson identified economic factors that encourage or discourage entrepreneurship as:

- taxation policy;
- industrial policy;
- easy availability of raw materials;
- easy access to finance on favorable terms;
- access to information about market conditions;
- availability of technology and infrastructure;
- marketing opportunities.

Moreover, the research of Mbam and Nwibo (2013) empirically verified that insufficient market possibilities, bad access to loan facilities, insufficient market data, bad organizational abilities, insufficient power supply, elevated taxation, and bad public policies on entrepreneurial growth have restricted the growth and acquisition of entrepreneurial abilities among cashew processors.

Methodology

Research survey design was used. Two-method strategy (participation and questionnaire administration) was used in this regard. Purposive sampling was also adopted and 300 cashew processors were selected in Kogi State. The study is distinguished from other studies on agricultural entrepreneurship; this is because no study has been able to focus on factors affecting cashew processing entrepreneurship in Kogi State. A well-structured questionnaire that measures factors, entrepreneurial potential and financial performance of cashew processors was used.

A panel of experts vetted the questionnaire used for the survey to ensure content validity. Reliability of the instrument was established through the Cronbach Coefficient alpha (α). The result of reliability (in Table 1) for the test of factors shows adequate sophisticated technology ($\alpha = 0.808$); adequate capital ($\alpha = 0.888$); infrastructure inadequacy ($\alpha = 0.745$); availability of

adequate information ($\alpha = 0.708$); and inadequate support or motivation from government ($\alpha = 0.721$). The entire constructs appear reliable. Zikmund *et al.* (2010) suggested a critical point for reliability coefficient to be 0.70; above which is considered reliable.

Table 1. Reliability Test of Factors

S/N	Factors	Cronbach's Alpha	No. of Items
1	Adequate sophisticated technology	.808	2
2	Adequate capital	.888	2
3	Infrastructure inadequacy	.745	2
4	Availability of adequate information	.708	2
5	Inadequate support or motivation from government	.721	2

Source: Field Survey (2019)

The study analysed data with descriptive statistics and Probit regression analysis (from SPSS version 20) for inferential purpose. In the course of the analysis, the relationship between dependent and independent variables was revealed. Principal Component Analysis (CFA) was also used. These methods of analysis outstands that of other studies conducted on related subject matter. For instance, Ordered Probit Regression analysis is best used to ascertain the effects of the measured factors on entrepreneurial potential and financial performance of cashew processors in Kogi State. The results of this study are expected to be different from those of previous study. This is because some of the previous studies relating to cashew processing entrepreneurial activities lack appropriate methods of analysis; this makes the results of this study more acceptable and generalizable. The Probit Regression model is specified as:

$$Y^* = x^1\beta + e_1$$

where y^* is the exact but unobserved dependent variable

X is the vector of independent variables and

B is the vector of regression coefficients which is estimated.

$$Y = (X_1 + X_2 + X_3 + X_4 + \dots + X_n) + e \quad (1)$$

Where:

X_1 = Lack of technology

X_2 = Capital Inadequacy

X_3 = Infrastructure Inadequacy

X_4 = Information inadequacy

X_5 = Government ill-support/de-motivation

Y^* = Financial performance

e = Error term

Data Presentation and Analysis

Table 2. Demographic Features of Respondents

Variables	Frequency	Percent	Mean Score/Mode
Age range			
15 to 25 years	43	19.0	38.69
26 to 36 years	69	30.5	
37 to 47 years	49	21.7	
48 to 58 years	43	19.0	
59 years and above	22	9.7	
Total	226	100.0	

Table 2 (cont.)

Sex			
Male	135	59.7	135
Female	91	40.3	
Total	226	100.0	
Marital status			
Single	52	23.0	79
Married	79	35.0	
Divorce	63	27.9	
widow(er)	32	14.2	
Total	226	100.0	
Educational qualification			
PSLC	43	19.0	71
SSCE	71	31.4	
OND/NCE	60	26.5	
HND/B.Sc	34	15.0	
M.Sc and above	18	8.0	
Total	226	100.0	
Cashew Business Existence			
0 to 5 years	48	21.2	10.37
5 to 10 years	74	32.7	
10 to 15 years	49	21.7	
15 to 20 years	36	15.9	
20 years and above	19	8.4	
Total	226	100.0	

Source: Field Survey, 2019

Table 2 shows the age range of respondents. It is observed from the table that 43 respondents (19.0%) were between 15 to 25 years; 69 respondents (30.5%) were within the age range of 26 to 36 years; 49 respondents (21.7%) were within the age range of 37 to 47 years; 43 respondents (19.0%) were within the age range of 48 to 58 years; and 22 respondents (9.7%) were above 59 years. The mean score of age is 38.69. The implication of this is that majority of the cashew processors in the study area at the present time of the survey are 39 years.

Table 2 shows the sex of the respondents. It is observed from the table above that 135 respondents (59.7%) were male and 91 respondents (40.3%) were female. This shows that the majority of cashew processors in the study area were male.

Table 2 shows the marital status of respondents. It is observed from the table that 52 respondents (23.0%) were single; 79 respondents (35.0%) were married; 63 respondents (27.9%) were divorce; and 32 respondents (14.2%) were widow(er). The implication of this is that most of the cashew processors at the present time of the survey were married.

Table 2 shows the educational qualification of respondents. It is observed that 43 respondents (19.0%) were holders of primary school leaving certificate; 71 respondents (31.4%) were holders of secondary school certificate; 60 respondents (26.5%) were holders of diploma certificate or its equivalence; 34 respondents (15.0%) were holders of Bachelor of Science or Higher National Diploma certificate; and 18 respondents (8.0%) were holders of master degree certificate and above. This shows that the majority of cashew processors in the study area were secondary school certificate holder.

Table 2 shows the business existence of cashew processors. It is observed that 48 respondents' (21.2%) cashew business have existed within 0 to 5 years; 74 respondents' (32.7%) cashew

business have existed within 5 to 10 years; 49 respondents' (21.7%) cashew business have existed within 10 to 15 years; 36 respondents' (15.9%) cashew business have existed within 15 to 20 years; and 19 respondents' (8.4%) cashew business have existed 20 years and above. The mean score of the business existence of cashew processors is 10.37. This shows that majority of cashew processors in the study area have been in cashew processing business for 10 years.

Table 3. Mean Score of Factors Affecting the Entrepreneurial Potential of Cashew Processing

Factors	Mean	Std. Deviation
Inadequate sophisticated technology	1.5487	.49873
Inadequate capital	1.5575	.49778
Infrastructure inadequacy	1.6416	.48060
Unavailability of adequate information	1.6372	.48188
Inadequate support from government	1.5000	.50111

Source: Field Survey, 2019

Table 3 shows that the mean score (inadequate sophisticated technology- 1.5487; inadequate capital- 1.5575; infrastructure inadequacy- 1.6416; unavailability of adequate information- 1.6372; and inadequate support from government- 1.5000). Virtually, all the factors appear strong, and considered significant to have described the backdrop in converting the entrepreneurial potential of cashew processing in Kogi State.

Table 4a. Communalities analysis of Factors Affecting the Entrepreneurial Potential of Cashew Processing

Factors	Initial	Extraction
Inadequate sophisticated technology	1.000	.700
Inadequate capital	1.000	.680
Infrastructure inadequacy	1.000	.688
Unavailability of adequate information	1.000	.924
Inadequate support from government	1.000	.673

Extraction Method: Principal Component Analysis.

Table 4b. Total Variance Explained on Factors Affecting the Entrepreneurial Potential of Cashew Processing

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Var	Cum %	Total	% of Var	Cum %	Total	% of Var	Cum %
1	1.47	29.48	29.48	1.47	29.48	29.48	1.35	26.93	26.93
2	1.17	23.31	52.80	1.17	23.31	52.80	1.29	25.80	52.73
3	1.02	20.48	73.28	1.02	20.48	73.28	1.03	20.55	73.28
4	.77	15.47	88.75						
5	.56	11.25	100.00						

Extraction Method: Principal Component Analysis.

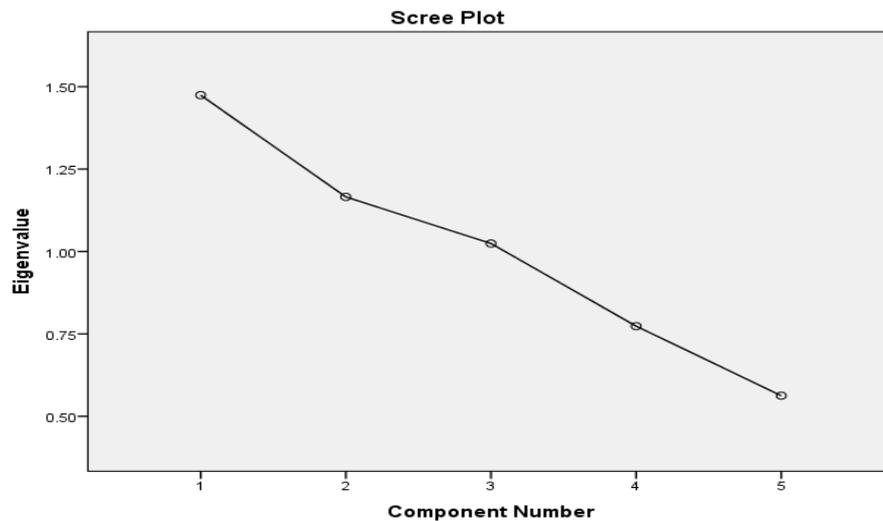


Fig. 2. Scree Plot of Factors

Table 4a shows the communalities analysis of factors affecting the entrepreneurial potential of cashew processing. Communalities reveal the variance in each factor that is considered. For principal components extraction, the initial communalities value is always equal to 1.0 for correlation analyses. Extraction communalities are estimates of the variance in each variable accounted for by the components. The table shows that communalities (inadequate sophisticated technology- 0.700; inadequate capital- 0.680; infrastructure inadequacy- 0.688; unavailability of adequate information- 0.924; and inadequate support from government- 0.673) are all high, and this shows that the extracted components represent the variables well.

Table 4b shows the initial eigenvalue. The 'Total' column shows the amount of variance in the original variables accounted for by each component. The % of Variance column gives the ratio, expressed as a percentage, of the variance accounted for by each component to the total variance in all of the variables. The Cumulative % column gives the percentage of variance accounted for by the first n components. For instance, 29.484 plus 23.311 gives the 52.795 cumulative value of the second variable; 52.795 plus 20.484 gives the 73.280 cumulative value of the third variable. The eigenvalues greater than 1 is extracted. Thus, the first three principal components form the extracted solution. The 'Extraction Sums of Squared Loadings' in the Table 3b shows nearly 73% of the variability in the original five variables.

The Figure 2 shows the scree plot that determines the optimal number of components. The components on the steep slope are extracted. The other components on the shallow slope contribute little to the solution. Based on the eigenvalues, a three factor solution will probably be adequate in addressing the problems around entrepreneurial potential of cashew processing in Kogi State. However, the Table 4b in alignment with Figure 2 shows that the five factors are statistically significant given the mean values presented in the Table 4.

Table 5a. Probit Regression of factors affecting the financial performance of cashew processors

Parameter		Estimate	Std. Error	Z	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
PROBIT ^a	Inadequate capital	-.360	.735	-.490	.043	-11.680	-2.959
	Inadequate sophisticated technology	-.643	1.066	-.603	.046	-2.732	-1.446
	Infrastructure inadequacy	-.263	.328	-8.018	.088	-4.865	.340
	Unavailability of adequate information	-.127	.142	-.894	.911	-2.366	2.111
	Inadequate support from government	.060	.109	.055	.957	-2.115	2.234
	Intercept ^b						
	No	1.491	.989	1.508	.131	.503	2.480
	Yes	4.234	2.714	1.560	.119	1.520	6.948

a. PROBIT model: PROBIT (p) = Intercept + BX (Covariates X are transformed using the base 2.718 logarithm.)

Table 5b. Chi-Square Tests

		Chi-Square	df ^a	Sig.
PROBIT	Pearson Goodness-of-Fit Test	37.068	63	.996
	Parallelism Test	4.157	1	.041
	Response Rate Estimate		.612	
	Std. Error		.126	

Source: Field Survey, 2019

The Ordered Probit Regression on the Table 5a indicates that inadequate capital (-.360; $p=0.05$), inadequate sophisticated technology (-.643; $p=0.05$), infrastructure inadequacy (-.263; $p>0.05$), and unavailability of adequate information (-.127; $p>0.05$) are negatively signed. The negative sign indicates inverse effects of these factors on the financial performance of the cashew processors in Kogi State. Inadequate support from government (.060; $p>0.05$) is positively signed. It depicts positive estimated effect of inadequate support from government on cashew processors in Kogi State. Given the p-value greater than 0.05, the simple implication is that the support or non- support from government does not significantly count on the financial performance of cashew processors in Kogi State. Also, factors (such as infrastructure inadequacy and unavailability of adequate information) do not have significantly negative estimated effects on financial performance of cashew processors (as depicted by the model). However, the model evidently depicts that inadequate capital and inadequate sophisticated technology have significant estimated negative effects on financial performance of cashew processors in Kogi State.

The Probit Analysis procedure (in Table 5b) shows the Pearson goodness-of-fit chi-square ($\chi^2=37.068$) which tested the null hypothesis. From the result, it appears that the model adequately fits the data. The Parallelism test (4.157) shows that the assumption of equal slopes across factor levels is reasonable. The natural response rate of .612 shows that 61.2% of cashew processors' financial performance will be undermined; given the negative forms of the factors (inadequate sophisticated technology and inadequate) with the significant effects.

Discussion of Findings

There are several likely factors that can affect the entrepreneurial potential of cashew processing of processors in Kogi State. Factors (such as inadequate sophisticated technology, inadequate capital, infrastructure inadequacy, unavailability of adequate information and inadequate support from government) were identified. Unavailability of adequate information, inadequate sophisticated technology and infrastructure inadequacy are found as prime constraints on the conversion of the entrepreneurial potential of cashew processors in Kogi State. This finding augments the study of Mbam and Nwibo (2013) which empirically confirmed that cashew processors are constrained by inadequate market opportunities, poor access to credit facility, inadequate market information, poor managerial skills, inadequate power supply, high taxation, and poor government policies on entrepreneurial development. Though, other constraints are also found to be severe, but the finding of Uwagboe *et al.* (2010) and Wongnaa (2013) also confirmed that inadequate capital is the most severe constraint in cashew processing activities. Finding further shows that inadequate capital and inadequate sophisticated technology have significant negative effects on the financial performance of cashew processors in Kogi State. The implication of this is that adequate capital and sophisticated technology are functions of increased financial performance in cashew business. There is likelihood that the abundant availability of adequate capital and sophisticated technology will correspondingly boost the financial performance of cashew processors in Kogi State.

Conclusion

The entrepreneurial potential of processors in cashew processing is constrained by some factors that were identified in this study. The findings of this study show that factors such as unavailability of adequate information, inadequate sophisticated technology and infrastructure inadequacy constrain the entrepreneurial potential of cashew processors in Kogi State. The government and other economic stakeholders need to support cashew processors in the aspects of capital adequacy, sophisticated technology and infrastructure adequacy. Cashew processors need to undergo training on management information system to enable them take advantage of global information regarding cashew. If cashew processors are supported in these aforementioned areas, the economy of Kogi State is likely to benefit in the area of job creation and poverty reduction. Based on the finding of the study also, adequate capital and sophisticated technology can help processors to boost their financial performance in Kogi State.

Recommendations

- The government and other economic stakeholders should support cashew processors in the aspects of capital adequacy, sophisticated technology and infrastructure adequacy so that their entrepreneurial potentials can be utilized.
- Cashew processors should also be trained on the use of management information system to enable them take advantage of global information regarding cashew. These are also likely to help processors to boost their financial performance in Kogi State.

Contribution to Knowledge

It is observed that there is very scanty literature on cashew entrepreneurial activities in the field of agri-entrepreneurship. In fact, very limited researches have been conducted on cashew processing and its relationship with financial performance in the field of agriculture. This study contributes to knowledge in both literature and practice. In this study, it is argued that cashew

processing activities are short-term oriented entrepreneurial activities in Kogi State. Thus, the findings of this study are eyes-opener to economic experts and policy-makers. Cashew processors can also be guided by the findings of this study; as it will serve a reminder purpose regarding factors to watchful about.

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