

COMPARATIVE ANALYSIS OF THE ROLE OF FOR-PROFIT AND NON-PROFIT PRIVATE ORGANIZATIONS IN AGRICULTURAL EXTENSION SERVICE DELIVERY IN SOUTHWESTERN NIGERIA

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ABSTRACT

The increasing private sector's participation in agricultural extension delivery is, complimenting significantly contributing to the public sector's effort. It is essential to understand how different private organizations with nuances and goals set about their extension service delivery to the mutual benefit of both the service provider and the clientele. This study investigated and compared the roles of for-profit the British American Tobacco Company and non-profit private organizations of the Farmers Development Union and the Diocesan Agricultural Development Programme in agricultural extension service delivery in South-western Nigeria. Data were collected using interview schedule from 218 for-profit and 304 non-profit organizations' clientele selected by multistage random sampling technique, totalling 522 respondents. Data were analysed using both descriptive and inferential statistics. Mean ages of respondents varied between 49.6 years and 47.1 years for profit-oriented and non-profit private organizations, respectively. At least 95% for-profit participants were married compared with 74.6% of the non-profit private organizations' clientele. In the case of non-profit organizations there were significant relationships between the level of achievement and gender ($x^2 = 13.74$, $p < .01$), land tenure status ($x^2 = 22.33$, $p < 0.01$), cosmopolitaness

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(r = -.323, p < .01) and farming experience (r = .18, p < .05). Significant difference was found between the achievements of for-profit and non-profit organizations' participants (F = 32.27, p < .05). The profit-oriented organization was concerned with enterprise building for immediate gains while the non-profit organizations were concerned with capacity building. Procedure for recruitment of for-profit participants was stricter and more meticulous than that of the non-profit agencies. Extension contact between agents and farmers was more direct and intensive in the case of the former, profit-oriented organisation. All inputs were supplied on credit in the case of for-profit whilst in case of the non-profit organizations materials were sourced and paid for on delivery by the clientele Overall achievement was higher in the case of for-profit organizations. The profit-oriented organization has demonstrated that private extension agencies have the potential to better help the participating farmers while helping themselves in profit making. The non-profit organizations (mostly NGOs) may have to make their programmes more participative and bottom-up generating cost-sharing and thus greater effectiveness.

1. INTRODUCTION

Agricultural extension service delivery by private organizations started as a result of inability of the public extension system to satisfy all areas of extension need. The public sector still controls most of agricultural extension work but Röling (1990) suggests that most governments use agricultural extension as an instrument to achieve policy goals and not for helping individual farmers. He further observes that if agricultural extension is used for the benefit of individual farming families, it is usually deployed by voluntary agencies that seek to assist the poor.

Various kinds of agencies have been identified to be involved in the provision of agricultural extension services (Dexter, 1991) and have been grouped into three major categories by Umali-Deininger (1997). These categories are;

- Public sector - services sponsored by the various tiers of government. This sector still predominantly controls the agricultural extension services worldwide.
- Private Non-profit sector – services deployed mostly by Non-governmental organizations (NGOs)

- Private For-profit sector – this consists of private firms, mostly agribusinesses, whose profit depend on the efficiency of their extension service delivery.

The organizations investigated are British American Tobacco (BAT - private profit-oriented agribusiness), Farmers Development Union (FADU – private non-profit NGO), and Diocesan Agricultural Development Programme (DADP - private non-profit organization).

BAT – This is a single commodity organization fashioned like many other agribusiness organizations whose profit largely depends on the quality of the extension services offered to their recruited clientele. The company grows tobacco through numerous carefully recruited small-scale farmers to service its cigarette manufacturing concern. These farmers are serviced through an in-house extension system operated by a corps of well-trained extension agents who are responsible for advising, training and supervising the farmers. The company also provides all inputs (cash and materials) to the farmers on credit and purchases all produce. All credits are deducted from the proceeds. The company ensures strict compliance with all recommended production practices.

FADU – This not-for-profit non-governmental organization was founded in 1989 by rural-based residents. Its activities are mainly directed at capacity building to enable resource-poor rural dwellers to operate more profitable farming and non-farming enterprises. It is fully operational in about 29 states of Nigeria (FADU, 1997).

DADP – This is a non-governmental agricultural development initiative of the Justice, Development and Peace Commission (JDPC) of the Catholic Church of Nigeria. The programme is operated at the diocesan level, each diocese being independent of one another but operating under the same broad guideline. The main objective is to promote sustainable agriculture and improved living conditions of small- scale farmers through capacity building.

2. INFLUENCING FACTORS

Farmers who benefit from the private sector services were influenced by factors (Kuponiyi, 2004) such as the differing institutional or organizational characteristics (profit or non-profit), personal characteristics of the farmers, confluence of, and incentives offered by the organization and the perceived benefits derivable from the organization's services.

3. OBJECTIVES OF THE STUDY

The specific objectives of the study were to:

- determine and compare some personal characteristics of the participants in both categories of organizations' programmes;
- compare the key performance elements between for-profit and non-profit organizations; and
- compare the overall achievements of both sets of beneficiaries, based on the organizations' services received.

4. HYPOTHESES OF THE STUDY

It was hypothesized (null form) that:

- There is no significant relationship between the beneficiaries' personal characteristics and their level of achievement.
- There is no significant difference in the personal characteristics of beneficiaries of for-profit and non-profit organizations.
- There is no significant difference in the achievements of beneficiaries of for-profit and non-profit organizations.

5. METHODOLOGY

Respondents were selected through multi-stage random sampling procedure from the three organizations investigated, namely, BAT, FADU

and DADP. For BAT, fifty percent of the tobacco villages were randomly selected from a list of registered tobacco farmers', 218 respondents were randomly selected for the study.

Activities of FADU in Osun and Ondo States were investigated. The participants were all organized into societies and lists of registered members were kept. These lists were used in a multi-stage random sampling procedure to select the 138 beneficiaries from FADU included in the study.

Ijebu-ode diocese of DADP in Ogun State was selected for this study because the agricultural programme of JDPC started there. Farmers here too were grouped for easy administration by the church-based NGO and this was used as the basis for randomly selecting the 166 DADP respondents included in this study.

Altogether, 522 respondents were included in the study, 304 from non-profit organizations and 218 from profit-oriented organizations. Pre-tested and validated interview schedules were used to collect data which were analysed using both descriptive and inferential statistics including Chi square, Pearson Product Moment Correlation and ANOVA.

Achievement is the dependent variable of this study and it is construed in terms of tangible items (e.g. houses, bicycles, radio) and non-tangible acquisitions (chieftaincy title, better family nutritional status, holy pilgrimage) that the beneficiary could lay claim to as having been acquired as a result of participating in the agricultural extension schemes of the private organizations. Achievement scores were obtained for each respondent and a three-point scale constructed depicting High, Medium and Low achievement levels.

6. RESULTS AND DISCUSSION

6.1 Personal characteristics of the beneficiaries

Table 1 presents the personal characteristics of the participants in the agricultural extension programmes of the three organizations studied.

Table 1: Comparison of personal characteristics of beneficiaries of for-profit and non-profit private agencies

Characteristics	For-profit (BAT)	Non-profit (FADU & DADP)
Gender	Male: 89.4% Female: 10.6%	Male: 53.3% Female: 46.7%
Age	Mean age: 49.6 years Majority (34%): 51 – 60 years	Mean age: 47.1 years Majority (33.4%): 41 50 years
Marital status	Married - 95% Polygamous husbands - 53%	Married - 74.6% Polygamous husbands - 12%
Educational status	Literate - 57%; Non-literate - 43% Adult literacy – 30%; Post sec. – 4%	Literate - 68%; Non-literate - 32% Adult literacy - 27%; Post sec. - 12%
Cosmopolitaness	Very frequently (high) - 4.5% Rarely (low) - 76%	Very frequently (high) - 2.9% Rarely (low) - 64%
Previous primary occupation	Full – time farming - 64%	Full-time farming - 41%
Farming experience	More than 20 years - 61.5%	More than 20 years - 35.7%
Leadership	Non-leaders - 69%; Traditional. Leaders – 14% Highest class – Coop. Leaders - 18%	Non-leaders - 26%: Traditional. Leaders – 10% Highest class – Coop. Leaders – 44%
Land tenure status	Inherited - 86% Purchase - 1%	Inherited - 50% Purchase - 15%
Achievement	High 16% Medium 34% Low 50%	High 11% Medium 56% Low 33%

Source: Data analysis, 2003

Gender – Despite the provision of almost all inputs on credit and the supervision of the programme to ensure maximum compliance with recommended practices only 11% of the for-profit organization’s extension programme participants were female while they were 47% in the case of non-profit organizations. This result, nevertheless, does not detract from

the importance of women in agricultural production. Technical operations on cultural practices under for-profit organization's enterprise may be more rigorous, timely and time consuming; in which case other activities would be neglected by women farmers at the expense of their domestic responsibilities. Gender was not discriminated in the rendering of all services in the case of for-profit organization. In the case of non-profit organizations, almost all inputs had to be sourced by the participants, in which case most women farmers might not be able to cope effectively. Women participants here, as well as men, had the opportunity of benefiting from livestock projects and other non-agricultural enterprises sponsored by the non-profit organizations.

Age – The mean age for participants in the for-profit organization's programme was 49.6 years with a large number (34%) being between 51 and 60 years old. The mean age for non-profit organizations was 47.1 years with (33.4%) between 41 and 50 years old.

The participants of the profit-oriented organization are relatively older than those of non-profit organizations. In the former group, almost all the necessary inputs were supplied by the organization, backed up with supervision, hence, older people with wider farming experience, security of land tenure and assurance of reliable family labour would be recruited with the likely assurance and outcome of profitable participation. In the latter group, a lot of the participants' funds and energy would be involved in the procurement of material inputs and farm labour, hence the younger people would bear more of the risk.

Marital status - Findings of this study confirmed that more married people are involved in agricultural production than unmarried people. However, more married people (95%) were involved in the case of for-profit organization than non-profit organizations (74.6%). More polygamous families were found in the case of the former (53%) than in the latter (12%) probably because of the desire of the former for reliable family labour or as a sign of improved social status. Given that the non-profit organisation DADP is a catholic church based organisation it is not surprising that there are fewer polygamous families, as this is a cultural practice not readily accepted by the Catholic Church.

Educational status – There were more literate farmers (68%) participation in the non-profit organization extension programme than in the case of for-profit organization (57%). In the former case, 27% passed through adult literacy classes while only 4% did so in the case of the latter. Educational status was not significantly related to achievement in both types of private organizations.

Cosmopolitaness – This is a measure of the degree of interaction with people outside the rural community in which the respondent resides. It is measured by the frequency of visits to towns and cities around and beyond the area of study. For the respondents of for-profit organization about 76% rarely visited cities beyond their vicinity while in the case of non-profit organizations 64% belonged to this category. Cosmopolitaness was found to be significantly, but negatively, correlated with the level of achievement ($r = -.323$, $p \leq 0.05$) in the case of non-profit organizations. However, farmers registered with the non-profit organizations were required to visit the cities more often for procurement of inputs and sale of farm produce. This is in contrast to BAT beneficiaries whose inputs were usually supplied to them at their farm sites and were assured of the purchase of their produce at designated buying centres near to them; no wonder their low level of cosmopolitaness.

Primary occupation and farming experience - More (64%) of the participants in the for-profit programme were full-time farmers before joining the programme while only 41% were in the case of non-profit organizations. This is because for-profit organizations recruited and tested experienced farmers who are more likely to make profit and produce quality farm produce for the use of the firm. Data from the study further reflected this because most (61.5%) of the participants in the for-profit organization's extension program had more than 20 years farming experience while only 51% of those in the non-profit organizations had about 10 years experience.

Land tenure status - More farmers were operating on their own inherited land (86%) in the case of BAT and a further 1% purchased land, making 87% land secure. For the non-profit organizations, only 49% were operating on inherited land while 15% purchased their own, making a

total of 67% land secured. Guaranteed land security was a condition for enlistment of participants in the contract growing program of BAT in order to avoid disruption of activities due to land ownership disagreements.

7. KEY PERFORMANCE ELEMENTS OF THE ORGANIZATIONS

Table 2 overleaf outlines the main elements of the organizations' activities.

Table 2: Summary of key elements of the agricultural extension services of the organizations

Elements	BAT	FADU	DADP
Type	Profit oriented. Profit through efficiency of agricultural extension service.	Non-profit. farmer organized for profitable enterprise development of rural dwellers	Non-profit. Church organized. Focus is on capacity building for promotion of sustainable agricultural and sustainable improved living conditions of small- scale farmers.
Recruitment of beneficiaries	Strict procedure in which contract growers were recommended and made to sign contract agreement document.	Open membership through cooperative groups established by the organization.	Open membership through cooperative societies established by the organization
Extension Staff / Farmer ratio	Low. 1: 80	High. 1: 1,250	Low. 1: 100
Extension contact	Direct and intensive contact between staff and individual farmers. 98% visited at least once fortnightly.	Through contact farmers, fortnightly cooperative group meetings and monthly cooperative society	Monthly Cooperative Society meetings, Invitation to farmers' farms, Contact farmers, Annual Farmers' Day and Agricultural Show. About 31% visited at least once fortnightly.

Elements	BAT	FADU	DADP
		meetings. About 37% visited at least once fortnightly	
Input Supply	Source for and supply all inputs on credit.	Provides some inputs on credit through cooperative societies. Provides some on cash & carry at prices lower than market. Payment for tractor services.	Sourcing only. Assists in providing transport for bulk purchases by farmers. Cash & carry for day old chicks, point of lays and fingerlings.
Cash credit	Yes. For all registered contract growers interest-free.	Yes. Through cooperative societies in multiple (double or triple) of savings. Few proven individuals get directly from the agency.	Yes. Through cooperative societies in multiple (triple) of savings.
Clientele Participation in Decision-making	High	High	Moderate
Evaluation	Bi-annual appraisal of staff used for review of targets and readjustment of strategy.	Achievements measured against targets set in line with resources available.	Achievement measured against targets but strictly moderated in line with resources available.

Source: Data analysis, 2003

Recruitment of participants – This was very strict in the case of BAT because the enlisted member are required to be hardworking enough to repay the company's loans and still take home reasonable money. As for the non-profit organizations, the agencies' investment requiring liquidation from the participants' return was minimal; this was even more so in that the agencies concentrated primarily on capacity building.

Staff-Farmer contact – The extension staff/farmer ratio was low (1: 80) in the case of BAT and highest (1: 1250) for FADU. The for-profit organization relied on the agent-farmer contact to train and enforce recommendations whereas the non-profit organizations depended on contact farmers to disseminate extension messages to the majority of their numerous participants. The agent-farmer ratio for DADP was reasonable at 1: 100 due to the limited scope of its operations.

Clientele participation – The level of participation in decision making that affect the extension service delivery was high in the case of BAT. Decisions in which farmers participated included fixing of tobacco prices, tractor service charges, and enlistment of new beneficiaries and expulsion of erring beneficiaries. Technical operational decisions were handled by the organization. The aim of this was to create confidence and 'ownership' among the farmers in order to commit them to the execution of decisions made. In the case of the non-profit organizations the management mostly took decisions because activities must be tailored to the available resources. Participants here also regarded the agencies' services as favour, hence could not demand a larger stake in the decision making process.

Overall achievement - The aim of agricultural extension is to improve the living standard of beneficiaries. This can only be brought about if productivity is increased and more returns are generated to satisfy both tangible and non-tangible desires. About 16% of the for-profit organization participants were in the 'high' achievement category compared to 11% in the non-profit group. However, 57.2% of the participants in the non-profit organizations were in the 'medium' achievement class while this was only 34% in the case of for-profit organisation BAT (Table 3). For BAT, and to some extent FADU, beneficiaries were assured of inputs supplied on credit as well as cash loan for operations, thus enabling them to spend money

made on improvement of their living standards. It implies that participation of both for-profit and not for profit organization has positively contributed towards poverty alleviation and food security and strengthens the need for increased participation of the private sector in technology transfer and service delivery.

Table 3: Distribution of beneficiaries by level of achievement

Categories	Overall		BAT		FADU		DADP	
	f	%	f	%	f	%	f	%
Low Level	270	42.7	109	50.0	64	46.4	33	19.9
Medium Level	280	44.2	75	34.4	57	41.3	117	70.5
High Level	83	13.1	34	15.6	17	12.3	16	9.6
Total	633	100.0	218	100.0	138	100.0	166	100.0

Source: Field Survey, 2001

8. RESULTS OF HYPOTHESES TESTING

Hypotheses I: In the case of non-profit organizations only, there were significant relationships between the level of achievement and gender ($\chi^2 = 13.74$, $p < .01$), land tenure status ($\chi^2 = 22.33$, $p < .01$), cosmopolitanness ($r = -.322$, $p < .01$), and farming experience ($r = .177$, $p < .05$). The summary of the inferential analyses is presented in table 4.

Table 4: Relationship between level of achievement and gender, land tenure, cosmopolitanness and farming experience

Characteristics	Non-profit organization		
	X ²	Df	P
i) Gender	13.74	2	.001**
ii) Land tenure	22.33	6	.001**
	r	P	
iii) Cosmopolitanness	-.323**	.000	
iv) Farm experience	.177*	.038	

** Significant at 0.01 level, *Significant at 0.05 level, df = Degree of freedom.

Men are more in control of factors of production especially labour. Even when women have money to use to hire, it is the men who search for the labour and only release it when they are satisfied. Security of land enhances adoption of innovation which would lead to increased productivity and hence, achievement. Productivity improves with farming experience while less travelling out of base station increases attention paid to farm practices, thus improving productivity and achievement.

Hypotheses II: The results show significant differences in Land tenure status ($F = 23.07$, $p < .05$) and Leadership status ($F = 28.13$, $p < .05$) of the beneficiaries of the for-profit and non-profit organizations. Land security was a condition for enlistment of for-profit organization beneficiaries in order to ensure that an aggrieved landlord would not threaten farm investment. For-profit organization's beneficiaries occupied a higher socio-economic status and enjoy more good will because of the superior status of the organization they patronized.

Hypotheses III: Significant differences were found between the achievements of for-profit and non-profit organizations' participants ($F = 32.27$, $p < .05$). Overall, for-profit organization's farmers were making more money than the non-profit ones resulting in higher achievement and higher socio-economic status.

9. CONCLUSION

Profit orientation played a significant role in the agricultural extension delivery strategies of the organizations studied. It can be inferred that BAT, a profit-oriented organization has demonstrated that private extension agencies have the potential to better help the participating farmers while helping BAT in profit making. The profit-oriented organization was more meticulous in the recruitment of participants, especially in area of land security and labour availability, and also more forceful in the implementation of recommended practices. These resulted in higher achievement levels than non-profit organizations. There is an indication that the poverty alleviation drive could be enhanced if more companies sourcing agricultural raw materials could pursue out-grower schemes or contract farming such as that practiced by BAT.

Non-profit organizations emphasized capacity building for sustainable empowerment. There is a need for the non-profit organizations (mostly NGOs) to make their programmes more participatory, bottom-up and cost sharing for better effect and increased benefit. Cost-sharing would increase the scope and quality of extension service to the beneficiaries thereby improving their productivity and achievement.

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