

Factors Affecting Entrepreneurship Development in Agribusiness, among Agricultural Graduates: A Review

Amarasekera K. A. I. M.*

**Library, Faculty of Agriculture, University of Ruhuna, Sri Lanka*

A B S T R A C T

Agribusiness entrepreneurship has a significant role in the economy to foster the development of a country. Most countries have strong potential for the development of agribusiness entrepreneurship due to prevailing food insecurity issues and high unemployment rates. Also, agribusiness entrepreneurship is one of the newest areas of research and also it is identified that there is an issue among the graduates to join the field as Agribusiness management entrepreneurs. This study is tried to investigate the major factors associated with entrepreneurship development in Agribusiness globally and how these factors are linked with the Sri Lankan context. The main objective of this study is to identify the factors affecting entrepreneurship development in Agribusiness, among agricultural graduates. The study was carried out using secondary information and the research was conducted by reviewing literature including the recent research papers available. This study has identified the different research views on global agriculture, Agribusiness education and career opportunities in the agribusiness sector, factors affecting agricultural graduates to join as entrepreneurs in the agribusiness sector and challenges and issues they faced in the field. The findings of this study are significantly important for the policymakers to upgrade the Agribusiness education system which will yield the best results.

Keywords: Agribusiness, Agriculture, Entrepreneurship

* Corresponding author: inoshaamarasekara@lib.ruh.ac.lk

1. Introduction

Concerning the research in the entrepreneurship field, Agribusiness entrepreneurship is one of the newest areas of research (Mugonola & Baliddawa, 2014; as cited in Kurmanalina et al., 2020). But with its integration into the field of Agriculture, Agribusiness entrepreneurship has been converted into one of the significant supportive factors for economic development within the dynamic and highly competitive global world market. Especially Agribusiness Sector is highly important for the rural economic development in developing countries. Moreover, the creation of entrepreneurship is vital for economic prosperity in any country. As per the findings of Shane & Venkataraman, 2000; as cited in Regmi & Naharki, 2020, Entrepreneurship research is examined the areas of why, when, and how particular individuals identify and exploit the available opportunities. For the development of agribusiness entrepreneurship, the evolution of the global free market economies has made significant influence and thus it led to develop a new concept, “Agriprenurship” (Alex, 2011, as cited in Regmi & Naharki, 2020).

When considering agribusiness education, it is a kind of discipline which consists of economic, agriculture, business (commerce) and management principles. Though the Agribusiness management field has a very recent origin, it has popularized among students as a carrier choice globally. Also, every agribusiness program is planned to develop a management workforce to cater agricultural industry which serves as a good option for the students willing to perform in the corporate sector.

Even though it has developed naval education concepts such as agribusiness management, there is a significant low intention of the younger generation in entrepreneurship in the agricultural sector, and this is highly observed in the countries like Sri Lanka, India, Nepal, and Indonesia (Novanda et al., 2020). Lack of involvement of youth in the agricultural sector, intensified by a declining interest among young professionals in agriculture-related careers, has resulted in an aging agricultural system. It means agriculture with the tendency of traditional farmers who are unknown of scientific agriculture and effective management practices. These farmers are facing difficulties such as coping with delaying monsoons, drought, crop debts, low-quality seeds and lack of fertilizer (Bairwa et al., 2014, as cited in Regmi & Naharki, 2020). Therefore, to sustain and maintain modern Agriculture globally it is essential to do modernization, diversification, commercialization and promotion of crop products. Thus, it is highly implied the importance of entrepreneurship opportunities in the agribusiness sector which leads to develop managerial, technical and innovative skills and positively contributes to the global economy.

Sri Lanka is popularly known as “the pearl of the Indian Ocean”, which is considered as a country that is agricultural based and still traditional agricultural methods and practices are popular among the farmers. Also, Sri Lanka has introduced some Agribusiness Management courses to the Sri Lankan University system by aiming to upgrade the Sri Lankan Agriculture sector and Agribusiness sector. But as per the statistics of the annual report of the Central Bank of Sri Lanka in 2021, GDP contribution from Agriculture is 7.8 percent and it is the lowest value among the other contributors. Therefore it showed that there is an issue among the graduates to join the field as Agribusiness management entrepreneurs. This study is tried to investigate the major factors associated with entrepreneurship development in Agribusiness globally and how these factors are linked with the Sri Lankan context. The main objective of this study is to identify the factors affecting entrepreneurship development in Agribusiness, among agricultural graduates.

The study was based on secondary data, and the research was carried out by looking over the most recent research papers accessible. The conclusions of this study are crucial for policymakers to enhance the Agribusiness education system in order to achieve the greatest results. Because as per Sunitha (2009) as cited by Bairwa et al., (2020) Agribusiness programs are designed to build a management workforce to serve the agro-industry, a great option for students who want to compete in the corporate sector. Proper management of all agribusiness activities is required, from planting seeds to getting real money in the market. Also, the findings of this study will help to investigate the factors affecting the Entrepreneurship in Agribusiness sector by focusing on the Sri Lankan context and to evaluate the effectiveness of the educational programs related to the Agribusiness field.

2. Literature review

2.1. Definition of entrepreneurship and agribusiness education

2.1.1. Entrepreneurship

One of the initial definitions of an entrepreneur came from Cantillon, (cited in Sorenson & Chang, 2006) who in 1755 defined an entrepreneur who practices bartering, takes risks, buys at a fixed price and sells at an indefinite price. Moreover, their entrepreneur is considered as a broker who is willing to take the market risk and bring different segments of the market together. With time, different definitions have developed with the changes in the economic and social status of the dynamic global world. Economists often identify self-employed people and entrepreneurs as the same category based on the fact that the gardener and small business owner with salaried employees carry the risk of entrepreneurship. When considering some other definitions of entrepreneurship Schumpeter (1965) mentioned that (as cited in Jumamil et al., 2017) Entrepreneurship is the innovation process aimed at changing the current situation of existing products and services and developing new ones. He defined entrepreneurs as "individuals who seize market opportunities through technological and/or organizational innovation". Furthermore, LicarosVelasco (2013) defines (as cited in Jumamil et al., 2017) entrepreneurship as "any attempt to start a new business or enterprise, such as self-employment, a new business organization, or the expansion of an existing organization.

2.1.2. Agribusiness education

As per the view of Bairawa et al., (2014), Agribusiness is used as an amalgamation of agriculture and business within the industry and it refers to a range of activities and disciplines that include modern food production. Further, Baruah (2008) and Bairwa et al., (2012) mentioned that as the agribusiness system experienced a speedy transformation with the development of new industries, traditional agricultural activities became more specialized and superior. According to Bairwa et al., 2012, the agribusiness sector incorporates many agricultural sector activities under one roof, such as inputs for agriculture, agro-production, agro-processing, agro-marketing, and trading that add value to agricultural products.

In the current Global context, the huge necessity is a market-oriented and consumer-centric education system that achieves the goal of economic growth and development through income and employment. In the agricultural education system, the discipline of agro-industrial management appeared, which is gaining popularity among students and scientists. As Sunitha (2009) mentioned (cited in Bairawa et al., 2014) the Agribusiness education programs are designed to develop leaders to support the agribusiness industry, which is a good option for students looking to work in business. Sound management of all agricultural activities is required from sowing the seeds to getting real rewards in the market and it has expected that these problems will be solved by introducing management education in the agricultural sector;

Agribusiness Education, which certainly has the hidden potential to create a second wave of the agrarian revolution.

2.2. Global agriculture and agribusiness education

According to the records of the World Bank (2021), a healthy, sustainable and inclusive diet is the key to achieving global development goals. Agricultural development is the most effective tool to lift 9.7 billion people out of poverty and feed 9.7 billion people by 2050. The analysis conducted in 2016, found that 65% of working poor adults also earn their living from agriculture. Further World bank explained that Agriculture is also important for economic growth: it was 4% of global gross domestic product (GDP) in 2018, accounting for more than 25% of GDP in some developing countries.

Muthomi (2017) has investigated that developed countries have intensified their efforts to mobilize young people to participate in agricultural development activities. Countries such as Germany, the Netherlands, the United States of America (USA), the United Kingdom (UK), Denmark and Tanzania are known to involve young people in agriculture, leading to significant improvements in agricultural production and youth empowerment (FAO, 2009). However, governments around the world are working hard to get young people involved in agriculture. This hindered the growth of their agricultural sector. For any economy based on agriculture, it is important to motivate and encourage young people to engage in agriculture so that the economy can thrive and be sustainable (Dawood et al., 2009).

Even though global agriculture is rapidly changing into a huge business opportunity, due to poor application of technical methods, most developing countries like India and Sri Lanka have lost a huge proportion of economic benefits from Agriculture. In this scenario, the role of Agribusiness management is very important to acquire the whole benefits of Agriculture, while facing new challenges and rapid globalization effects. Therefore most developing countries, for example, India have taken steps to develop qualified agribusiness managers, while giving proper knowledge and skills in Agriculture and business management. (Sunitha (2009); cited in Bairawa et al., (2014)

Agribusiness is a growing industry, a growing career option for agribusiness students with excellent academic development opportunities in the industry. Agribusiness management training is needed to develop trained capabilities, to create business opportunities, to create jobs for poverty alleviation, and to develop industry and global agriculture. Currently, public-private partnerships are looking for mature, trained agribusiness workers who can lead the growth of the organization. The management skills of agricultural graduates can be developed in the field of agribusiness management at the academy so that they can practice agribusiness in national and international institutions. As a result, there are more opportunities for agribusiness professionals as employment or jobs in the public and private sectors. They have opportunities in education, for example, in agribusiness, as well as in other areas of business development (Bairawa et al., 2014).

2.3. Career opportunities towards the agribusiness sector: global perspective

An entrepreneur is a change-driven, value-adding person willing to innovate to seize opportunities in business promotion. Vesala et al., (2007) distinguish three aspects that can be considered in defining farmers as entrepreneurs: risk-taking, growth direction, and innovation. Entrepreneurs seek change and innovation to create new and unique processes,

turn raw materials into resources, or use more productive ways to integrate existing resources (Liu & Fang, 2016). McElwee (2006) and Naminse (2018), define an entrepreneur as a person working full-time or part-time in agricultural activities (near-field, horticultural, animal husbandry) and non-agricultural activities (market research, customer management) for profits.

Achieving pre-defined goals requires appropriate management skills and experienced technicians, leading to the introduction of agricultural management programs for agricultural graduates to acquire and manage world-class agricultural businesses with critical management skills and entrepreneurship. Therefore, agricultural managers in national and international companies have excellent opportunities in the fields of agricultural production, agricultural marketing, food processing, supply chain, dairy products and retail. These multinationals are interested in investing in industries such as agrochemicals, organic farming, food, home gardening, poultry, plantations, agroforestry and the Ayurvedic industry. The key areas of management of the professional agricultural business are the food business, agriculture, the retail chain, banking, farm insurance, supply chain management and supply management (Bairawa et al., 2014).

2.4. Entrepreneurship and agribusiness graduates: global perspective

As per the details of Kauffman Foundation (2001), as cited in sargani et al., (2018), entrepreneurship is one of the fastest-growing topics in the undergraduate curriculum and is responding to intense demand from students, university administrators and employers. Entrepreneurship clubs, associations, internships, and even business departments of universities have been established in the United States. Moreover, Schroeter & Higgins, (2016) mentioned that many agribusiness programs have begun to meet the requirements for incorporating the concepts of innovation and entrepreneurship into their curricula.

Even though it has more tendency for agribusiness education, the agricultural sector is less favorable to many young people and they are reluctant to choose agricultural and agribusiness opportunities as a carrier. Research shows that these people view farming work in particular as a financial factor needed to determine if farming can lead a fair life. Financial status is generally unrelated to lack of capital or business profitability, making it difficult for young people to become entrepreneurs Ahmed et al., (2010) & Azvar (2020). The assessed agricultural sector is a high risk, so investment and productivity have been a hot topic lately. Many young agricultural graduates tend to work in other fields. This situation becomes the reference for research, in which agriculture is less interested due to financial problems. The lack of financial support of some participants must be the reason for the crisis of youth entrepreneurship in the agricultural sector, which later coincided with the intention of the entrepreneur to engage in agriculture (Rida & Wahyu, 2016). Young people consider the lack of capital, skills, support, market opportunities and risks as the main barriers to entrepreneurship (Sargani et al., 2018).

2.5. Factors affecting for entrepreneurship in agribusiness among agricultural graduates

As per the findings of Jumami (2017), entrepreneurship was most influenced by self-efficacy of entrepreneurship, attitudes toward entrepreneurship, and knowledge of the availability of entrepreneurial support. In addition, gender, occupation, household size, role in family financing and previous entrepreneurial experiences were significantly influenced. Men with small family sizes and those who play a large role in family finances seem to have great potential

to show off great business plans. In addition, independent and enterprising grandparents, parents and good friends have proven to be very enterprising. It is also pointed out that the factors that drive business plans (e.g. entrepreneurial self-efficacy) can be improved through entrepreneurship education. As cited by Bandura (1997) and Müller (2008), active skills through education and experience are the most important way to improve one's self-efficacy. Entrepreneurship education makes it possible to use these skills to control events and thus increase control over behaviors.

As per the study findings of Novanda et al., (2019), attitudes do not significantly influence students' aspirations to become entrepreneurs. But the subjective laws have a significant effect on intentions, and the concept of behavioral control has a significant impact on the intentions of entrepreneurs in agriculture.

2.6. Challenges and issues on entrepreneurship in agribusiness

Abdullah et al. (2012) argue that although agriculture is emerging as a viable option for eradicating youth unemployment and the inability of them to cope with economic challenges, and negative attitudes young people still have toward agriculture. Ifenkve (2012) found that young people are less interested in agriculture because they do not see agriculture as an attractive activity. The main barriers to youth participation in agriculture are skills development, low wages, job insecurity, climate change and poor living conditions. These factors have a significant impact on young people's weak attitudes towards agriculture. In addition, Kaiombo (2011) notes that most agricultural activities in rural areas are for food rather than commercial level that eliminates the income of young workers.

Nxumalo & Oladele (2013) showed that the use of agri-entrepreneurship could change roles and involve more young people in agriculture. The agribusiness sector includes entrepreneurship training, increasing access to agricultural credit and access to tools for economically viable agriculture. Such aid will be able to create employment in agriculture for the vast majority of the millions of unemployed and unemplyed youth. However, the factors that affect agribusiness can be divided into two main categories; Endocrine and extrinsic. Internal factors are factors that prevent a person from entering farming. There are several inherent barriers to youth involvement in agriculture, including land ownership and access, lack of interest and knowledge, lack of infrastructure in rural areas, lack of effective programs, the normalization of youth numbers and access to credit. Cited in Muthomi, (2017).

3. Conclusion and recommendations

Agribusiness entrepreneurship should be developed as an important tool to transform a country's rural economy. Despite the lack of research on the Sri Lankan context, the Sri Lankan agribusiness environment has great potential and great potential in a competitive business environment. However, there are several weaknesses and threats in the country that need to be addressed through precautionary solutions at the macro and micro levels.

As per the findings of this study, there is significant attention to agribusiness education and entrepreneurship in the agriculture sector globally. When considering the carrier opportunities of the agribusiness sector, there are plenty of opportunities in the fields of agricultural production, agricultural marketing, food processing and supply chain. But still, the agricultural sector is less favorable to many young people and they are reluctant to choose Agriculture related employment as a carrier. Many young agricultural graduates tend to work in other fields. Young people consider the lack of capital, skills, support, market opportunities

and risks as the main barriers to enter agribusiness entrepreneurship. When considering the factors that affected entrepreneurship development, entrepreneurship was most influenced by self-efficacy of entrepreneurship, attitudes towards entrepreneurship, and knowledge of the availability of entrepreneurial support. In addition, gender, occupation, household size, role in family financing and previous entrepreneurial experiences were significantly influenced. The main challenges to youth participation in agriculture are skills development, low wages, job insecurity, climate change and poor living conditions.

References

- Adekola, O. A., & Ishola, A. A. (2020). Impact of agribusiness entrepreneurial training on entrepreneurial attitudes among students of Oyo state college of agriculture and technology, Igboora, Oyo State, Nigeria. *Agricultural Socio-Economics Journal*, 20(2), 117-128.
- Ahmed, I., Nawaz, M.M., Ahmad, Z., Shaukat, M.Z., Usman, A., Rehman, W.U. & Ahmed, N., (2010). Determinants of students' entrepreneurial career intentions: Evidence from business graduates. *European Journal of Social Sciences*, 15(2), 14-22.
- Bairwa, S. L., Kalia, A., Meena, L. K., Lakra, K., & Kushwaha, S. (2014). Agribusiness management education: A review on employment opportunities. *International Journal of Scientific and Research Publications (IJSRP)*, 4(2), 1-4.
- Bosompem, M., Dadzie, S. K., & Tandoh, E. (2017). Undergraduate students' willingness to start own agribusiness venture after graduation: A Ghanaian case. In *Entrepreneurship Education*. Emerald Publishing Limited.
- Carton, R. B., Hofer, C. W., & Meeks, M. D. (1998, June). *The entrepreneur and entrepreneurship: Operational definitions of their role in society*. In Annual International Council for Small Business Conference, Singapore, (1-12).
- Escalante, C. L., & Turvey, C. G. (2006). Innovation and entrepreneurship in rural communities: Early business survival challenges for the agribusiness entrepreneur. (1366-2016-108207).
- Higgins, L. M., Schroeter, C., & Wright, C. (2018). Lighting the flame of entrepreneurship among agribusiness students. *International Food and Agribusiness Management Review*, 21(1), 121-132.
- Hikmah, N. (2021). Agribusiness and agro-industry pesantren efforts to develop entrepreneurship and industry towards independence of pesantrens. *Enrichment: Journal of Management*, 11(2), 496-502.
- Iversen, J., Jørgensen, R., & Malchow-Møller, N. (2007). Defining and measuring entrepreneurship. *Foundations and Trends in Entrepreneurship*, 4(1), 1-63.
- Jumamil, A. J., Depositario, D. P. T., & Zapata Jr, N. R. (2017). *Factors influencing the entrepreneurial intentions of UPLB Agri-based graduates*. In DLSU Research Congress.
- Kurmanalina, A., Bimbetova, B., Omarova, A., Kaiyrgaliyeva, M., Bekbusinova, G., Saimova, S., & Sapparaliyev, D. (2020). A swot analysis of factors influencing the development of agriculture sector and agribusiness entrepreneurship. *Academy of Entrepreneurship Journal*, 26(1), 1-8.
- Lin, X., Carsrud, A., Jagoda, K., & Shen, W. (2013). Determinants of entrepreneurial intentions: Applying western model to the Sri Lanka context. *Journal of Enterprising Culture*, 21(02), 153-174.
- McElwee, G., (2006). Farmers as entrepreneurs: Developing competitive skills. *Journal of Developmental Entrepreneurship*, 11(03), 187-206.

- Mohamed, Z., Rezai, G., Shamsudin, M. N., & Mahmud, M. M. A. (2012). Enhancing young graduates' intention towards entrepreneurship development in Malaysia. *Education+ Training*.
- Muthomi, E. (2017). *Challenges and opportunities for youth engaged in agribusiness in Kenya* (Doctoral dissertation, United States International University-Africa).
- Naminse, E.Y. & Zhuang, J., 2018. Does farmer entrepreneurship alleviate rural poverty in China? Evidence from Guangxi Province. *PloS One*, 13(3), 0194912.
- Novanda, R. R., Khaliqi, M., Jamil, A. S., & Bakhtiar, A. (2020, February). *Factors affects agricultural entrepreneurial intention of agribusiness students*. In IOP Conference Series: Earth and Environmental Science, 454, 012038. IOP Publishing.
- Olowa, O. W., & Olowa, O. A. (2015). Factors affecting entrepreneurship development in agribusiness enterprises in Lagos State, Nigeria. *Global Journal of Management and Business Research*.
- Puri, V. (2012). Agribusiness: A great career opportunity for talented people. *International Food and Agribusiness Management Review*, 15(1030-2016-82834), 27-30.
- Regmi, S., & Naharki, K. (2020). A SWOT analysis of agribusiness entrepreneurship in Nepal. *Food & Agribusiness Management*, 1(2), 60-65.
- Ridha, R.N. & Wahyu, B.P. (2017). Entrepreneurship intention in agricultural sector of young generation in Indonesia. *Asia Pacific Journal of Innovation and Entrepreneurship*.
- Sargani, G. R., Deyi, Z., Magsi, H., Noonari, S., Joyo, A., Muhammad, S., & Kazmi, M. (2018). An empirical study of attitude towards entrepreneurial intention among Pakistan and China agricultural graduates in agribusiness. *The International Journal of Business Management and Technology*, 2(5), 21-34.
- Sorensen, J., & Chang, P. (2006). Determinants of successful entrepreneurship: A review of the recent literature. Available at SSRN 1244663.
- Yu, T. L., & Wang, J. H. (2019). Factors affecting social entrepreneurship intentions among agricultural university students in Taiwan. *International Food and Agribusiness Management Review*, 22(1), 107-118.
- Zarinjoi Alvar, S., (2020). The mediating role of the antecedents of entrepreneurial intention in relation to previous experience and social entrepreneurship. *Women's Studies Sociological and Psychological*, 18(3), 181-216.