



CONCEPTUALISING RESOURCE ACCESS FOR SUSTAINABLE RURAL  
ENTREPRENEURSHIP AND COMPETITIVE VALUE CHAIN IN THE CONTEXT OF  
NIGERIA

<sup>1</sup>Sidikat Shitu  
([siddyshtu@yahoo.com](mailto:siddyshtu@yahoo.com))  
+2348185260559

<sup>2</sup>Jamilu Hussaini  
([jamiluhussaini78@gmail.com](mailto:jamiluhussaini78@gmail.com))  
+2348032968510

---

<sup>1</sup>Department of Economics, Ibrahim Badamasi Babangida University Lapai, Niger State, Nigeria  
<sup>2</sup>Division of General Studies, Kebbi State University of Science and Technology, Aleiro, Kebbi State, Nigeria

**Abstract**

*Excerpting from the available literature on capital assets and rural entrepreneurship development in the developing countries, it is revealed that a handful of such discussions mostly capitalized on social capital as the most important asset which enabled access to resources for rural entrepreneurship development. Here, specific consideration is given to natural capital as an enabling asset for rural entrepreneurs to pull other assets together to attain competitiveness in value chain. This paper deploys the rural livelihood approach in developing a conceptual model for the analysis of rural entrepreneurship in the context of resource access and its implication for promoting competitiveness in value chain. The paper deployed the Sustainable Value Chain Analysis' approach and draws on the available literature to develop a conceptual model of five capital assets for improvement in competitive value chain while capitalizing on natural capital. The findings showed that a combined capital asset model through institutional interventions is more likely to promote value creation, creativity and increased production.*

**Keywords:** Capital Assets, Rural Entrepreneurship, Value Chain, Natural Capital, Rural Entrepreneurs.

**1. Introduction**

This paper critically examines some of the available literature relating to the roles of institutions in the promotion of competitive agricultural value chain using the lens of capital assets among rural entrepreneurs in developing countries. This is not a criticism of the previous literature but rather, a development of a conceptual model that widens our understanding of rural entrepreneurship and access to capital assets, which will further shape the roles and involvement of institutions in facilitating competitive value chain using the combination of natural capital with other capitals within the context of the rural settings in Nigerian. As Hartwich, Devlin, Komawa, Bisallah, Odufote and Polycap (2010) make recommendation for value chain development in Nigeria, Herrington (2010) also make suggestions for rural entrepreneurship development in Africa, where he made assertions that interventions don't yield expected results base on how entrepreneurs present proposals and how they pull resources together. Even though, some commonly recognized models used in the analysis of capital assets give precedence to natural capital but eventually portrays social capital and financial capital as the major requirements for rural entrepreneurs since natural resources are always available and exploitable in the rural settings (Ijaiya *et al.*, 2012; Abdalla, 2013; Kristinsdottir, 2016).



In an attempt to build a suitable conceptual model that tackles competitiveness in value chain, the framework shall be linked to availability of natural resources which is the major requirement for improved agricultural activities. This paper builds on literature connected to stocks of natural resources and its usefulness to rural entrepreneurs in the quest to achieve competitiveness in value chain. Therefore, the major crux in this paper is to have a widespread understanding of the processes involved in accessing natural resources to boost value chain while combining the other capital assets such as infrastructure, funds, entrepreneurial experiences and relationships (Hartwich *et al.*, 2010; Ducastel & Anseeuw, 2017). Conceptualizing this interconnection can be beneficial in sustaining and promoting value chain and by extension supply chain management, thereby providing analysis for frameworks that can clearly show the relationship between rural entrepreneurs and natural resources.

Analyzing natural capital in a nutshell, theorizes a cohesive framework for accessing resources to enhance value chain since it is a concept that brings together the economy and environment as it is seen as the stock of renewable and nonrenewable natural resources such as soil, plants, water, air, animals, minerals that can be combined to provide benefits to people (Bebington, 1999). This framework will also provide a lead way to the understanding of the relationship between entrepreneurial activities in the rural settings which is dependent on the association between institutions and the actors in the value chain of agricultural products. Here, the capability of rural entrepreneurs shall be linked to the socio-economic relationship that allows cohesive negotiations for resources that are within the reach of entrepreneurs and the type of interventions required from various instructions. It is in this regard, that access to natural capital becomes an extremely important component of a viable model for competitive value chain.

It is evident that many studies used the sustainable livelihood approach as the base of their analysis and those analyses touched the five-capital assets namely financial capital, natural capital, human capital, physical capital and social capital. (Mancini *et al.*, 2007; Moser, 2008). While some even included the cultural capital as asset in their frameworks. Nevertheless, the spatiality of these discussions depended greatly on the geographical context of the region researchers are familiar with and for this paper the focus would be on agricultural value chain in Northern part of Nigeria. Though, this is broadly important for rural entrepreneurship and improved value chain, it shall be extended to review on discussions centered around rural entrepreneurship, value chain as well resource access. Where the debate on rural entrepreneurship has been conceivably seen to be more covertly than overtly discussed in terms of access to natural resources for improved value chain, thus extenuating that culture, tradition and policies of government are hindering factors and they have become imperative.

## **2. Literature Review**

### *The Need for Access to Resources in Nigeria*

In the Nigeria context, discussions on value chain in the agricultural sector were centered around access to resources, opportunity for rural entrepreneurship and exploration of improved means of livelihood (Yunusa, 1999; Olawepo, 2008). Many contributors have presented debates on the challenges of rural entrepreneurs accessing resources, some of them argued that with social capital accessing resources is possible within the rural context through social and cultural relationships (Ijaiya *et al.*, 2012). In the last two decades' research revealed that a bulk of the



discussions about rural entrepreneurship in Nigeria have been widely characterized by lack of access to resources which had great effect on the capability of rural entrepreneurs to excel and meetup with the requirements of local needs and international standards, this was discovered to be as a result of over reliance on institutional support, social arrangements and system of agriculture. While, much have been debated on the limitations of the agricultural practices obtained in the rural areas of Nigeria, how resources are being sourced remained a parameter used for understanding agricultural value chain (Hartwich *et al.*, 2010; Tersoo, 2014). The reality is that the economy of Nigeria is tied to the resources available in the rural areas and this demand has inhibited the rural entrepreneurs from having access to adequate resources. This has caused unpleasant relationship between the actors involved in value chain, buyers of products and the consumers. With this arrangement, rural entrepreneurs feel cheated in the course of selling their products at cheap rates to traders who further sells at exorbitant prices to consumers.

The bulk of stringent constraints on rural entrepreneurs' access to assets was being considered as a policy issue in Nigeria and therefore programmes such as FADAMA emerged. It was initiated between the Federal Government and International Development Organizations. Research then revealed that the entrepreneurial activities of the rural entrepreneurs were not viable and sustainable in terms of access to natural, financial and physical capitals (Afolabi, 2015). Due to the fact that they had inadequate assets for their use, it was claimed that the rural entrepreneurs could not possibly participate in competitive value chain that is capable of transforming the rural economy. Therefore, these rural entrepreneurs should not be seen as the entity that will promote competitiveness in value chain but rather, they should be given adequate support by the government and other stakeholders who have the capability to open ways of opportunities for the rural entrepreneurs. Undeniably, a review of FADAMA project in Nigeria suggests that even though there were very glaring challenges in many instances, there were also cases of changed and improved livelihood as a result of the project (Afolabi, 2015).

#### *Changes in the Structure of Agricultural Value Chain*

A significant exploration of the change in agricultural practices due to institutional interventions which provided alternative to the difficulties of accessing resources for improved livelihood has been widely discussed (Bamba *et al.*, 2010; Okoruwa, 2011). Recent developments in this area of research are the Feed the Future Nigeria Agricultural Policy Project funded by USAID in collaboration with Michigan State University (MSU) and the International Food Policy Research Institute (IFPRI). A pragmatic empirical indication from this development is the rise in innovative agricultural practices among the rural entrepreneurs which has proved successful especially as a result of the economic recession witnessed recently in Nigeria many households had embraced new agricultural practices and the rural economy has improved by 5.3% in 2016. The areas that witnessed these changes include farming and fishery. These areas were used as experiential precursor to the understanding of the feasible components of the changing agricultural system. Though this hasn't been widely studied from the available literature but some researchers suggest that changes and improvement in livelihood is becoming viable especially in the North-Central and North-West regions of Nigeria where there have been drastic intervention in the rice industry (CBN, 2016). These success have been linked to access to land, water, finance and sheared experiences.



More arguments have begun to suggest that there is transition in not only value chain but supply chain as well, as it is obtained in the relationship that exist in the rice supply chain between Kebbi State and Lagos State, Nigeria. While access to capital assets and resources for actors in the value chain had been obtained through the government institutions, traditional institutional support and actors in the private sector, external developmental interventions from the donor agencies is generally more important in providing access to information, funding, innovation, technology and standard markets (Ugalahi *et al.*, 2016; Shitu & Mohd-Nor, 2016). In the case of irrigation for instance, the intervention of government institutions and non-governmental organizations has been very important in spreading access to rural entrepreneurs at relatively low cost for entrepreneurial sustainability.

#### *Changes in Rural Based Industries*

As a result of improved access to capital assets in the rural areas, many rural firms have emerged in the past one decade; even though they are cottage-like they had paved ways for diversification in rural livelihood. The rise in garri, melon, rice milling firms in various geopolitical zones of Nigeria, for instance, reversed migration from urban to rural areas as well as participation of more people in the agricultural sector (Olowa, 2012). These have also led to improved rural income and wellbeing of the rural dwellers. The shea butter industry has also dominated the North-Central region of Nigeria, where many actors are keying into the value chain and supply chain. Recently value addition became the priority of many rural entrepreneurs and this has led to the production of high value added products especially in the shea butter industry (Shitu & Mohd-Nor, 2016). Interestingly, this has boosted the economic power of few rural entrepreneurs who have the skills compared to a large percentage of entrepreneurs in the rural areas who have no skills and cannot participate in markets that care about high value products.

Despite the constraint of every rural dweller not having direct access to capital assets, this hasn't stopped people from participating in value chain. An important characteristic of the rural economy has been the proliferation of strong entrepreneur's enterprises which allows those without businesses of their own work for other entrepreneurs. The rise in rice production in the northern part of Nigeria brought specific consideration for off farm job creation among the rural people as well as fish and garri production. By extension entrepreneurs who are not directly involved in agriculture or have special skills and trainings also benefitted, such as food vendors who were able to create jobs in both rural and urban settings (Fasoyiro & Taiwo, 2012). In some cases, rural entrepreneurs migrate from an area where they do not have access to natural resources to places where they could gain access as in the case of entrepreneurs migrating from urban areas to rural areas especially those who engage in fish business chose to move to coastal areas. These allows family members to relocate along with the entrepreneurs for improved livelihood, even though some members of the rural communities may remain in the same environment to enable access to rural markets.

#### *Entrepreneurial Competences and Access to Resources*

Bebbington (1999) argue that the competences of individuals in their choice of livelihood depend on their capabilities to utilize various capital assets especially social capital. In the work of Tuazon *et al.*, (2013), they acknowledged that human capital cannot outrightly foster aggregate growth, but rather the exploitation of natural and human capital. As it was argued in



the study conducted by (Van Rijn *et al.*, 2012) on rural livelihood and economic growth in the sub-Saharan Africa, cultural capital has been discovered to influence access and the utilization of natural capital. Tuazon *et al.*, (2013) gave an assertion that the most important factor to be considered in agricultural value chain development is the performance of actors measured by the consistency in their approach of connecting with other actors in value chain. In situations where there is straightup structure based on the relationship that exist between institutions and individual entrepreneurs then the competences of individual entrepreneurs in taking decisions for themselves shall be limited because they will have to follow due process in accessing resources. Equally, it is also agued that in situations where entrepreneurs have good relationship with institutions, social capital would play a role of easy access to utilization of natural assets.

Inversely, in situations where rural entrepreneurs have not been able to adopt innovations in the ways they pull resources together to improve their value chain practices, they may not achieve any meaningful development in value chain. The major reason for this failure appears to be their inability to preserve the natural resources as in the case of charcoal value chain which is actually destructive in nature (Schure *et al.*, 2013). Not only that, failure to recognize and exploit the right opportunities to transform all forms of capital into a viable means of livelihood is another challenge for rural entrepreneurs. In most cases, they are not able to deploy creative ways of pulling resources together to achieve competitiveness in value chain e.g. adopting new ways of production to facilitate sustainable export. A very crucial factor that promote failure in such instances is the limited ability of rural entrepreneurs' to access financial capital that can drive smooth business relationship among rural entrepreneurs, network with government institutions, non-state actors and create market linkages. In this regard, to develop a conceptual model there is a need to recognize how dependent and intertwined the various capital assets are with one another; the ways in which rural entrepreneurs take advantage of resources and utilize it; the sustainability of such assets for long term usage for the purpose of generating income, promoting economic viable communities and competitiveness in value chain.

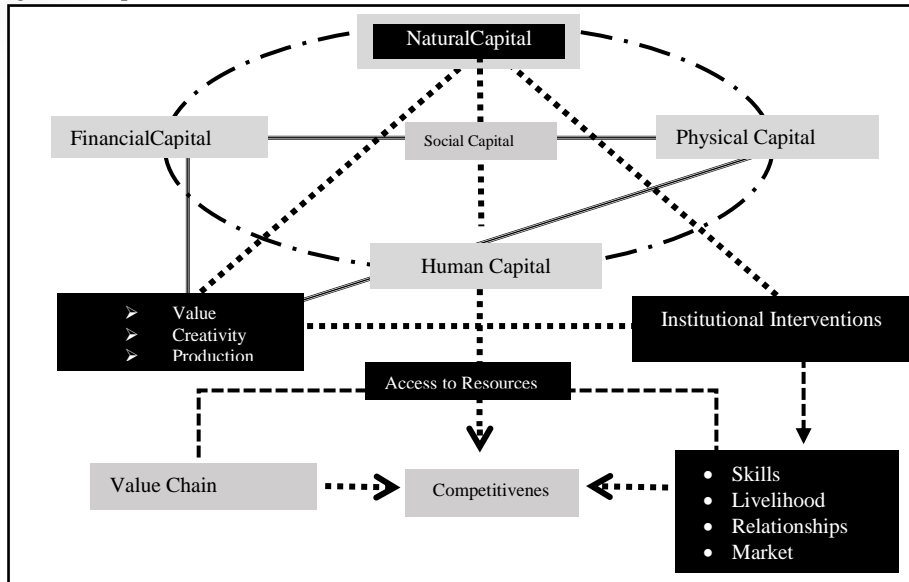
### **3. Methodology**

The methodology is grounded on the premise of 'Sustainable Value Chain Analysis' method bounded by the assertion of Moser (2008) which proposed a multi-dimensional evaluation of resource access for sustainable rural entrepreneurship and competitive value chains together with the analysis of five capital assets which includes financial capital, natural capital, human capital, physical capital and social capital.

The model developed in Figure 1, reflects five capital assets, the relationship that exist among the capital assets as they are broadly dependent, the value to be derived from the assets and the transformation of such assets for production. The model is in two folds; one is where the intervention of institutions needs to play a role in improving skills, livelihood, relationships and access to market this will lead to competitiveness in value chain and improvement in rural entrepreneurs' livelihood as well as rural economy. The second fold reflects the channel at which access to resources and value chain processes follows to achieve competitiveness in value chain. In this regard access to resources will pull out the skills in peoples which will direct their means of livelihood and this usually depends on the relationship that exist among actors and the market forces.



Figure 1: Capital Assets, Interventions, Access



Source: Research Findings

## 5. Conclusion and Recommendation

This paper has provided the conceptualization of capital assets by providing evidences for the possibility of combining all capital assets with natural capital enabling other assets. With the model showing that institutional interventions are noticeably more likely to promote value creation, creativity and increased production. With this, however, it is discovered that inadequate attention given to research on cultural capital posed an unsatisfactory conclusion due to the fact that natural capital and social capital are practically inseparable and this has raised additional enquiry regarding the non-inclusion of cultural capital in the developed model.

The model proposed here draws from this important point on the practicability of the argument raised. The analysis of competitive value chain needs to be interpreted in terms of rural entrepreneurs having access to all capital assets including cultural capital. This is important for rural entrepreneurs to review how they pull the capital assets together to promote sustainable and competitive value chain that will as far as possible increase productivity; not only that, the manner at which the rural entrepreneurs are able to develop their relationship with a wider range of rural entrepreneurs by following the advice and recommendations of the government and non-governmental institutions. If adhered to, the implication will be that rural entrepreneurs will be able to organize and improve their skills to maximally harness the potentials in the capital assets and most prominently to transform indigenous knowledge into value chain competitiveness.



Within this wide-ranging model, more emphasis has been given to natural capital as an established determined value chain coordinator. This is important for certain reasons. For instance, the scope of accessing every other asset depends on the need for the natural assets that rural entrepreneurs need in order to attain competitive value chain, and then combining social capital with natural capital is very important for knowledge sharing and flow of information. Though financial capital facilitates easy access to natural capital and it is thus, a very important forerunner even though it is very scarce and very difficult to access without the support of institutions. This paper therefore combined the capital assets and analyzed their contribution to competitive value chain, what is not very clear is the mechanism for constructing the process of sustainable and competitive value chain. Therefore, further studies can dwell on this gap.

### References

- Abdalla, G. A. (2013). *The Influence of Financial Relations on Sustaining Rural Livelihood in Sudan: Reflecting the Significance of Social Capital in Al Dagag Village North Kordofan State, Sudan* (108). LIT Verlag Münster.
- Afolabi, A. (2015). The effect of entrepreneurship on economy growth and development in Nigeria. *3*(2), 1-17.
- Bamba, I., Diagne, A., Manful, J., & Ajayi, A. (2010). Historic opportunities for rice growers in Nigeria. *Grain de sel*, *51*, 1-5.
- Bebbington, A. (1999). Capitals and capabilities: a framework for analyzing peasant viability, rural livelihoods and poverty. *World development*, *27*(12), 2021-2044.
- Ducastel, A., & Anseeuw, W. (2017). Agriculture as an asset class: reshaping the South African farming sector. *Agriculture and Human Values*, *34*(1), 199-209.
- Fasoyiro, S. B., & Taiwo, K. A. (2012). Strategies for increasing food production and food security in Nigeria. *Journal of agricultural & food information*, *13*(4), 338-355.
- Hartwich, F., Devlin, J., Kormawa, P., Bisallah, I. D., Odufote, B. O., & Polycarp, I. M. (2010). Unleashing agricultural development in Nigeria through value chain financing. *A draft report prepared for Federal Government of Nigeria by Central Bank of Nigeria in collaboration with UNIDO and BOI*.
- Herrington, M., Kew, J., Kew, P., & Monitor, G. E. (2010). *Tracking entrepreneurship in South Africa: A GEM perspective*(pp. 1-174). South Africa: Graduate School of Business, University of Cape Town.
- Ijaiya, M. A., Dauda, C., Paiko, I., & Zubairu, U. (2012). Social capital and poverty reduction in Nigeria: A case study of Minna metropolis. *International Journal of Business and Social Science*, *3*(12) 229-236.
- Kristinsdottir, I. M. (2016). *The natural entrepreneur The role of natural resources in sustainable opportunity creation* (Master's thesis).
- Mancini, F., Van Bruggen, A. H., & Jiggins, J. L. (2007). Evaluating cotton integrated pest management (IPM) farmer field school outcomes using the sustainable livelihoods approach in India. *Experimental Agriculture*, *43*(1), 97-112.
- Moser, C. (2008). Assets and livelihoods: a framework for asset-based social policy. *Assets, livelihoods and social policy*, 43-82.
- Okoruwa, V. O. (2011). Competitiveness of Nigerian rice and maize production ecologies: A policy analysis approach. *Tropical and Subtropical Agroecosystems*, *14*(2), 493-500.



- Olawepo, R. A. (2008). Using Participatory Rural Appraisal to explore coastal fishing in Badagry villages, Nigeria. *The Environmentalist*, 28(2), 108-122.
- Olowa, O. W. (2012). Concept, measurement and causes of poverty: Nigeria in perspective. *American Journal of Economics*, 2(1), 25-36.
- Schure, J., Ingram, V., Sakho-Jimbira, M. S., Levang, P., & Wiersum, K. F. (2013). Formalisation of charcoal value chain and livelihood outcomes in Central-and West Africa. *Energy for Sustainable Development*, 17(2), 95-105.
- Shitu, S., & Mohd-Nor, R. (2016). Shea Kernel Supply Chain and Suppliers Relationships in Rural Borgu, Niger State, Nigeria. *Imperial Journal of Interdisciplinary Research*, 2(5), 427-433.
- Tersoo, P. (2014). Agribusiness as a veritable tool for rural development in Nigeria. *International Letters of Social and Humanistic Sciences*, (14), 26-36.
- Tuazon, D., Corder, G. D., & McLellan, B. C. (2013). Sustainable development: a review of theoretical contributions. *International Journal Sustainable Future for Human Security*, 1(1), 40-48.
- Ugalahi, U. B., Adeoye, S. O., & Agbonlahor, M. U. (2016). Irrigation Potentials and Rice Self-Sufficiency in Nigeria: A review. *African Journal of Agricultural Research* 11(5), 298-309.
- Yunusa, M. B. (1999). Not farms alone: A study of rural livelihoods in the Middle Belt of Nigeria.