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Determinants of profitability of goat marketing among small scale goat marketers in Ado-Ekiti Metropolis, Ekiti State, Nigeria

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Abstract

The study examined determinant of profitability among small scale goat marketers in Ado- Ekiti metropolis, Ekiti State, Nigeria. Data on socio-economic characteristics (age, experience on the job, household composition and educational status) and factors influencing profitability of goat marketing were obtained from respondents using a structured questionnaire. Sixty respondents were sourced for in the study area, selection was through multi-stage sampling process. Data generated were analysed using descriptive statistics (tables, frequencies, percentages and means) and regression analysis. The result showed that 81.7% of the goat marketers were above 41 years of age with mean age of 58 years. Majority (53.3%) had between 6 and 11 years of goat marketing experience and a household size of 6-10 members was reported by 75% respondents. It is worthy to note that majority (70%) of the goat marketers in the study area had formal education. At 1% significance level, average price of feed, average price of shed and average price of commission charges were significant factors that influenced profitability of goat marketing. However, at 5% significant level, average price of labour and average price of medication were factors that determined profit. The result of the diagnostic statistics showed that adjusted r^2 value of 0.856 from the regression result revealed that 85.6% explained variation in the marketing profit (y) is due to the joint effect of all the independent variables specified in the model. In conclusion, price reduction of identified factors can increase profitability of goat marketing business in the study area.

Keywords: Profit; Goat Marketing; Socio-Economic Characteristics

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1. Introduction

Goat is one Nigeria major protein supplier to its populace and the world as a whole. Nigeria has population of about 34.5million goats, 22.1million sheep and 13.9 million cattle (Lawal and Adebowale, 2012). Moreover, high concentration of Nigeria's livestock-based in the northern region is most likely to have been influenced by the ecological condition of the region which is characterized by low rainfall duration, lighter sandy soils and longer dry season (Lawal and Adebowale, 2012). Disease incidences seem low in the north and plausibly makes the environment habitable and conducive for the animals as well as their survival.

Moreover, Goats are among the main meat producing animals in developing countries and the choicest meat with huge domestic demand (Bourn et al., 1994). Goats are sources of lean meat, milk and manure for crop farming. The skin is used for leather production in Northern Nigeria. Antonio and Silver (2011) predicted that demand for livestock products will be doubled in the next 20 years due to world population increase, urbanization and economic growth. Therefore, this provides excellent opportunity for goat producers and marketers. However, focus in the past years had only being on increased productivity and not on effective and efficient marketing system to cater for the perceived industrialization and commercialization of animal agriculture in Nigeria (Udedibe, 2010; Amogu, 2010). Since major production of Goat takes place in the north, then, marketing is inevitable in the south where most consumers are located. Therefore, the importance of goat marketing cannot be overestimated, since it brings about specialized production for better skill and efficiency thereby providing opportunities for exchange of goods and services (Olukosi et al., 2008). Southwestern Nigeria provides a good market for Goat production, as the Yoruba people of the region highly relish goat meat in their customary ceremonies of wedding, child christening and burial of old ones, as ethoes of life. Despite the guaranteed market southwestern Nigeria offers goat marketing, it is important to determine the predictors of profitability to the goat marketers who have been in the business for some time and many seem not to break even in the business. It is upon this premise that the study examined the socio-economic characteristics of goat marketers and determined the factors contributing to profit in goat marketing in the study area.

2. Methodology

2.1. Study area

This study was carried out in Ado-Ekiti metropolis, Ekiti state, Nigeria. Ado Ekiti is a city in southwest Nigeria, the state capital and headquarters of Ekiti state. It is also known as Ado. The people of Ado-Ekiti are mainly of the Ekiti sub-ethnic group of the Yoruba (Wikipedia, 2016). According to Ado-Ekiti is mainly an upland zone, rising over 250meters above sea level (<http://ekitiNigeria.net>). Ado-Ekiti has a tropical climate with its characteristic high temperature all year round. The state enjoys tropical climate with two distinct seasons. These are the raining (April to October) and dry (November to March) seasons (<http://ekitiNigeria.net>).

2.2. Sampling techniques

Multi-stage sampling technique was used for this study. In the first stage, Ado Ekiti metropolis was purposively selected from the state due to the availability of major markets. Shasha and Oja-Oba markets were randomly selected. Lastly, thirty (30) goat marketers were randomly selected from each of the markets from the list of goat marketers in the market development programme making a total of sixty (60) goat marketers.

2.3. Data collection

Primary data were used for the study and this data were obtained through a pre-tested questionnaire from the respondents based on the objectives of the study. Data collected were on the socio-economic characteristics of respondents and factors that determined profit of goat marketing.

2.4. Data analysis

Data were analyzed using descriptive and inferential statistics. Descriptive statistics was used to analyze the socio-economic characteristics of the goat marketers. Multiple regression analysis was used to analyse the factors contributing to profit of goat marketing in the study area. Specifically, the empirical method that was used for the study is specified as follows:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + U$$

Where:

Y = total marketing profit of goat marketers (₦)

X_1 = price of feed (₦)

X_2 = price of shed (₦)

X_3 = purchase price of goat (₦)

X_4 = price of labour (₦)

X_5 = price of transportation (₦)

X_6 = price of medication (₦)

X_7 = price of market charges (₦)

X_8 = average price of commission charges (₦)

u_i = composite errors

The predictors of goat marketing were explained statistically by the R^2 , Beta coefficients and t-ratio.

3. Results and discussion

Presented on Table 1 is the socio-economic characteristic of goat marketers in Ado-Ekiti metropolis. Most (81.7%) of the goat marketers in the study area were above 41 years of age and had a mean age of 58years.

This implies that both young and old were involved in small ruminant marketing in the area but it is more popular among the old folks. This finding is supported by Familade et al. (2011) that quantity of sales may be low due to the fact that old folks take less risk and the young people preferred white collar jobs to farming activities. The distribution of the respondents' marketing experience revealed that more (53.3%) had between 6 and 11 years of marketing experience while 21.7% had been in the business for over 12 years. This indicates that most of the respondents have appreciable years of trading experience that should help them improve goat trading operations with profitable strategies for business sustainability. The distribution of the respondents by household size revealed that majority (75%) had household of between 6 and 10 members. This implies that the goat marketers had fairly large families that may help them reduce the labour cost by utilizing family labour for the sales of their goats instead of employing sales girl or boy Educational status of the goat marketers revealed that most (70%) were educated. This finding is corroborated by Ogunfiditimi (1981), who remarked that education is vital to the success of agricultural production and enhance the effectiveness of agricultural extension agent's work.

Table 1. Socio-economic characteristics of goat marketers in Ado-Ekiti metropolis, Ekiti state

| Variable | Frequency | Percentage |
|--------------------------------------|-----------|------------|
| Age | | |
| 0-30 | 2 | 3.3 |
| 31-40 | 9 | 15.0 |
| 41 and above | 49 | 81.7 |
| Years of Marketing Experience | | |
| Less than 5 years | 15 | 25.0 |
| 6 – 11 years | 32 | 53.3 |
| Above 12 years | 13 | 21.7 |
| Household size | | |
| 1 – 5 years | 10 | 16.7 |
| 6 – 10 years | 45 | 75.0 |
| Above 11 years | 5 | 8.3 |
| Educational status | | |
| No formal education | 18 | 30.0 |
| Primary school | 19 | 31.7 |
| Secondary school | 16 | 26.7 |
| Tertiary | 7 | 11.7 |

Source: Field Survey, 2016

Shown on Table 2 is the result of multi regression analysis of the factors that determined profitability of goat marketing in the study area. It was observed that the significant variables include X_1 (average price of feed), X_2 (average price of shed), X_4 (average price of labour), X_6 (average price of medication) and X_8 (average price of commission charges). However, X_1 (average price of feed), X_2 (average price of shed), and X_8 (average price of commission charges) were significant at 1% level of significance, and also had a direct relationship with the profit from goat marketing. This implies that, a decrease in the cost of feeding, temporary shed and commission charges will lead to an increase in profit. X_4 (average price of labour) and X_6 (average price of

medication) are both significant at 5% level of significance and had an inverse relationship with the amount of profit realized from goat marketing in the study area. The significance of average prices of feed, shed, labour, medication and commission charges is in conformity with earlier findings by Nasiru et al. (2011) and Girei et al. (2013). The result of the diagnostic statistics showed that adjusted R^2 value of 0.856 from the regression result revealed that 85.6% explained the variation in the marketing profit (Y) is due to the joint effect of all the independent variables specified in the model while the rest 14.4% unexplained variation in marketing profit may be due to other variables of interest not specified in the model but are present in the error term.

Table 2. Result of multiple regression Analysis on factors that determines profitability of goat marketing in Ado-Ekiti metropolis

| Variables | Beta Coefficient | t-ratio |
|---------------------------------------|------------------|----------|
| Intercept | 11320.08 | 1.954 |
| Average price of feed (X_1) | 49.01 | 2.615* |
| Price of shed (X_2) | 9.31 | 3.005* |
| Purchase price of goat (X_3) | 132.69 | 1.419 |
| Price of labour (X_4) | -12.19 | -4.183** |
| Price of transportation (X_5) | -108.77 | -0.312 |
| Price of medication (X_6) | -55.53 | -5.108** |
| Price of market charges (X_7) | 413.59 | -0.015 |
| Average price of commission (X_8) | 64.33 | 3.601* |

Source: Field Survey, 2016

N/B: ** significant at 5%, * significant at 1%.

4. Conclusion

This study analyzed factors that influenced profitability of goat marketing among small scale goat marketers in Ado-Ekiti Metropolis. The study showed that the goat marketers were in their middle age, with fairly large family size and most of them had over six years of marketing experience as contributory factors to the sustenance of profitable goat marketing business. Moreover, the predictors of the profitability of goat marketing were prices of feed, shed, labour, medication and commission charges. Profitability in goat marketing is a combination of the implicated factors such as age, family size, marketing experience and the aforementioned predicating factors.

5. Recommendations

- 1- Local and State governments should provide an enabling environment such as market facility like secured shelter to keep goats in the market and ensure favourable market regulatory framework for profitable goat marketing business in the study area.

- 2- Government should encourage profitable sales of domesticated goats in the study area by collecting less tax from goat marketers, thereby providing sustainable business for its rearers, allowing availability to consumers and profitability of its marketing to goat marketers.
- 3- Goat marketers should be more educated using role models with good marketing skills among them, as cost saving strategy to improve the profitability of goat marketing in the study area.
- 4- Extension agents should furnish goat marketers with rural locations where healthy goat keeping is cheap for profitable venture, in return with better prices for goat in the urban markets.

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