

# Resource Efficiency and Profitability in Yam Production amongst Small Scale Yam Farmers in IMO State, Nigeria

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**Abstract:-** The study was carried out to examine the resource use efficiency and profitability of small scale yam farmers in Imo State Nigeria. The objectives includes, identifying the socio-economic characteristics of the yam farmers and examine the level or range of technical allocative and economic efficiency of yam farmers as well as identify constraints militating against yam production in Imo State. Secondary and primary data were collected from 150 respondents, through a well-structured questionnaire, journals, CBN bulletins and reports etc. Data analysis was done using descriptive and inferential statistics tools. Stochastic frontier production function analysis and other marginal analysis were carried out. Results revealed a wide range of technical efficiency with mean efficiency of 82.2%. About 70% of the respondents were male 53% had at least secondary education, which may have influenced their relatively high technical efficiency. Allocative elasticity index ( $AEI > 1$ ), marginal value product ( $MVP > Px$ ). Hence ( $AEI \neq 1$ ), ( $MVP \neq Px$ ) this implies that yam farmers were allocatively inefficient. However, gross margin analysis (GM) showed that yam production was profitable in Imo State, with a return on investment of 88.37%, certain constraints such as, high cost of planting material, poor or inadequate finance, lack of access to credit, insecurity in rural areas etc. Recommendations, such as subsidizing cost of inputs, access to loans, improvement of socio-economic variables, through provision of essential amenities, adequate collaboration and synergy between community heads, local vigilante and security agencies to check insecurity and encourage youths to go in to farming.

## I. INTRODUCTION

Yam is botanically called "Dioscorea specie". It is an annual tuber crop, with over 600 species out of which there are about six most important species identified in terms of economic as well as medicinal value as reported by Arnau et al (2010), Andres *et al*, (2017). These species includes *Dioscorea rotundata* (white yam), *Dioscorea Cayenensis* (yellow yam), *Dioscorea alata* (water yam), *Dioscorea esculenta* (lesser yam), *Dioscorea bulbifera* (aerial yam) cultivated for the bulbils, *Dioscorea Dimentorium* (Trifoliate yam) popularly called three leaf yam. These species are grown by small scale or small-holder farmers throughout the tropics. Yam is arguably the most important tuber crop in many parts of Nigeria, hence it is referred to as the king of crops due to its nutritional, economic as well as socio-economic and high socio-cultural or religious significance, especially in the south-east and south-south geopolitical region of Nigeria, (Stuart 2005). In his opinion Onwueme

(1978) observed that no other crop in Nigeria has taboos and festivity associated with it than yam. Nigeria produces about 75% of world's total yam output (Manyong 2001). The production of yam is under taken within the rain forest/derived savanna areas due to its rich soil requirements. Some of the states producing yam in Nigeria includes, Ondo, Benue, Taraba, Cross River, Rivers, Imo and Abia. There are many compelling reasons for encouraging the cultivation of yam for sustainable food production in Nigeria and Africa at large. The tuber is a good source of energy, it is low in fat and protein, has some vitamin C, but very rich in carbohydrate, however, of recent some pharmacologically active substances like dioscorine, saponin have been reported (Eka 1985).

The production of yam in Nigeria is very important as a result huge amount of resources are committed to it, (IITA 2001, FAO 2001). The consumption of yam is relatively high in many urban areas and cities inspite of the competition from other staple crops like Rice, Maize and Cassava. However, the predominant reliance on traditional methods of planting by Nigeria small scale yam farmer have partly been responsible for the present low level of production, against an increasing population rate and high food demand, inspite of government effort to increase food production and reduce hunger and poverty in the country. The problem of low productivity results from inefficient use of resources (Nyenke 2010). Farmers in Nigeria are poor in resource endowment, therefore inputs needs to be efficiently utilized. To this end it becomes very important to know how efficient small-scale yam farmers in Imo State are in yam production. The study will therefore focus on examining the socio-economic characteristics of the yam farmers, determine the efficiency of small-scale yam farmers in Imo State Nigeria and also identify if any the constraints against yam farmers in Imo State, Nigeria.

## II. METHODOLOGY

### A. The Study Area:

This study was carried out in Imo State, Nigeria. Imo State is in the south-eastern geo-political region of Nigeria created out of the then east central state. The state lies within latitudes 5.4°N and 6° 6.75°E, longitude 6° 35°N and 9° 3°E. Imo State has a land mass of about 7,480km<sup>2</sup>. There are 27 local government areas in Imo State with a total population of 3,939,899 people, according to the 2006 population census. Imo state shares boundaries with Rivers State at the west, Abia state by the East and Anambra at the North. The state is predominantly an Igbo speaking state, the major towns includes, Owerre, Okigwe, Orlu, Oguta, Ohaji/Egbema, Mgbidi, Mbieri, Akokwa, Izombe, Amaigbo,

Awo-mmama, Ngor-Okpala, Añara etc. The major occupation of the people is farming, fishing and petty trading. The vegetation of the state is mainly tropical rainforest with slightly acidic, altisoil and clayey hydro-morphic soil. Also there are alluvial, lithasols, and farraliticomedium soil, according to (ISMANR 1986).

### B. Sampling Procedure

Multi-stage sampling was adopted, first a purposive sampling technique was used to select six (6) local government areas from the three agricultural zones in the state. These are Oguta, Ohaji/Egbema, Ngor/Okala, AbohMbaise, Okigwe and Ehime Mbano. From this (6) L.G.A's, 25 respondents were randomly selected from the registered yam farmers in each of the local government area. This gave us a total of one hundred and fifty (150) respondents. This procedure permitted reasonable fraction of the farmers to participate according to OLadele and Chah (2014).

### C. Data Collection

Primary data was collected through a well structured questionnaire as well as scheduled interview with leadership of the yam farmers association in the state. Secondary data was obtained from journals, CBN bulletins and periodicals.

### D. Analytical Techniques

Analysis of data was done using descriptive and inferential statistics. Mean and percentages were used to analyze the socio-economic characteristics of small scale yam farmers in the area, while stochastic frontier production function using maximum likelihood estimate (MLE) to determine level of technical efficiency of the farmers, gross margin analysis proved the profitability of yam production in Imo State.

### E. Model Specification

Cobb-Dauglas production function as defined by Coelli (1994) recommended by Battese *et al*, (1996) written as follow:

$$Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \dots + b_nx_n + (v_i - U_i)$$

Where: Y = Quantity of yam produced in kg/ha

X1 = Area cultivated with yam in kg(ha)

X2 = Planting materials (seed yam)  $\text{kg h}^{a-1}$

X3 = Labour used (mandays)  $\text{h}^{a-1}$

X4 = Fertilizer quantity used ( $\text{kg h}^{a-1}$ )

X5 = Other agro-chemicals used ( $\text{kg/h}^{a-1}$ )

$b_0, b_1, b_n$  = Regression co-efficient

$V_i$  = Random variables assumed to be independently of  $U_i$

$U_i$  = non-negative random variables assumed to account for technical inefficiencies also assumed to be independent of  $V_i$

The farm frontier production function was specified as:

$$y_i = f(x_{ij}P) + V_i - U_i$$

Where:  $y_i$  = the output of the  $i^{th}$  firm

$x_{ij}$  = the vector of actual  $j^{th}$  farmer

$\beta$  = vector of the production co-efficient to be estimated

$V_i$  = the random variability in the production that cannot be influenced by the farmer extraneously

$U_i$  = the deviation from maximum potential output attributable to resources use efficiency.

The corresponding cost function is as follows:

$$C = y(P_i y_i y) + (V_i + U_i)$$

Budgetary analysis –based on gross margin and net farm income was used assess the profitability of yam production in Imo State.

Gross Margin (GM) which is the difference between the total value product (TVP) and total variable cost (TVC);

Therefore,  $GM = TVP - TVC$

$NFI = GM - TFC$

If  $GM > 0$ , then the firm is profitable.

Efficiency is determined by the ratio of marginal value product MVP to MFC according to Rhaman and Lawal (2003).

$$R = \frac{MVP}{MFC}$$

Thus:  $r = 1$  indicates efficient use of resources

$r > 1$  indicates under utilization of resources

$r < 1$  indicates over utilization of resources

Therefore:

$$MVP = MPP \cdot P_y = \beta_I \frac{\bar{y}}{\bar{x}} \cdot p_y$$

$$MFC = P_{x1}$$

Where:  $r$  = coefficient ratio

MVP = marginal value product

MFC = marginal factor cost

$P_{x1}$  = Unit price of input  $x$

MPP = marginal physical product

$\beta$  = regression co-efficient

$P_y$  = unit price of output

$\bar{y}$  = mean output of the farm

$\bar{x}$  = mean value of resources

### III. RESULTS PRESENTATION AND DISCUSSION

Socio-economic characteristics of small scale farmer in Imo State

| A                          | Imo State        |            | Mean        | Remarks        |
|----------------------------|------------------|------------|-------------|----------------|
|                            | Frequency        | %          |             |                |
| <b>Gender</b>              |                  |            |             |                |
| Male                       | 105              | 70         |             |                |
| Female                     | 45               | 30         |             |                |
| <b>Total</b>               | <b>150</b>       | <b>100</b> |             |                |
| <b>Age</b>                 |                  |            |             |                |
| 15-25                      | 0                | 0          |             |                |
| 26-35                      | 10               | 6.67       |             |                |
| 36-45                      | 25               | 16.67      |             |                |
| 46-55                      | 95               | 63.33      |             |                |
| 56-65                      | 20               | 13.33      |             |                |
| <b>Total</b>               | <b>150</b>       | <b>100</b> | <b>40.5</b> |                |
| <b>Marital Status</b>      |                  |            |             |                |
| Married                    | 125              | 83.34      |             |                |
| Single                     | 0                | 0          |             |                |
| Divorced                   | 5                | 3.33       |             |                |
| Widow                      | 20               | 13.33      |             |                |
| <b>Total</b>               | <b>150</b>       | <b>100</b> |             |                |
| <b>Household size</b>      |                  |            |             |                |
| 0-5                        | 8                | 5.33       |             |                |
| 6-10                       | 95               | 63.33      |             |                |
| 11-15                      | 40               | 26.67      |             |                |
| 16-Above                   | 7                | 4.67       |             |                |
| <b>Total</b>               | <b>150</b>       | <b>100</b> | <b>10.5</b> |                |
| <b>Educational Status</b>  |                  |            |             |                |
| Non-Formal                 | 15               | 10         |             |                |
| Primary Education          | 45               | 30         |             |                |
| Secondary Education        | 80               | 53.33      |             |                |
| Tertiary Education         | 10               | 6.67       |             |                |
| Others                     | 0                | 0          |             |                |
| <b>Total</b>               | <b>150</b>       | <b>100</b> |             |                |
| <b>Years of Experience</b> |                  |            |             |                |
| 1-5yrs                     | 0                | 0          |             |                |
| 6-10yrs                    | 5                | 3.33       |             |                |
| 11-15yrs                   | 25               | 16.67      |             |                |
| 16-20yrs                   | 65               | 43.33      |             |                |
| 21-Above                   | 55               | 36.67      |             |                |
| <b>Total</b>               | <b>150</b>       | <b>100</b> |             |                |
| <b>Primary Occupation</b>  |                  |            |             |                |
| Yam Farming                | 25               | 16.67      |             |                |
| Mixed Farming              | 95               | 63.33      |             |                |
| Civil Servant              | 10               | 6.67       |             |                |
| Others                     | 20               | 13.33      |             |                |
| <b>Total</b>               | <b>150</b>       | <b>100</b> |             |                |
| <b>Forms of training</b>   | <b>Frequency</b> | <b>%</b>   | <b>Mean</b> | <b>Remarks</b> |
| Traditional                | 140              | 93.33      |             |                |
| Formal                     | 0                | 0          |             |                |
| Workshops/Seminars         | 10               | 6.67       |             |                |
| Others                     | 0                | 0          |             |                |
| <b>Total</b>               | <b>150</b>       | <b>100</b> |             |                |
| <b>Source of Finance</b>   |                  |            |             |                |
| Personal Savings           | 138              | 82.00      |             |                |
| Friends/Relations          | 7                | 4.67       |             |                |
| Co-op. Societies           | 5                | 3.33       |             |                |
| Bank Loan                  | 0                | 0          |             |                |
| Money Lenders              | 0                | 0          |             |                |

|                                    |            |            |
|------------------------------------|------------|------------|
| <b>Total</b>                       | <b>150</b> | <b>100</b> |
| <b>Mode of Farming</b>             |            |            |
| Full Time                          | 115        | 76.67      |
| Part Time                          | 35         | 23.33      |
| <b>Total</b>                       | <b>150</b> | <b>100</b> |
| <b>Source of Land</b>              |            |            |
| Family Inheritance                 | 103        | 68.67      |
| Purchased                          | 6          | 4.00       |
| Leased Hold                        | 9          | 6.00       |
| Rented Land                        | 32         | 21.33      |
| <b>Total</b>                       | <b>150</b> | <b>100</b> |
| <b>Type of Planting Material</b>   |            |            |
| Seed Yam                           | 60         | 40         |
| Yam Sett                           | 90         | 60         |
| <b>Total</b>                       | <b>150</b> | <b>100</b> |
| <b>Source of Planting Material</b> |            |            |
| Previous Harvest                   | 40         | 26.67      |
| Purchase From Market               | 110        | 73.33      |
| From Government Agencies           | 0          | 0          |
| Friends & Relatives                | 0          | 0          |
| Others                             | 0          | 0          |
| <b>Total</b>                       | <b>150</b> | <b>100</b> |
| <b>Area Cultivated</b>             |            |            |
| Below 1 Ha                         | 59         | 39.33      |
| 1-2 Ha                             | 85         | 56.67      |
| 3-4 Ha                             | 6          | 4.00       |
| 5-6 Ha                             | 0          | 0          |
| Above 6 Ha                         | 0          | 0          |
| <b>Total</b>                       | <b>150</b> | <b>100</b> |
| <b>Fertilizer Usage</b>            |            |            |
| Yes                                | 40         | 26.67      |
| No                                 | 110        | 73.33      |
| <b>Total</b>                       | <b>150</b> | <b>100</b> |
| <b>Agro-Chem.Usage</b>             |            |            |
| Yes                                | 33         | 22         |
| No                                 | 117        | 78         |
| <b>Total</b>                       | <b>150</b> | <b>100</b> |
| <b>Duration Before Harvesting</b>  |            |            |
| 6-8 Months                         | 12         | 8.00       |
| 9-10 Months                        | 8          | 5.33       |
| 12 Months & Above                  | 0          | 0          |
| <b>Total</b>                       | <b>150</b> | <b>100</b> |
| <b>Type of Labour Used</b>         |            |            |
| Skilled Labour                     | 0          | 0          |
| Unskilled Hired                    | 95         | 63.33      |
| Family Labour (Adult)              | 45         | 30.00      |
| Family Labour (children)           | 10         | 6.67       |
| <b>Total</b>                       | <b>150</b> | <b>100</b> |

Table 1: showing socio-economic characteristics of small-scale yam farmers in Imo State

Source: field survey, 2022

Results from table 1.0 above revealed that 70% of the yam farms were male and 30% female. Tikuet *al* (2014) had earlier reported that more population of yam farmers were male. However, Nwikeet *al* (2016) noted that the female folks still play significant role in yam production. Majority of the farmers fell between ages 36 – 55 with a mean age of about 41 years, this shows that most of the farmers were still within their active and productive age, whereas Tayindeet *al* (2014), Tikuet *al* (2012) reported average age of 51, 52 respectively. About 87% were married, this also is in line

with Ekunweet *al* (2018), who reported 85% married yam farmers, and Bamireet *al* (2005) reported 75% were married farmers. About 63% of the farmers have household size between 6 -10 persons while 27% are between 11 – 15 persons with mean number of 11 persons due to the labour intensive nature of yam farming, this fact had also been stressed by Ekunwe (2018).

About 53.3% of the yam farmers had at least primary education and 30% had secondary education, which means

that the farmers had one form of education or the other as reported by Henri-Ukaoha *et al* (2011), Iroegbue *et al* (2021). The result also showed that 43.3% had 16 – 20 years of experience, 37% had above 21 years of experience in yam farming, which indicate that farmers had reasonable years and acquired experiences on how to improve their performances. Mode of financing revealed that 82% financed their farm through personal savings with only 3.3% from co-operative society, 5% from friends and relations, this explains the fact that finance is a major challenge/constraint to yam farming in Nigeria Reuben and

Barau (2012). Eniola (2015). Most of the farmers about 69% get land through family inheritance, due to the communal land tenure system being practiced in most rural areas. The yam farmers in Imo State plant 60% yam sett and 40% seed yam, 73% get their planting materials from the market, 27% from previous harvest. About 57% cultivated 1 – 2 hectares, while 39% cultivates below 1 hectare of land, about 73% do not apply fertilizer to their farms, 78% don't even use any agro-chemical in their farms, these have already been identified as problem of developing our agricultural sector as reported by Donyeet *et al* (2012), Ekunwe (2018).

| Production Factor           | Imo State Parameters | Coefficient | Std. Error | t-ratio   |
|-----------------------------|----------------------|-------------|------------|-----------|
| Constant                    | $\beta$              | 0.892       | 0.328      | 2.724***  |
| Area Cultivated (farm Size) | $X_1$                | 0.021       | 0.006      | 3.636***  |
| Planting Materials (Setts)  | $X_2$                | 0.162       | 0.030      | 5.329***  |
| Labour in Man-days          | $X_3$                | -0.043      | 0.011      | -3.799*** |
| Fertilizer                  | $X_4$                | -0.030      | 0.010      | -3.028*** |
| Agro. Chemicals             | $X_5$                | -0.000      | 0.005      | -0.029    |
| Inefficiency Effect         |                      |             |            |           |
| Constant                    | $\delta$             | -1.1805     | 2.305      | -0.783    |
| Gender                      | GEND                 | 0.022       | 0.097      | 0.230     |
| Age                         | AGE                  | -0.029      | 0.057      | -0.515    |
| Marital Status              | MSTATU               | 0.756       | 0.648      | 0.012     |
| Household Size              | HSIZE                | 0.329       | 0.210      | 0.016     |
| Level of Education          | LEDU                 | -0.936      | 0.636      | -1.472    |
| Years of Experience         | YEXP                 | 0.013       | 0.033      | 0.390     |
| Sources of Finance          | SFIN                 | -0.113      | 0.115      | -0.986    |
| Sources of Land             | SLAND                | 0.425       | 0.246      | 1.173     |
| Diagnostic Statistics       |                      |             |            |           |
| Sigma Squared               | $\sigma^2$           | 0.102       | 0.014      | 7.134***  |
| Gamma                       | $\gamma$             | 0.002       | 0.019      | 0.103     |
| Log Likelihood Function     |                      | -41.061     |            |           |
| LR test                     |                      | 19.364      |            |           |

Table 2: maximum likelihood estimation of the stochastic frontiers production analysis of yam farmers in Imo State

Source: Computed output from Frontier 4.1 version, 2022

Table 2. revealed that estimated coefficients for the Sigma square ( $\delta^2$ ) of 0.102 and t-ratio of 7.134, these were all positive and significant at 1% level, which indicates the existence of in-efficiency effects amongst various variables, the Gamma ( $\gamma$ ) coefficients was 0.002 and t-ratio of 0.103 also significant at 1% level, this implies that greater proportion of the variations in yam output in Imo-state were due to differences in their technical efficiencies as upheld by Abdullahi (2015). The result of the maximum likelihood estimation on the stochastic frontier production function revealed that variables such as farm size, planting materials should positive coefficient, which is a direct relationship with yam output, an increase in these variable will result to increase in output, while labour, fertilizer and Agro-

chemicals had inverse relationship, they do not increase yam output in Imo State. A look at the sources of inefficiency effects showed that, Gender (sex), marital status, house hold size, source of land were all directly related to in efficiencies, they increased in-inefficiency of the yam farmers, while on the other hand, age of the farmer, level of education and source of finance all had inverse relationship with the farmer in-inefficiencies, they reduce farmers in-inefficiencies and increase output of yam in Imo State. In contract, Rahman and Uma, (2010) had earlier reported positive coefficients for labour, while Fatuaseet *et al* (2015), Saniet *et al* (2010) agreed that fertilizer and agro-chemicals were not major constraints hence it could be easily overcome.

| Cost Factor              | Imo State Parameters | Coefficient | Std. Error | t-ratio       |
|--------------------------|----------------------|-------------|------------|---------------|
| Constant                 | $\beta$              | 0.314       | 0.571      | 0.550         |
| Cost of Seed             | $X_1$                | 0.004       | 0.004      | 1.145         |
| Cost of Land             | $X_2$                | 0.056       | 0.018      | 3.039***      |
| Cost of Fertilizer       | $X_3$                | -0.006      | 0.005      | -1.210        |
| Cost of Agro-Chemical    | $X_4$                | -0.010      | 0.005      | -1.908*       |
| Cost of Land Preparation | $X_5$                | 0.002       | 0.004      | 0.364         |
| Cost of Planting         | $X_6$                | 0.023       | 0.077      | 0.293         |
| Cost of Staking          | $X_7$                | -0.028      | 0.038      | -0.743        |
| Cost of Weeding          | $X_8$                | 0.064       | 0.105      | 0.609         |
| Cost of Harvesting       | $X_9$                | 0.015       | 0.014      | 1.031         |
| Cost of Transportation   | $X_{10}$             | 0.007       | 0.015      | 0.439         |
| Inefficiency Effect      |                      |             |            |               |
| Constant                 | $\delta$             | 6.063       | 1.190      | 5.093***      |
| Gender                   | GEND                 | -0.156      | 0.056      | -0.028        |
| Age                      | AGE                  | 2.044       | 0.931      | 2.196**       |
| Marital Status           | MSTATU               | -4.736      | 1.045      | -4.531***     |
| Household Size           | HSIZE                | 0.447       | 0.916      | 0.488         |
| Level of Education       | LEDU                 | 4.668       | 1.077      | 4.333***      |
| Years of Experience      | YEXP                 | -5.084      | 1.073      | 4.737***      |
| Sources of Finance       | SFIN                 | 0.555       | 0.751      | -0.739        |
| Sources of Land          | SLAND                | 0.944       | 0.563      | 1.675*        |
| Diagnostic Statistics    |                      |             |            |               |
| Sigma Squared            | $\sigma^2$           | 0.377       | 0.007      | 52.788***     |
| Gamma                    | $\gamma$             | 0.910       | 0.000      | 622849.100*** |
| Log Likelihood Function  |                      | -11.729     |            |               |
| LR test                  |                      | 60.581      |            |               |

Table 3: Stochastic frontier cost analysis of small scale yam farmers in Imo State

Source: Computed output from Frontier 4.1 version, 2022

The result from table 3.0 shows sigma square ( $\delta^2$ ) value of (0.377) and co-efficient for Gamma ( $\gamma$ ) was (0.910) significant at 1% level. This is a very high Gamma coefficient, which implies that 91% of cost in efficiencies were from factors under the control of the farmers, similar case was reported by Aniet *al* (2014), Abdullahi (2015). Information from this table, reveals that variables like cost of seed yam (planting material) cost land, cost of labour for land preparation, planting, weeding, harvesting and cost of transport were all positive and has direct relationship with overall cost of yam production in Imo State on the other hand, cost of fertilizer, Agro-chemicals, and staking had negative coefficients therefore were insignificant to the overall cost of yam production. This agrees with Bassey and Nwankwo (2017), Ume *et al* (2018) who identified cost of labour, Abdullahi (2015) reported that agro-chemicals were

not major challenge in yam production, this is because most of rural farmers do not use fertilizers and agro-chemical to plant yam. The cost function inefficiencies and effects reveals that variables such as Gender (sex) of the farmer, marital status, years of experience in farming decrease the level of inefficiency of the farmers and increase output or efficiency, while age, house hold size of the farmer. The level of Education, source of finance and source of land all had positive values and has direct relationship with yam farmers inefficiencies, meaning that the older the farmer gets, the more children or house hold size, the more inefficient in use of resources. But this is contrary to the opinion of Okoye *et al* (2010), Ugwumba and Omojola (2012), who reported that age, family size, and access to finance increase farmers efficiency.



| Technical Efficiency Range | Frequency | Percentage |
|----------------------------|-----------|------------|
| 0.51-0.60                  | 2         | 1          |
| 0.61-0.70                  | 18        | 12         |
| 0.71-0.80                  | 49        | 33         |
| 0.81-0.90                  | 47        | 31         |
| 0.91-0.100                 | 34        | 23         |
| Total                      | 150       | 100        |
| Mean Efficiency            | 0.822     |            |
| Minimum                    | 0.524     |            |
| Maximum                    | 0.998     |            |

Table 4: Distribution of technical efficiency range for production estimate among small scale yam farmers in Imo state.

Source: Computed output from Frontier 4.1 version, 2022

| Technical Efficiency Range | Frequency | Percentage |
|----------------------------|-----------|------------|
| 1.00-1.99                  | 104       | 70         |
| 2.00- 2.99                 | 29        | 19         |
| 3.00 – 3.99                | 17        | 11         |
| Total                      | 150       | 100        |
| Mean Efficiency            | 1.708     |            |
| Minimum                    | 1.000     |            |
| Maximum                    | 3.493     |            |

Table 5: Distribution of technical efficiency indices for cost estimate among yam farmers in Imo State

Source: Computed output from Frontier 4.1 version, 2022

The result from table 4.1 shows that technical efficiency range for yam farmers in Imo State has minimum limit 0.524 and maximum 0.998 with a mean technical efficiency of (0.822), however, the result shows that greater percentage of the farmers operates within efficiency range (0.71- 0.80) which is 71- 80% level of resource efficiency. To the average yam farmer with 82.2% level of efficiency, he requires about 17.8% adjustment to attain full efficiency, while the least efficient farmer needs about 47.8% adjustment in production inputs to attain full efficiency. The

result however, indicates a reasonable high level of resource efficiency among yam farmers in Imo State, this is in line with the findings of Tikuet *al* (2012). On the other hand, table 5 shows the technical efficiency indices for cost estimates, which ranges between 1.000 – 3.99. The minimum of (1.000) and maximum of (3.493) with mean of (1.708). The result shows that 70% of the yam farmers in Imo State operated between (1.000 – 1.999), this implies that about 70% of the farmers were operating close to the cost efficiency frontier which lies between (0) and (1).

| Variables          | MPP     | APP      | EP     | MVP       | Px     | AE1     |
|--------------------|---------|----------|--------|-----------|--------|---------|
| Area Cultivated    | 469.691 | 3759.66  | 0.125  | 234845.50 | 20,000 | 11.74   |
| Planting Materials | 936.759 | 2036.94  | 0.460  | 468379.50 | 180    | 2602.10 |
| Labour             | 2769.36 | 4124.68  | 0.6714 | 1384,680  | 1500   | 923.12  |
| Fertilizer         | 8426.16 | 12690.02 | 0.664  | 421305    | 280    | 150.66  |
| Agro-Chemical      | 1757.00 | 5791.66  | 0.303  | 878500    | 140    | 6275.00 |
| Returns to Scale   |         |          | 2.2234 | 1.000     |        |         |

Table 6: Estimate Allocative Efficiency of Small-scale Yam Farmers in Imo State, Nigeria

Source: Computed output from Frontier 4.1 version, 2022

Result from table 6. shows marginal physical product (MPP) for various inputs, Land (farm size), planting materials (seed), labour, fertilizer, and agro-chemical was, 469.691, 936.759, 2769.36, 8426.16, 1757.00 respectively, while the marginal value product (MVP) was 234845.50, 468379.50, 1384.680, 421305 and 878500 respectively. The table shows a total co-efficient elasticity of 2.2234. The fact that the co-efficient for allocative elasticity index for all the input (variables) were greater and

not equal to one ( $AEI \neq 1$ ), this is an indication of under utilization of resources, hence they were still operating at stage 1 of the production function. Again the marginal value product ( $MVP \neq 1$ ) this is another indication of inefficient use of resources among small scale yam farmers in Imo State, Nigeria, this agrees with the view of Izekeor (2014), Onynweaku *et al* (2000), who reported under-utilization of farm land, labour and yam seeds.

| Items                                              | Unit | Qty (kg)  | Unit Price (₦) | Cost/Value (₦)     |
|----------------------------------------------------|------|-----------|----------------|--------------------|
| <b>Gross Revenue:</b>                              |      |           |                | 902,000,000        |
| Yield                                              | Kg   | 1,804,000 | 500            | -                  |
| <b>Physical Cost:</b>                              |      |           |                |                    |
| Yam Setts                                          | Kg   | 802,900   |                | 67,862,000         |
| Fertilizer                                         | Kg   | 7280      |                | 1,02,1000          |
| Agro-Chemical                                      | Kg   | 34.5      |                | 165,000            |
| Transportation Cost                                |      |           |                | 2982,000           |
| <b>Total</b>                                       |      |           |                | 72,030,000         |
| <b>Labour Cost</b>                                 |      |           |                |                    |
| Land Preparation                                   |      |           |                | 6,324,000          |
| Planting                                           |      |           |                | 5,937,000          |
| Staking                                            |      |           |                | 6,886,500          |
| Hand Weeding                                       |      |           |                | 9098,000           |
| Harvesting                                         |      |           |                | 4,568,000          |
| <b>Total Labour Cost</b>                           |      |           |                | <b>32,813,500</b>  |
| <b>Total Variable Cost</b>                         |      |           |                | <b>104,843,500</b> |
| Fixed Cost                                         |      |           |                |                    |
| Cost of Land                                       |      |           |                | 7,090,000          |
| Depreciation                                       |      |           |                |                    |
| Total Cost                                         |      |           |                | 111,933,500        |
| Gross Margin (TR-TVC)                              |      |           |                | 797,156,500        |
| Net Farm Income (NFI)=TR-TC                        |      |           |                | 790,066,500        |
| Return on Investment: $\frac{GM}{R}$               |      |           |                | 0.883765521        |
| Gross Margin Percentage: $\frac{GM}{R} \times 100$ |      |           |                | 88.37%             |

Table 7: cost and returns of yam production in Imo State

Source: field survey, 2022

Gross margin analysis calculated from the cost and returns of yam product in Imo state as presented on table 7. reveals that the gross revenue was N902,000,000 total variable cost (TVC) was 104,843,500 and fixed cost (TFC) was 7,090,000 this gives a total cost (TC) of 111,933,500. This implies 93.67% variable cost and 6.33% fixed cost respectively. Musa et al (2011) reported that fixed cost contributes small portion of total cost (TC) among rural farmers in Nigeria.

The result showed a gross margin of 797,156,500, Net farm income (NFI) was 790,066,500 with this the return on investment (RI) was 0.883765521 which implies a gross margin percentage of 88.37%. This means that any naira invested in yam farming in Imo state will yield return of 88.37%. Therefore we can conclude that yam production in Imo State is profitable , this had earlier been observed by Maikasuwa et al (2012).

| S/N | CONSTRAINTS                                  | Very Serious Problem | Serious Problem | Not Serious Problem | Not a Problem | Total | Mean | R/mark |
|-----|----------------------------------------------|----------------------|-----------------|---------------------|---------------|-------|------|--------|
| 1   | High Cost of Seed yam/Planting Materials     | 4                    | 3               | 2                   | 1             | 492   | 3.14 | V.SC   |
| 2   | Inadequate provision of fertilizer           | 31                   | 110             | 9                   | 0             | 360   | 2.40 | NC     |
| 3   | Lack of access to Credit facilities          | 20                   | 50              | 50                  | 30            | 580   | 3.86 | V.SC   |
| 4   | High cost of Agro-Chemicals                  | 130                  | 20              | 0                   | 0             | 430   | 2.86 | C      |
| 5   | Inadequate land for farming                  | 10                   | 120             | 10                  | 10            | 350   | 2.33 | NC     |
| 6   | Problem of Pest and Diseases                 | 10                   | 50              | 70                  | 20            | 361   | 2.41 | NC     |
| 7   | Problem of Poor Finance                      | 20                   | 40              | 80                  | 10            | 585   | 3.90 | V.SC   |
| 8   | Poor Quality of soil due to oil/exploitation | 140                  | 5               | 5                   | 0             | 255   | 1.70 | NC     |
| 9   | Problem of Insecurity in rural areas         | 0                    | 15              | 75                  | 60            | 490   | 3.26 | V.SC   |
| 10  | Problem of flooding of the Soil              | 60                   | 70              | 20                  | 0             | 245   | 1.63 | NC     |
| 11  | Migration of Youths to the cities            | 0                    | 17              | 57                  | 80            | 420   | 2.80 | C      |
| 12  | Inadequate extension service                 | 30                   | 70              | 40                  | 10            | 420   | 2.80 | C      |
| 13  | Inadequate storage facilities                | 20                   | 90              | 30                  | 10            | 470   | 3.13 | V.SC   |
| 14  | High cost of Labour                          | 25                   | 120             | 5                   | 0             | 590   | 3.93 | V.SC   |

Table 8: four point LikertScale, showing constraints of Small Scale Yam Farmers in Imo State

Source: Field Survey, 2020.



Table 8 shows various degrees of impact and constraints to yam farmers in Imo State.

Looking at information from this table we can see that high cost of labour, inadequate finance, lack of access to credit, insecurity of the rural areas, high cost of planting material (seed yam), as well as inadequate storage facilities

were very serious constraint against small scale yam farmers in Imo State. This is in line with the findings of Izeke and Olumese (2010), who identified high cost of labor, lack of finance and cost of planting materials as major constraint to yam farmers.

| Model | R                 | R-Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |       |     |     |               |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|-------|-----|-----|---------------|
|       |                   |          |                   |                            | R Square          | F     | df1 | df2 | Sig. F Change |
| 1     | .394 <sup>a</sup> | .155     | .107              | 5057785.169                | .155              | 3.230 | 8   | 141 | .002          |

a. Predictors (Constant), Agro. Chemical Materials, Fertilizer, Area Cultivated, Labour in Monday

| ANOVA <sup>a</sup> |            |                      |     |                    |        |                   |
|--------------------|------------|----------------------|-----|--------------------|--------|-------------------|
| Model              |            | Sum of Square        | df  | Mean Square        | F      |                   |
| 1                  | Regression | 661025428558092.500  | 5   | 82628178569761.560 | 43.589 | .000 <sup>b</sup> |
|                    | Residual   | 3606947904775242.000 | 144 | 25581190814008.810 |        |                   |
|                    | Total      | 42673333333334.500   | 149 |                    |        |                   |

a. Dependent Variable: Revenue

b. Predictors (Constant), SLAND, YEXP, GENDER, M, STATU, HSIZE, AGE, LEDU.

| Model      | Coefficients <sup>a</sup>   |             |                           |        |        |
|------------|-----------------------------|-------------|---------------------------|--------|--------|
|            | Unstandardized Coefficients |             | Standardized Coefficients | t      | Sig.   |
|            | B                           | Std. Error  |                           |        |        |
| (Constant) | 1669120.172                 | 4672957.968 |                           | 357    | .721   |
| GENDER     | -1633318.165                | 1217376.194 | -.141                     | -1.342 | .182   |
| AGE        | -48495.187                  | 85888.341   | -.065                     | -.565  | .573   |
| MSTATU     | -210528.529                 | 481163.787  | .041                      | -.438  | .662   |
| HSIZE      | 186885.681                  | 168620.478  | .119                      | 1.908  | .270*  |
| LEDU       | -78156.170                  | 148992.078  | .063                      | -.525  | .601   |
| YEXP       | 83442.383                   | 73873.363   | .112                      | 1.730  | .261*  |
| SFIN       | 2371993.989                 | 1588030.395 | .135                      | 1.694  | .137*  |
| SLAND      | 1217772.289                 | 601877.431  | .195                      | 2.023  | .045** |

a. Dependent Variable: Revenue

Table 9: linear regression analysis of the relationship between socio-economic characteristic of yam farmers and total revenue from the production in Imo State

#### Model Summary

| Model | R                 | R-Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |        |     |     |               |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|--------|-----|-----|---------------|
|       |                   |          |                   |                            | R Square          | F      | df1 | df2 | Sig. F Change |
| 1     | .540 <sup>a</sup> | .291     | .267              | 4583517.263                | .291              | 11.831 | 5   | 144 | .000          |

a. Predictors (Constant), Agro. Chemical Materials, Fertilizer, Area Cultivated, Labour in Monday

#### ANOVA<sup>a</sup>

| Model |            | Sum of Square      | df  | Mean Square         | F      |                   |
|-------|------------|--------------------|-----|---------------------|--------|-------------------|
| 1     | Regression | 12427305555070100  | 5   | 248546111014020.000 | 11.831 | .000 <sup>b</sup> |
|       | Residual   | 3025242778263234   | 144 | 21008630404605.757  |        |                   |
|       | Total      | 42679733333333.500 | 149 |                     |        |                   |

a. Dependent Variable: Revenue

b. Predictors (Constant), Agro, Chemical, Planting Materials, Fertilizer, Area Cultivated, Labour in Manday.

| Model                | Coefficients <sup>a</sup>   |             |                           |       |
|----------------------|-----------------------------|-------------|---------------------------|-------|
|                      | Unstandardized Coefficients |             | Standardized Coefficients | t     |
|                      | B                           | Std. Error  | Beta                      |       |
| Constant             | 74023.006                   | 1045496.754 |                           | .071  |
| Area Cultivated      | -493084.373                 | 1239099.074 | -.065                     | -.398 |
| 1 Planting Materials | 202.392                     | 230.389     | .105                      | 1.878 |
| Labour in Manday     | 24492.177                   | 9295.847    | .467                      | 2.635 |
| Fertilizer           | 2361.753                    | 6606.068    | .042                      | .358  |
| Agro. Chemical       | 241315.538                  | 1209073.233 | .024                      | .200  |

Table 10: Linear regression analysis, showing the relationship between cost of production and total revenue/output from yam production in Imo State.

a. Dependent Variable: Revenue

#### IV. HYPOTHESIS TESTING

Ho:1 There is no significant relationship between socio-economic characteristics of the farmers and output/revenue.

The result showed that there was a positive r-squared ( $R^2$ ) value (0.155), this implies that about 15% of the variation in yam production in Imo State were due to differences in socio-economic characteristics. Further examination shows positive coefficients and direct relationship between years of experience, source of finance, source of land, household size and output, increase in these variables will increase yam output. The positive t-ratio, which is at 10% level of significance, shows that there is significant relationship between socio-economic characteristics of the farmers and overall revenue/output. Therefore, we reject the Null hypothesis of no relationship and accept the alternative that there is relationship between socio-economic characteristics and yam output, hence socio-economic characteristics affect profitability:

Ho:2 (Null Hypothesis). There is no significant relationship between cost of production and yam output in Imo State. The result revealed that the value of R-squared ( $R^2$ ) was (0.291), which implies that 29% of differences or variation in yam output were attribute to changes or differences in cost of inputs land, yam setts, labour, fertilizer etc. The values of coefficients and t-ratio were positive figures which indicates direct relationship and some level of relationship significant at 1% and 10% levels respectively. This result implies that an increase in the cost of inputs land, labour, planting materials (yam setts) will increase total cost of production and therefore affect output of yam in Imo State. With these result, we can therefore reject the null hypothesis or no relationship, instead we accept the

alternative, that there is a significant relationship between cost of inputs and revenue of small scale yam farmers in Imo State.

#### V. CONCLUSION

This study identified various socio-economic characteristics of small scale yam farmers in Imo State Nigeria, their impact on the level of efficiency of the farmers, as well as profitability. Stochastic frontier analysis revealed a wide range of technical efficiency among the yam farmers, with an average technical efficiency of 0.822 (82.2%), which means an average yam farmer requires technical adjustment of about 17.8% to attain full technical efficiency. The values of co-efficients and allocative efficiency/index (AEI) were all greater than one ( $AEI > 1$ ), ( $AEI \neq 1$ ) which implies under utilization and inefficient allocation of resources, moreover the marginal value products (MVP) were all greater than unit price of input ( $MVP > Px$ ) ( $MVP \neq Px$ ). However, gross margin analysis (GM) showed that yam production in Imo state, Nigeria was profitable with an 88.37% return on investment (RI). Nevertheless, certain constraints such as high cost of labour, planting materials (yam sett), lack of finance, non access to farm credit, insecurity situation in the rural areas were identified. The following recommendations were suggested, that cost of inputs, (seed yam) should be subsidized, more access to bank loans, improvement in the socio-economic status of rural farmers by provision of certain amenities will go a long way to boost farmers efficiency. Adequate collaboration and synergy between community heads, local vigilantee and government security agencies could curb the insecurity, instead more of the youths could be engaged in farming and other productive sector.

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