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Access To Credit by Poultry Farmers in Ido Local Government Area, Oyo State, Nigeria

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Poultry farmers, credit access, socio-economic factors and production constraints.

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Abstract

Access to credit remains a critical challenge confronting poultry farmer in Nigeria, limiting enterprise expansion and productivity despite rising demand for poultry products. This study examined the determinants of credit access among poultry farmers in Ido Local Government Area of Oyo State, Nigeria. The specific objectives were to describe farmers' socio-economic characteristics, identify sources and levels of credit, assess constraints to credit acquisition, and test the relationship between socio-economic variables and credit access. Primary data were obtained from 74 poultry farmers through a multi-stage sampling procedure using a structured interview schedule. Descriptive statistics, Chi-square analysis, and Spearman's rank-order correlation were employed at the 5% significance level. Results indicated that cooperative societies (71.6%) and personal savings (63.5%) constituted the major sources of finance, while 47.3% of respondents reported low access to credit. Chi-square analysis revealed significant associations between credit access and age ($\chi^2 = 28.43$; $p < .001$), education ($\chi^2 = 55.08$; $p < .001$), household size ($\chi^2 = 37.00$; $p < .001$), and annual income ($\chi^2 = 16.24$; $p < .001$). Furthermore, high input costs and scarcity of raw materials showed strong negative correlations with credit access ($\rho = -0.64$ to -0.46; $p < .01$). The study concludes that socio-economic capacity and operational constraints jointly influence credit accessibility. Strengthening cooperative financing structures and implementing flexible, farmer-friendly lending policies are recommended to promote sustainable poultry production.

Introduction

The poultry subsector represents one of the most dynamic and commercially viable segments of Nigeria's agricultural economy. It contributes significantly to food security, employment generation, income diversification, and poverty reduction. Poultry production involves the rearing of domesticated birds such as chickens, turkeys, ducks, and geese for meat and egg production. In Nigeria, chickens constitute the dominant species, with broilers raised for meat and layers for egg production. The subsector is particularly important in addressing the persistent deficit in animal protein intake, as poultry products are relatively affordable and widely consumed compared to other livestock products (Ahaotu, Okonkwo, & Ayo-Enwerem, 2021; Lawal, 2022).

Despite its growth potential and short production cycle, poultry farming remains capital intensive. Significant financial investment is required for housing facilities, day old chicks, feed, veterinary services, vaccines, equipment, labor, and biosecurity measures. Feed alone accounts for more than sixty percent of total production costs, making poultry farmers highly vulnerable to price volatility and liquidity constraints (Oladipo & Adekunle, 2021). Consequently, access to adequate and timely credit is critical for sustaining production, expanding scale of operation, adopting improved technologies, and mitigating production risks.

Agricultural credit plays a pivotal role in enhancing productivity, facilitating commercialization, and promoting rural development. Access to institutional finance enables farmers to overcome working capital shortages, invest in modern production inputs, and improve operational efficiency. Empirical evidence indicates that farmers with access to credit demonstrate higher output levels, better input utilization, and increased profitability compared to those without access (Adeyonu, Ajiboye, Isitor, & Faseyi, 2017; Obisesan & Akinlade, 2020). Credit also strengthens farmers' resilience to shocks such as disease outbreaks, fluctuating feed prices, and market instability.

Notwithstanding the recognized importance of credit in agricultural transformation, access to formal financial services among poultry farmers in Nigeria remains limited. Small and medium scale farmers frequently encounter barriers such as stringent collateral requirements, high interest rates, bureaucratic loan procedures, inadequate financial literacy, and short repayment periods that do not align with production cycles. Financial institutions often perceive agricultural lending as high risk due to uncertainty associated with biological production processes and market volatility (Ogunyinka & Omoniyi, 2024; Adebayo & Adeola, 2022). As a result, many poultry farmers rely on informal sources of finance including personal savings, cooperative societies, and rotating savings schemes, which are often insufficient for meaningful expansion.

Agriculture continues to make substantial contributions to Nigeria's Gross Domestic Product and employment generation, with smallholder farmers playing a dominant role. However, limited financial inclusion has constrained productivity growth within the sector. Enhancing access to credit among poultry farmers is therefore central to achieving sustainable agricultural development, increasing domestic poultry output, reducing dependence on imports, and improving rural livelihoods (Oladipo & Adekunle, 2021; Lawal, 2022).

Although several studies have examined agricultural financing in Nigeria, empirical evidence focusing specifically on determinants of credit accessibility among poultry farmers at the local government level remains limited. Socio economic characteristics such as age, education, farming experience, household size, membership of cooperative societies, and farm size have been identified as key factors influencing access to credit (Adeyonu *et al*., 2017; Ogunyinka & Omoniyi, 2024). However, variations across geographic locations necessitate context specific investigations to guide targeted policy interventions.

In view of the foregoing, this study examined access to credit by poultry farmers in Ido Local Government Area of Oyo State, Nigeria. The specific objectives were to describe the socio economic characteristics of poultry farmers, identify sources of information on credit access, determine available

sources of funds, evaluate the level of credit available, and ascertain the constraints militating against credit acquisition. The study further tested the hypotheses that there is no significant relationship between poultry farmers' access to credit and their socio economic characteristics, and that there is no significant relationship between farmers' access to credit and the level of credit available to them.

The findings are expected to provide evidence based insights for policymakers, financial institutions, and agricultural development stakeholders toward strengthening credit delivery mechanisms and enhancing sustainable poultry production in Nigeria.

Methodology

The study was conducted in Ido Local Government Area of Oyo State, located in southwest, Nigeria. The area was purposively selected due to its high concentration of farmers, particularly poultry producers, and its suitability for diverse agricultural activities. Ido LGA is characterized by expansive grasslands conducive to livestock and poultry production, vast forest reserves, and accessible water bodies that support various forms of farming. These agro-ecological and socio-economic features make the area an appropriate setting for examining poultry farming operations. The study population comprised all poultry farmers, both registered and unregistered, operating within the Local Government Area.

Primary data were utilized for the study and were collected through a well-structured interview schedule designed in line with the study objectives. The use of an interview schedule was considered appropriate in order to accommodate respondents with varying literacy levels and to enhance the accuracy and completeness of responses. A multi-stage sampling technique was employed in selecting respondents. In the first stage, 50% of the wards in the Local Government Area were selected using simple random sampling to ensure representativeness. In the second stage, 45% of poultry farmers were randomly selected from each of the chosen wards. This sampling procedure yielded a total sample size of 74 respondents.

Data collected were analyzed using descriptive and inferential statistical techniques. Descriptive statistics, including frequency distributions, percentages, means, and standard deviations, were used to summarize and describe the characteristics of respondents and key study variables. Inferential statistical tools were employed to test the stated hypotheses. Specifically, the Chi-square (χ^2) test was used to determine associations between categorical variables, while Spearman's rank-order correlation coefficient (rho) was used to examine the strength and direction of relationships between ordinal variables. All statistical analyses were conducted at an appropriate level of significance to ensure the reliability and validity of the findings.

Results and Discussion

Socio-economic Characteristics of Respondents: Table 1 presents the socio-economic profile of poultry farmers in Ido Local Government Area. The majority (89.1%) of farmers were between 21 and 50 years, indicating that poultry production is dominated by adults in their economically productive years. This is consistent with findings that younger and middle-aged farmers are more adaptable to innovations and better positioned for enterprise development (Adeyonu *et al*., 2017; Ogunyinka & Omoniyi, 2024). Most respondents were male (66.6%) and married (73%), suggesting that labor availability and family support are significant factors in poultry enterprise management.

Literacy levels were high, with 93.2% being literate and 41.9% attaining tertiary education, which may enhance adoption of improved production techniques and compliance with financial requirements (Obisesan & Akinlade, 2020). Household sizes averaged seven members, providing sufficient family labor to complement hired workers. Annual income ranged primarily between ₦100,000 and ₦500,000, with a mean of ₦300,000, prompting most farmers (91.9%) to engage in additional occupations to

supplement poultry income. Farming experience was moderate, with 80.8% of respondents having 1–10 years of poultry experience, supporting enterprise stability while retaining growth potential.

Sources of Information: As shown in Table 2, the main sources of production and credit-related information were relatives and friends (71.63%), local meetings (56.8%), mass media (54.1%), extension agents (43.2%), and community leaders (39.2%). The limited reliance on extension services indicates potential gaps in institutional support, which may hinder access to modern poultry production techniques and financial programs (Tadese, 2008; Adebayo & Adeola, 2022).

Sources and Level of Credit: Table 3 shows that cooperative societies (71.6%) and personal savings (63.5%) were the dominant credit sources. Few farmers accessed formal financial institutions such as commercial banks (27%) or government agencies (27%), largely due to bureaucratic procedures and stringent collateral requirements (Awuku, 2009; Badiru, 2010).

The level of credit obtained (Table 4) was generally low, with 52.7% reporting insufficient funding even when credit was available. This limited capital constrains expansion, adoption of improved technologies, and operational efficiency (Odoemenem & Obinne, 2010).

Constraints Militating Against Credit Acquisition: Table 5 highlights major constraints, including lack of collateral (55.4%) and high interest rates (48.6%), followed by small farm size, long processing time, and lack of information. Low educational attainment also limited farmers' ability to access credit. These findings align with previous studies emphasizing the importance of collateral, financial literacy, and farm scale in agricultural credit access (Adebayo & Adeola, 2022; Obisesan & Akinlade, 2020).

Hypotheses Testing

Socio-economic Characteristics and Access to Credit: Chi-square analysis (Table 6) revealed significant relationships between credit access and age ($\chi^2 = 28.43$; $p < .001$), education ($\chi^2 = 55.08$; $p < .001$), household size ($\chi^2 = 37.00$; $p < .001$), and annual income ($\chi^2 = 16.24$; $p < .001$). Gender ($\chi^2 = 3.11$; $p = .078$) and marital status ($\chi^2 = 2.31$; $p = .509$) were not significant. Older and better-educated farmers with larger households and higher income were more likely to access credit, confirming that socio-economic capacity strongly determines financial accessibility (Adeyonu *et al.*, 2017; Babatunde & Qaim, 2019).

Production Constraints and Access to Credit: Spearman correlation (Table 7) showed significant negative relationships between access to credit and high operational costs, scarcity of raw materials, transportation, and firewood costs ($\rho = -0.64$ to -0.46; $p < .01$). Time-consuming production processes, poor market availability, financial problems, and inadequate storage also negatively affected credit access ($\rho = -0.42$ to -0.32; $p < .05$). Less significant factors included low production levels, poor practices, inadequate knowledge, and lack of extension services ($\rho = -0.22$ to -0.14; $p > .05$). These results suggest that lenders prioritize tangible operational and financial risks when extending credit, emphasizing the need for cost reduction and efficiency improvements (Alene & Manyong, 2021; Chisasa & Maziriri, 2021).

Discussion: The findings demonstrate that access to credit among poultry farmers is influenced by both socio-economic characteristics and operational constraints. Farmers with higher education, larger households, higher income, and older age were better positioned to secure loans. Meanwhile, production-related challenges, particularly high costs and scarcity of inputs, reduce the likelihood of obtaining adequate financing. Reliance on cooperative societies and personal savings reflects the limited penetration of formal financial services. Enhancing farmers' financial literacy, reducing operational costs, and strengthening cooperative societies are critical to improving credit access, enterprise growth, and rural livelihoods in the poultry subsector.

Conclusion and Recommendations

Access to credit among poultry farmers in Ido Local Government Area is significantly influenced by key socio-economic characteristics, including age, level of education, household size, and income status. The findings reveal that farmers predominantly depend on cooperative societies and personal savings as their principal sources of finance. Access to formal financial institutions remains limited due to stringent collateral requirements, high interest rates, and complex bureaucratic procedures. In addition, operational constraints such as escalating input costs and the scarcity of essential production materials further limit effective credit utilization. The study therefore concludes that both socio-economic capacity and production-related factors jointly determine farmers' ability to secure adequate financing, with direct implications for productivity, farm expansion, and overall business growth. Based on these findings, the study recommends that:

1. Financial institutions and relevant government programmes should provide poultry farmers with increased loan amounts at low, single-digit interest rates, accompanied by flexible repayment schedules aligned with poultry production cycles.
2. Cooperative societies, as the primary source of credit, should be strengthened through government support, institutional capacity building, and access to bulk funding to enhance their lending capacity.
3. Extension agents should be adequately trained and deployed to educate poultry farmers on formal credit procedures, financial literacy, and available agricultural intervention schemes.
4. Policy interventions should focus on reducing the cost and improving the availability of essential inputs such as feed, day-old chicks, and poultry equipment.
5. Farmers should be provided with training in modern poultry management practices, record-keeping, and business planning to enhance operational efficiency and improve creditworthiness.

Table 1: Socio-economic Characteristics of Poultry Farmers (n = 74)

Characteristic	Frequency	Percentage (%)
Age (years)		
21–30	21	28.4
31–40	30	40.5
41–50	15	20.2
>50	8	10.8
Gender		
Male	49	66.6
Female	25	33.4
Marital Status		
Married	54	73.0
Single	20	27.0
Education		
Primary	15	20.3
Secondary	28	37.8
Tertiary	31	41.9
Household Size (mean ± SD)	7 ± 2.1	–
Annual Income (₦)		
100,000–500,000	41	55.4

Characteristic	Frequency	Percentage (%)
501,000–1,000,000	20	27.0
>1,000,000	13	17.6
Experience (years)		
1–5	25	33.8
6–10	35	47.3
>10	14	18.9

Source: Field Survey, 2024

Table 2: Sources of Information on Poultry Production (n = 74, multiple responses)

Source	Frequency	Percentage (%)
Relatives and friends	53	71.63
Local meetings	42	56.8
Mass media	40	54.1
Extension agents	32	43.2
Community leaders	29	39.2

Source: Field Survey, 2024

Table 3: Sources of Credit Accessed by Poultry Farmers (n = 74, multiple responses)

Source	Frequency	Percentage (%)
Cooperative societies	53	71.6
Personal savings	47	63.5
Commercial banks	20	27.0
Government programs	20	27.1
Friends or relatives	10	13.5
Bank of Agriculture	10	13.5
Moneylenders	8	10.8

Source: Field Survey, 2024

Table 4: Level of Credit Accessed by Poultry Farmers (n = 74)

Credit Level	Frequency	Percentage (%)
High	30	40.5
Medium	25	33.8
Low	35	47.3

Source: Field Survey, 2024

Table 5: Problems Militating Against Credit Acquisition (n = 74)

Problem	Very High (%)	Moderate (%)	Low (%)	Mean Rank
Lack of collateral	41 (55.4)	21 (28.4)	12 (16.2)	1
High interest rate	36 (48.6)	31 (41.9)	7 (9.5)	1
Long process and time	36 (48.6)	24 (32.4)	14 (18.9)	5
Lack of information on credit	24 (32.4)	36 (48.6)	14 (18.9)	4
Farm size	27 (36.5)	30 (40.3)	17 (23.0)	3
Low educational background	16 (21.6)	40 (54.1)	18 (23.3)	6

Source: Field Survey, 2024

Table 6: Chi-Square Analysis of Socio-Economic Characteristics and Access to Credit (n = 74)

Variable	χ^2	df	p-value	Interpretation
Age	28.43	3	<.001	Significant
Education	55.08	2	<.001	Significant
Household size	37.00	2	<.001	Significant
Annual income	16.24	2	<.001	Significant
Gender	3.11	1	.078	Not significant
Marital status	2.31	1	.509	Not significant

Source: Field Survey, 2024

Table 7: Spearman's Rank Correlation of Production Constraints and Access to Credit (n = 74)

Constraints	ρ	p-value
High cost of raw materials	-0.64	.006
Scarcity of raw materials	-0.58	.001
Transportation cost	-0.49	.002
High firewood cost	-0.46	.004
Time-consuming production processes	-0.42	.010
Poor market availability	-0.40	.012
Financial problems	-0.37	.015
Inadequate storage	-0.32	.028
Insufficient labor	-0.30	.035
Non-affordability of packaging	-0.28	.042
Low production levels	-0.22	.068
Poor production practices	-0.19	.084
Lack of knowledge	-0.16	.110
Lack of extension services	-0.14	.135

Source: Field Survey, 2024

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