



## APPRAISAL OF MAJOR FACTORS INHIBITING THE INTERNATIONALIZATION OF SMALL AND MEDIUM-SIZED AGRICULTURAL EXPORTERS IN NIGERIA

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**ABSTRACT:** *As domestic markets become saturated with competition and less profitable, businesses around the world are rapidly expanding their operations into foreign country markets to achieve business growth. This study was designed to address the major factors inhibiting the internationalization of small and medium-sized agricultural exporters in Nigeria. It determined the major reasons for internationalization by small and medium-sized agricultural exporters; examined the effectiveness of internationalization to their performance, among other objectives. The study adopted survey-based cross-sectional research design. Primary data were obtained from 348 managers and operators of small and medium-sized agricultural exporters using a structured questionnaire. The data obtained were analyzed and interpreted using descriptive statistics. The study made major findings in line with its objectives. On the basis of the findings, practical recommendations were made to guide policy-makers and players in the agricultural sector. Also, suggestions were presented to guide the trajectory and scope of similar future research.*

**KEYWORDS:** Internationalization, SMEs, Agricultural sector, Internal barriers, External barriers



## INTRODUCTION

The Nigerian agricultural sector has been a major contributor to the nation's economic growth for decades. With up to 70.8 million hectares of arable land, producing major export products like rice, maize, yam, cassava, beans, guinea corn, palm kernel and millet, the sector accounted for up to 22.4 percent of the total GDP growth in Nigeria in the first quarter of 2021 (Karmer, 2022). Despite the ravages of climate change witnessed in Nigeria in forms of flooding, land erosion and decline in crop yield, the Nigerian agricultural sector has continued to show great resilience and growth potential. A recent report by the Nigerian Bureau of Statistics (NBS) stated that "in the first quarter of 2022, the agricultural sector grew by 3.16 percent (year-on-year) in real terms, an increase of 0.88 percentage points from the corresponding period of 2021, and a decrease of 0.42 percentage points from the preceding quarter, which recorded a growth rate of 3.58 percent" (Ekugbe, 2023:15). Nigeria is also a major producer of a wide variety of cash crops which are exported each year to several countries around the globe. Another recent report by the NBS revealed that "Nigeria exported agricultural goods worth N343.4 billion in the first half of 2022, which showed an increase of 17.3 percent from N292.8 billion recorded in the corresponding period of 2021" (Oyekanmi, 2022:2). The report further showed that cashew nuts, sesame seeds and cocoa beans were the most exported cash crops by Nigeria in 2022, thereby generating an export revenue of N262.99 billion. However, the bulk of agricultural product exports in Nigeria is done by large-scale companies, who also benefit greatly from its proceeds, while the export capacity of small and medium-sized agricultural firms is impeded by a plethora of environmental barriers.

According to a list of major agricultural exporters in Nigeria published by Opeyemi (2022), it was observed that the majority of exporters of agricultural products in the country are large-scale corporations, with substantial capital and international market access. This implies that SMEs in the agricultural sector are either unwilling or incapable of competing in the global market through internationalization. And their inability to internationalize and serve more markets adversely impacts SMEs' performance by constraining their sales revenues and market shares to the domestic market, which is fairly saturated by competition from other firms. How then can small and medium-sized agricultural firms be assisted to improve their performance through internationalization? This is currently difficult because of the institutional, political, socio-cultural and economic barriers to internationalization confronting SMEs in Nigeria. Generally speaking, Adebayo *et al.* (2019) decried that the internationalization agenda of Nigerian SMEs is hindered by the low level of managerial competencies, lack of adequate foreign market experience, unregistered business status, insufficient financial resources, lack of government support, and lack of access to foreign-market partners.

However, in the context of small and medium-scale agricultural exporters, there appears to be insufficient empirical evidence on the factors impeding their internationalization due to the dearth of extant relevant studies. A preliminary review of extant literature on the barriers of internationalization of SMEs revealed that a substantial amount of studies has been done on the subject in foreign countries, like Oman, Czech Republic, India, Brazil, China, Kenya and a host of others. However, in the Nigerian context, only a few studies have examined the subject, mostly with regards to SMEs generally. Particularly, there is inadequate scholarly attempt to identify the major factors inhibiting the internationalization of small and medium-sized agricultural exporters in Nigeria. This entails that there is a substantial knowledge gap in existing literature regarding the internationalization challenges of Nigeria's small and medium-sized agricultural exporters. There is therefore a substantial need for empirical studies to



unravel the actual and potential factors capable of inhibiting the internationalization agendas of agricultural exporters in Nigeria in order to provide empirical insights capable of enabling these firms achieve substantial growth through internationalization. This is why this study was carried out to:

- i. determine the major reasons for internationalization by small and medium-sized agricultural exporters;
- ii. examine the effectiveness of internationalization to the performance of small and medium-sized agricultural exporters;
- iii. identify the most effective international market entry strategies for small and medium-sized agricultural exporters; and to
- iv. explore the major factors inhibiting the internationalization of small and medium-sized agricultural exporters.

Guided by the afore-listed research objectives, the following research questions were designed to provide empirical guidance for the study:

- i. What are the major reasons for internationalization by small and medium-sized agricultural exporters?
- ii. How effective is internationalization to the performance of small and medium-sized agricultural exporters?
- iii. What are the most effective international market entry strategies for small and medium-sized agricultural exporters?
- iv. What are the major factors inhibiting the internationalization of small and medium-sized agricultural exporters?

## LITERATURE REVIEW

### Nigerian Agricultural Industry

The Nigerian agricultural industry is composed of farmers, agro-based firms, marketing agencies, and supply chain networks involved in the production, processing, packaging, transportation and delivery of agricultural products to create value for consumers at home and abroad. According to Adeite (2023:7), “petroleum is still widely recognized as the mainstay of Nigeria’s economy; however, agriculture in Nigeria remains the foundation or bedrock of the nation’s economy. It is an invaluable sector whose contributions to national revenue cannot be overlooked. Every year, the agricultural sector provides millions of jobs, tonnes of food and valuable raw materials, all of which translate into economic growth and development”. As observed by Karmer (2022), the agricultural sector accounts for up to 22.4 percent of the total GDP growth in Nigeria and is a major source of income for scores of Nigerians, especially in rural areas. It is believed that the agricultural sector generates more revenue and contributes higher to the country’s GDP than petroleum resources. A report by Adeite (2023:9) indicates that “between 2011 and 2012, agriculture contributed to over 40 percent of the nation’s GDP.



In 2018, the agricultural sector contributed an estimated 25 percent to Nigeria's total GDP, the most by any sector, while the oil sector contributed 8.6 percent over the same period". The bulk of its contribution to the nation's economy comes from export revenue of cash crops and other agricultural products grown domestically.

On the global stage, Nigeria is a major player in the production of several agricultural products including sorghum, cashew nuts, palm oil, pineapple, yams, cocoa beans, cotton, maize, millet, among others. In the first quarter of 2022, the Nigerian agricultural industry generated a revenue of N343.4 billion from the exportation of several agricultural products to foreign countries (Oyekanmi, 2022). A 2023 report published by Statista Research Department revealed that "in 2021, Europe was Nigeria's main trade partner in terms of agricultural product exports. As of the fourth quarter of 2021, the export value of agricultural products to Asia amounted to approximately 68.2 billion Nigerian Naira (NGN) - roughly 164.3 million U.S. dollars. Asia was the second largest destination region for the products, as the exports added up to around 55.7 billion NGN, corresponding to 134.2 million U.S. dollars" (Statista Research Department, 2023:5). With up to 70.8 million hectares of arable land, and a teeming population of youths, Nigeria possesses the unique ability to feed itself, and contribute to food security across the African continent and others through investments in the agricultural sector and encouraging more people to get economically involved in agriculture (Busola, 2022). Not only would this help to deplete youth unemployment rates in the country, but it would also help diversify the country's economy, hence generating additional revenue to boost its GDP in the long run.

### **Internationalization of Nigerian agricultural SMEs**

Internationalization is the incremental process whereby a domestic firm searches for foreign markets and expands its commercial operations to serve customers in the chosen foreign market (Tiwari et al., 2016). It is the step-by-step process whereby local business organizations become more actively engaged and entrenched in marketing activities and operations across their national borders. Cahen *et al.* (2016) observed that internationalization is a strategic international business strategy that enables local businesses to transition from domestic market players to global market players by being economically and commercially involved across countries. Its benefits to the marketing and overall performance of business organizations cannot be overemphasized, because internationalization is regarded as a long-term business strategy that ultimately results in higher returns on investment (Boso *et al.*, 2019). It enables domestic firms to expand their customer bases to include foreign markets, while enabling them to gain foreign-market experience and build foreign-market networks for deeper business ties in foreign countries. As the market bases of firms expand as a consequence of internationalization, the quantity of customer patronage, sales volume and revenue obtainable grows exponentially (Diojoto & Marambe, 2015). This is why several Nigerian businesses, across sectors, are desirous of internationalizing their operations into foreign markets to exploit available market potential. In the agricultural sector of Nigeria, the main business category that has successfully internationalized their operations abroad are large-scale agro-businesses, while small and medium-sized enterprises are encumbered by challenges that impede their ability to enter foreign markets (Opeyemi, 2022).

Oftentimes, the most popular foreign-market entry strategy adopted by Nigerian SMEs to internationalize is exportation (Babatunde, 2017; Adebayo *et al.*, 2019), which could be done directly by the firms or indirectly by professional export management companies. This entry



strategy, exportation, is thus popular among Nigerian SMEs because it possesses the least cost, exposes them to the least risk from foreign markets and enables them to sell their products to customers in foreign markets without committing huge human resources to the target countries. There are many financial rewards to show for Nigerian products exportation to foreign countries over the years. A recent report by PwC (2018:7), revealed that “between 2016 and 2018, the country's total agriculture exports was driven by export of sesame seeds, fermented cocoa beans, cashew nuts, ginger, crude palm kernel oil, soya beans, frozen shrimps and prawns, among other commodities. Cumulatively, the country earned N0.53 trillion from agriculture export between 2016 and 2018”. In that same period, Asian countries, particularly, China, India, Japan and Vietnam emerged as the biggest purchasers of cashew nuts from Nigeria, thus generating enormous revenue for exporting companies. Nevertheless, Nigerian SMEs in the agricultural sector are yet to fully realize the rewards of internationalization to foreign countries as a result of a number of environmental constraints that restrict them to the Nigerian market. Unfortunately, not much research efforts have been committed by extant researchers to unravel and mitigate the major factors undermining the internationalization of small and medium-sized agricultural exporters in Nigeria.

### **Empirical review of barriers to SMEs internationalization**

Diojoto and Marambe (2015) examined the “factors impeding the internationalization process of small and medium enterprises (SMEs)” in Kenya. The study was designed to determine the effect of geographical distance, international market experience, cultural differences, government trade policy, and cost implications on the internationalization of SMEs in Kenya. Primary data were obtained from 209 operators of SMEs in Mombasa County. The data were analyzed using descriptive and regression analysis. The findings of the study revealed that geographical distance, international market experience, cultural differences, government trade policy, and cost implications had a significant effect on the internationalization of SMEs in Kenya. However, the study was limited to SMEs in Kenya, with no reference to small and medium-sized agricultural exporters in Nigeria. A study by Chandra *et al.* (2020) adopted a systematic literature review method to explore the “internationalization barriers of SMEs from developing countries”. From a systematic review of several scholarly published articles, the authors summarized the following as the major barriers to SMEs internationalization in developing countries: foreign language proficiency, socio-cultural barriers, foreign social network, international market experience, international business knowledge, managerial capability, currency and transactional barriers, and government barriers. However, the study generally reviewed literature from developing countries without specifically identifying the major factors affecting the internationalization of small and medium-sized agricultural exporters in Nigeria.

Zhu *et al.* (2011) carried out a study on “the key factors influencing international franchisors’ choice of entry modes into China”. The study used primary data obtained through a questionnaire survey of 130 international franchise firms in China. The study used descriptive statistics and structural equation modeling to analyze and test its hypotheses. Consequently, it was found that firm maturity level, risk spreading, cultural barriers, geographical distance and foreign market experience had significant influences on the entry modes of foreign franchisors into the Chinese market. However, the study was limited to foreign franchising firms in China, with no reference to the major factors affecting the internationalization of small and medium-sized agricultural exporters in Nigeria. Another study by Cahen *et al.* (2016) was designed to identify the factors impeding the internationalization of new technology companies in Brazil.



The study obtained primary data from 92 new technology companies in Brazil using a structured questionnaire, while secondary data were obtained from published industry data. The study adopted exploratory factor analysis to statistically analyze the data collected. Consequently, it was revealed that human resource barriers (language barriers, skills and competencies), internal organizational capability (product/service quality, technological expertise and production expenditure) and external institutional barriers (government assistance, cost implications and incentives) had significant impacts on the internationalization of new technology companies in Brazil. However, the study was overwhelmingly restricted to new technology companies in Brazil, with no reference to the major factors affecting the internationalization of small and medium-sized agricultural exporters in Nigeria.

Another study by Roy *et al.* (2016) examined the “barriers to internationalization of small and medium enterprises in India”. The study obtained primary data from 327 owners/managers of SMEs in Rajasthan, India using a structured questionnaire. The study used descriptive statistics and confirmatory factor analysis (CFA) to analyze the primary data obtained from respondents. Consequently, the findings revealed that the internationalization of Indian SMEs is significantly impacted by external (governmental and economic, political/legal barriers, procedural, socio-cultural and currency) and internal (informational barriers, managerial barriers, financial barriers, and marketing) barriers. However, the study was overwhelmingly restricted to SMEs in India, with no reference to the major factors affecting the internationalization of small and medium-sized agricultural exporters in Nigeria. Similarly, Pietrasieński and Ślusarczyk (2015) explored the major barriers confronting the internationalization of SMEs into foreign markets. From a systematic review of several scholarly published articles, the authors summarized the following as the major barriers to SMEs internationalization into foreign markets: financial instrument, managerial capabilities, access to foreign markets and business surroundings. However, the study generally reviewed literature on the barriers to SMEs internationalization, without specifically identifying the major factors affecting the internationalization of small and medium-sized agricultural exporters in Nigeria.

Furthermore, Toulouva *et al.* (2015) carried out a study to examine the “barriers of SMEs internationalization and strategy for success in foreign markets”. The study used a structured questionnaire survey to obtain primary data from 232 managers/owners of SMEs in the Czech Republic. The study used descriptive statistics and Spearman ranking correlation method to analyze the data obtained including hypothesis testing. The findings of the study revealed that the major internationalization barriers confronting SMEs in the Czech Republic included the following: “lack of language skills of employees, lack of experience with foreign markets, high costs of promotion in foreign markets, lack of public support or subsidies and lack of information about foreign markets” (Toulouva *et al.*, 2015:14). However, the study was overwhelmingly restricted to SMEs in the Czech Republic, with no reference to the major factors affecting the internationalization of small and medium-sized agricultural exporters in Nigeria. Also, Pavlák (2018) explored a study to determine the factors that hinder SMEs in the Czech Republic from internationalization to foreign markets. To that end, the study obtained primary data from 110 SMEs using a structured questionnaire and interviews. The data obtained were analyzed using descriptive statistics and the findings revealed that the factors that hinder SMEs in the Czech Republic from internationalization to foreign markets include: “high costs of internationalization; lack of capital for expansion; administrative difficulty and lack of information on foreign markets” (Pavlák, 2018:452). However, the study was restricted



to SMEs in the Czech Republic, with no reference to the major factors affecting the internationalization of small and medium-sized agricultural exporters in Nigeria.

In addition, Kaputa *et al.* (2016) carried out a study to determine the “barriers for wood processing companies to enter foreign markets in Slovakia”. The study used an online questionnaire survey to obtain primary data from 62 wood-processing companies in Slovakia. The data were analyzed using descriptive statistics and Pearson’s Chi squared test of independence. The findings thereof revealed that “cross cultural barriers, financial barriers, corruption/bureaucracy, internal barriers, technical barriers, managerial competencies and foreign competitors” (Kaputa *et al.*, 2016:117) were the major barriers preventing Slovakian wood-processing companies from internationalizing to foreign markets. However, the study was restricted to wood-processing companies in Slovakia, with no reference to the major factors affecting the internationalization of small and medium-sized agricultural exporters in Nigeria. Also, Sanyal *et al.* (2020) centered on exploring the “challenges facing internationalization of SMEs in emerging economies”. The study obtained primary data from 102 owners/managers of SMEs in Oman using a questionnaire survey. The data were analyzed using descriptive statistics and structural equation modeling. The findings of the study revealed that “finance availability was the most significant predictor of internationalization challenges followed by market access and business environment, while firm capabilities had no impact on internationalization” (Sanyal *et al.*, 2020:278). However, like the previous study, this study was restricted to SMEs in Oman, with no emphasis on the major factors affecting the internationalization of small and medium-sized agricultural exporters in Nigeria.

Similarly, Adebayo *et al.* (2019) carried out an empirical study to determine the primary factors impeding Nigerian SMEs from engaging in internationalization initiatives. The study used a structured questionnaire to collect primary data from 279 owners/managers of SMEs in Lagos, Nigeria. The data obtained were analyzed using descriptive statistics and binary logistic regression analysis. The findings of the study revealed that the internationalization agenda of SMEs in South-Western Nigeria is hindered by “SME owners’/managers’ age group, level of education and previous exporting experience, along with firms’ attributes including business registration status, source of raw materials, access to bank loans, government incentive supports and collaboration with foreign partners” (Adebayo *et al.*, 2019:48). The limitation of this study is that it generally explores the subject as it relates to SMEs holistically without specifically identifying the unique factors inhibiting the internationalization of small and medium-sized agricultural exporters in Nigeria

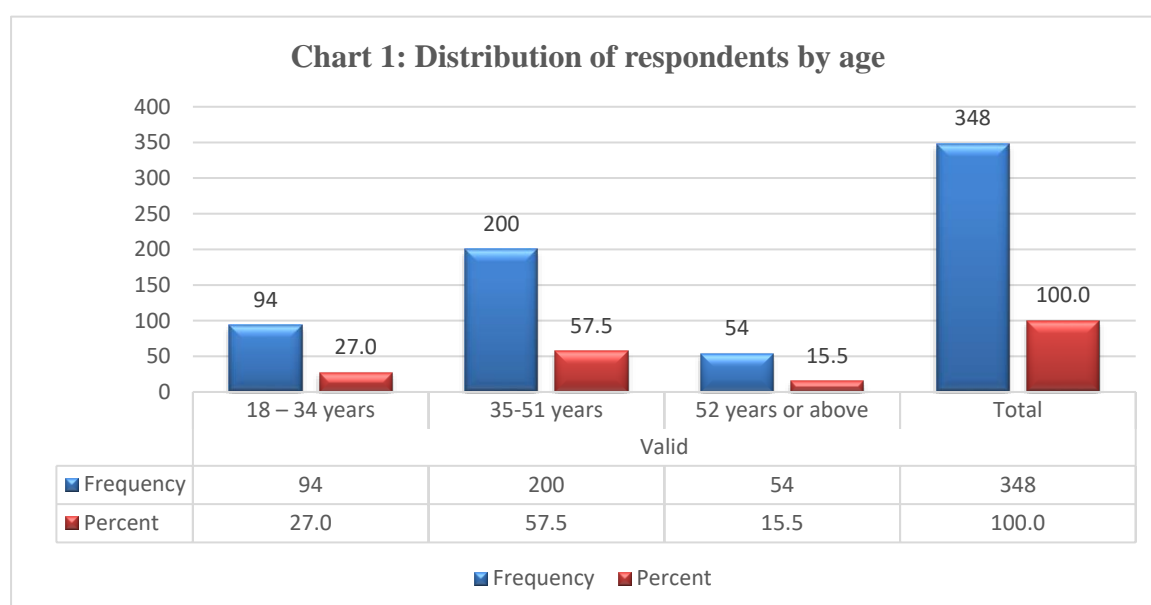
## METHODOLOGY

This study was an exploratory study, which adopted a cross-sectional survey research design to obtain required data. Given the descriptive nature of the study, primary data were obtained from respondents on a one-time basis, without long-term repetitions. The study targeted a sample of 348 managers and operators of small and medium-sized agricultural exporters in Lagos, Nigeria. To select the respondents into the sampling frame, we applied convenience and snow-ball sampling techniques. Convenience sampling enabled us to locate and include respondents who were easily accessible and available to participate in the survey, while snow-ball sampling enabled us to use informed recommendations from a few agricultural SMEs to locate other exporters in their business network. Both sampling techniques enabled us to



include respondents who accurately represented the characteristics of the population in the questionnaire survey. A structured questionnaire was then administered to respondents to obtain primary data for the study. Before actual administration to respondents, the research questionnaire was content-validated by research experts in the University of Calabar, Nigeria. The data obtained from the respondents as well as the research questions of the study were analyzed and interpreted using descriptive statistics (frequencies, percentages and charts).

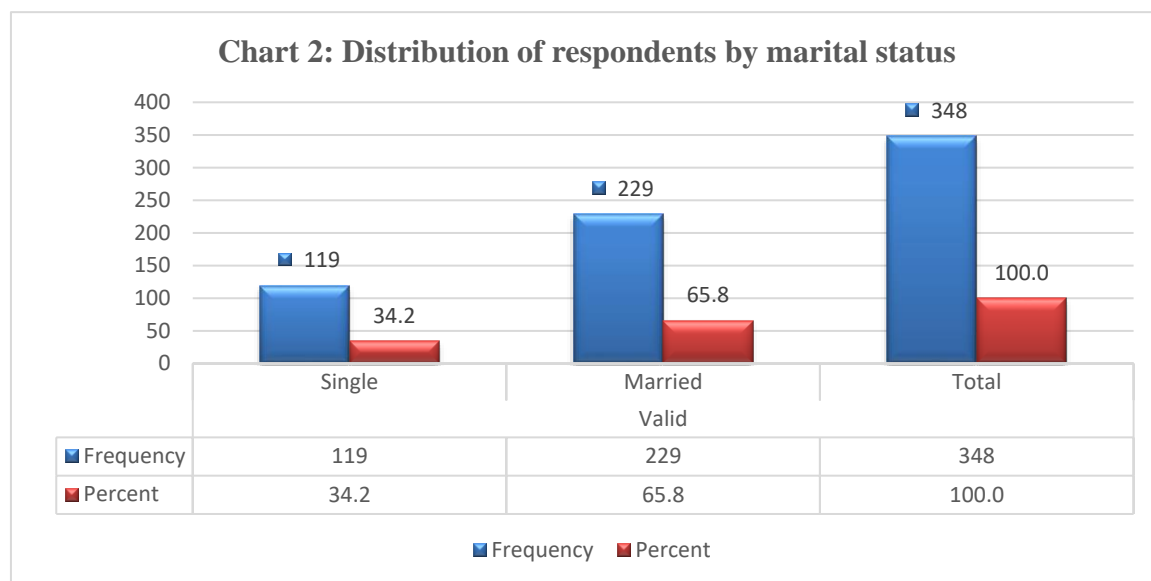
## ANALYSIS AND DISCUSSION OF FINDINGS



*Source: Authors' computation via Microsoft Excel (2023)*

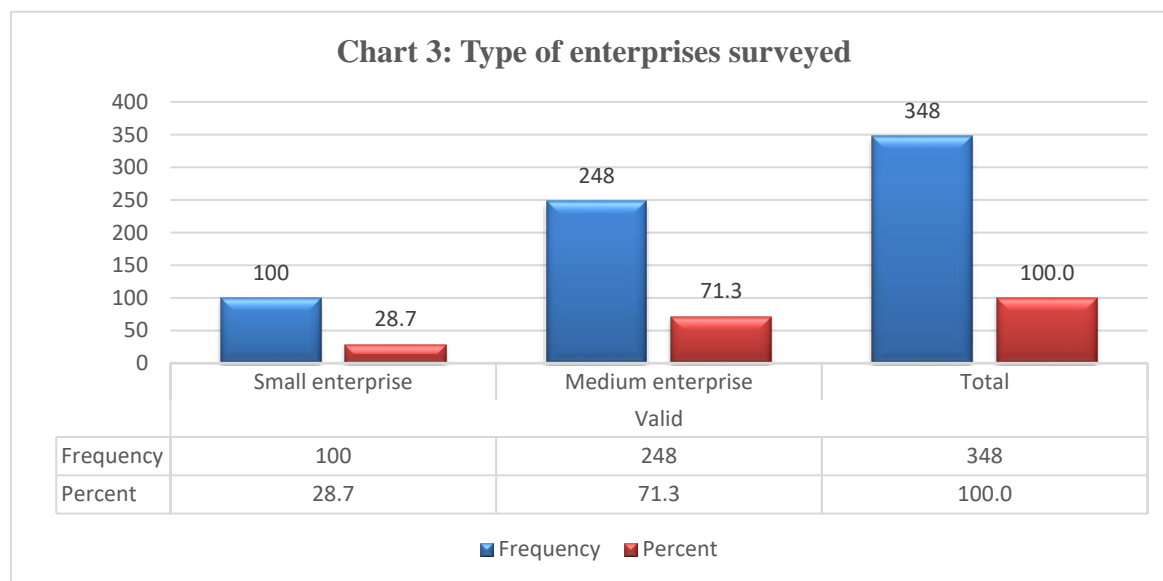
The data presented in Chart 1 reveal that the majority of the respondents surveyed (200 or 57.5 percent) were between the ages of 35-51 years, while minority of the respondents (54 or 15.5 percent) were between the ages of 52 years or above.





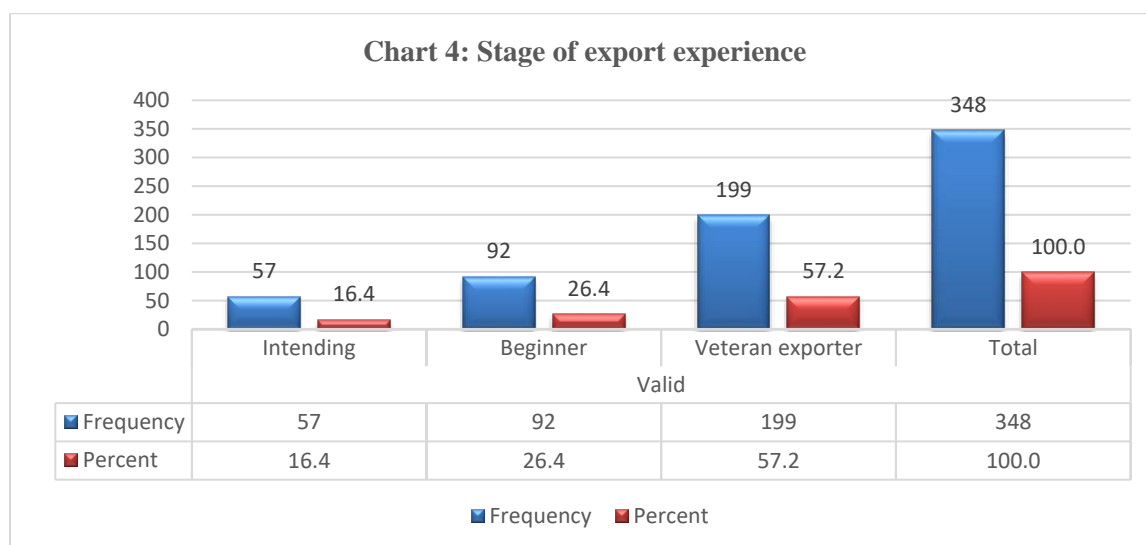
*Source: Authors' computation via Microsoft Excel (2023)*

The data presented in Chart 2 reveal that the majority of the respondents surveyed (229 or 65.8 percent) were married, while the minority of the respondents (119 or 34.2 percent) were single.



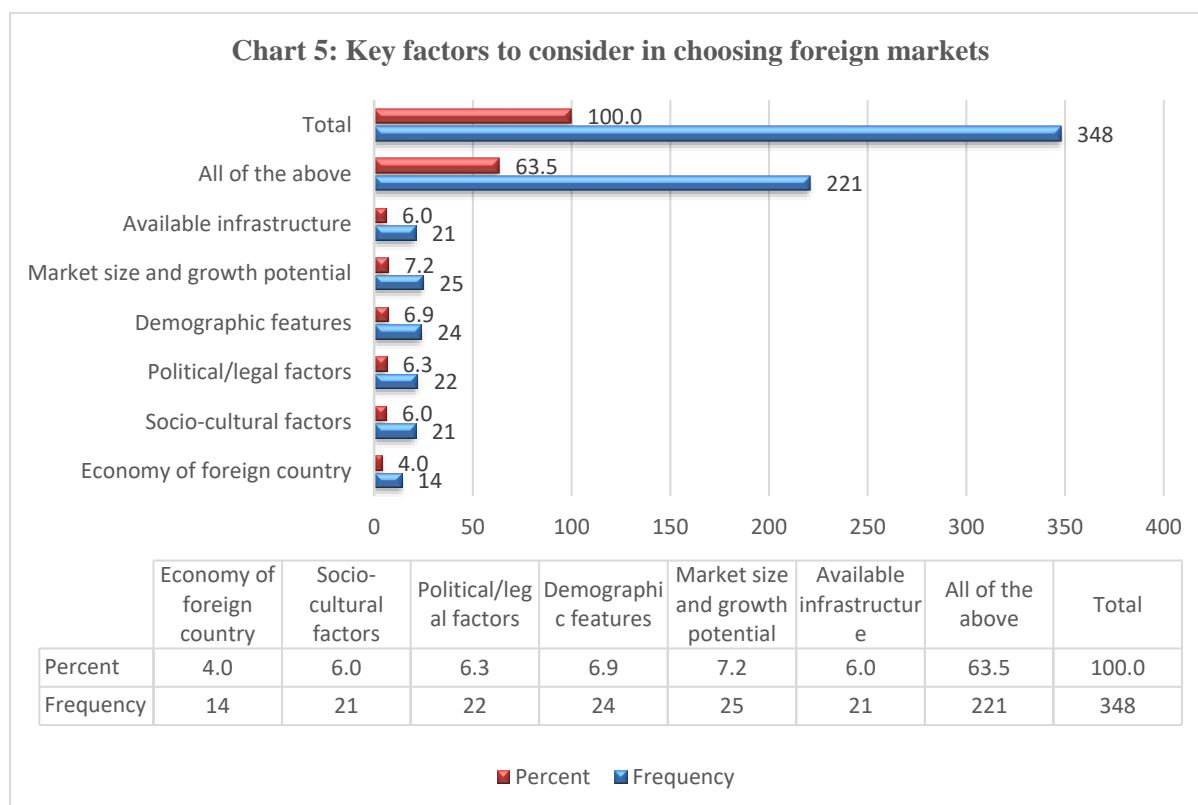
*Source: Authors' computation via Microsoft Excel (2023)*

The data presented in Chart 3 reveal that the majority of the respondents surveyed (248 or 71.3 percent) were medium agricultural enterprises, while the minority of the respondents (100 or 28.7 percent) were small enterprises. This implies that most agricultural exporting firms in Nigeria are either medium-sized or large-sized enterprises, while small enterprises constitute the minority of agricultural exporters.



Source: Authors’ computation via Microsoft Excel (2023)

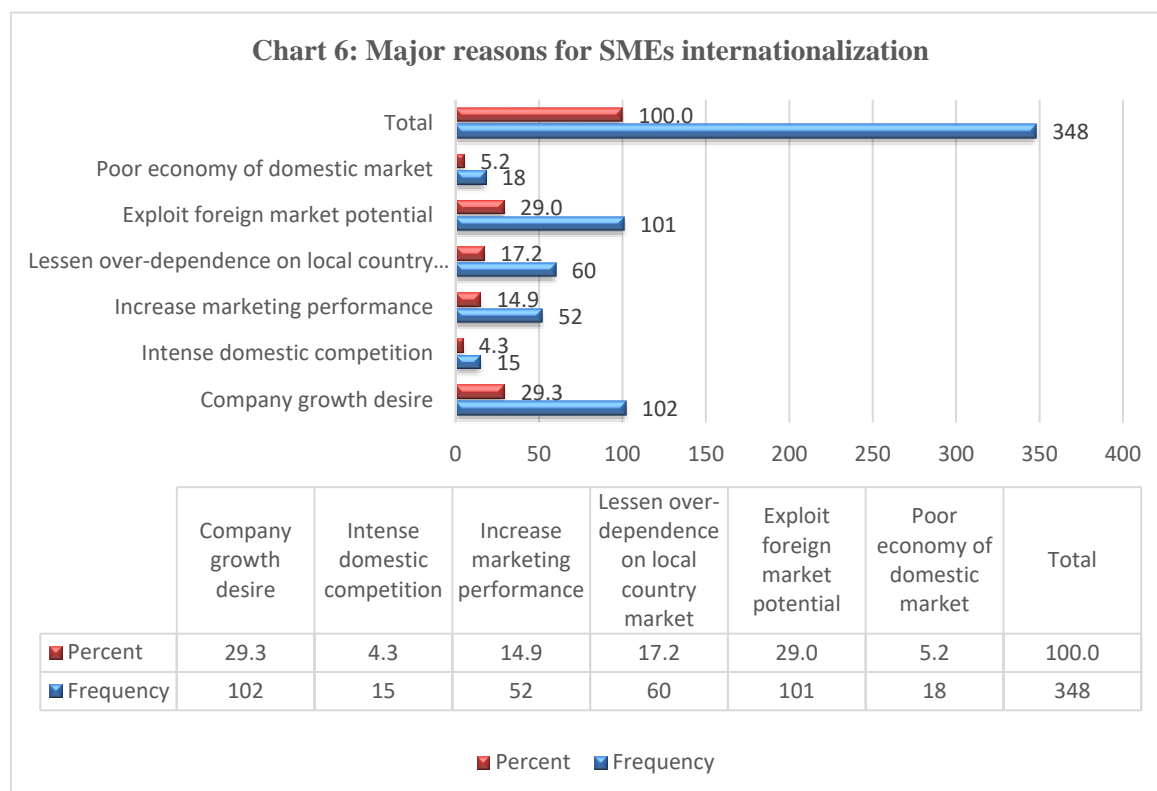
The data presented in Chart 4 reveal that the majority of the respondents surveyed (199 or 57.2 percent) were veteran exporting firms, while the minority of respondents (57 or 16.4 percent) were intending exporting enterprises. This implies that most of the participants surveyed represented enterprises with long experiences with exportation.



Source: Authors’ computation via Microsoft Excel (2023)

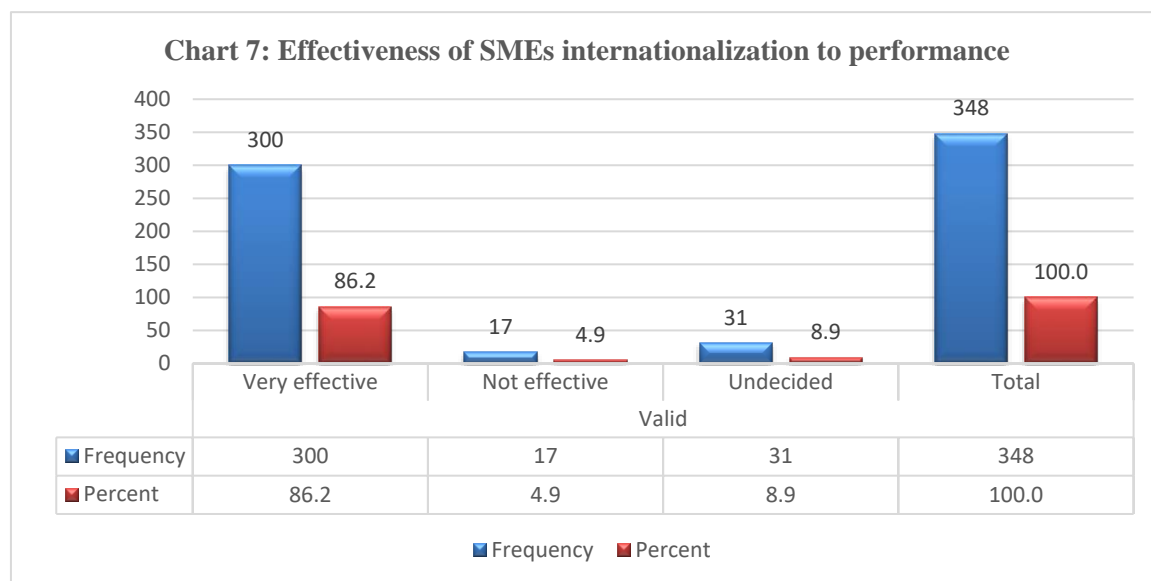


The data presented in Chart 5 reveal that the major factors that agricultural small and medium-sized exporters consider in choosing foreign markets are the economy of foreign countries, socio-cultural factors, political/legal factors, demographic features, market size and growth potential, and available infrastructure.



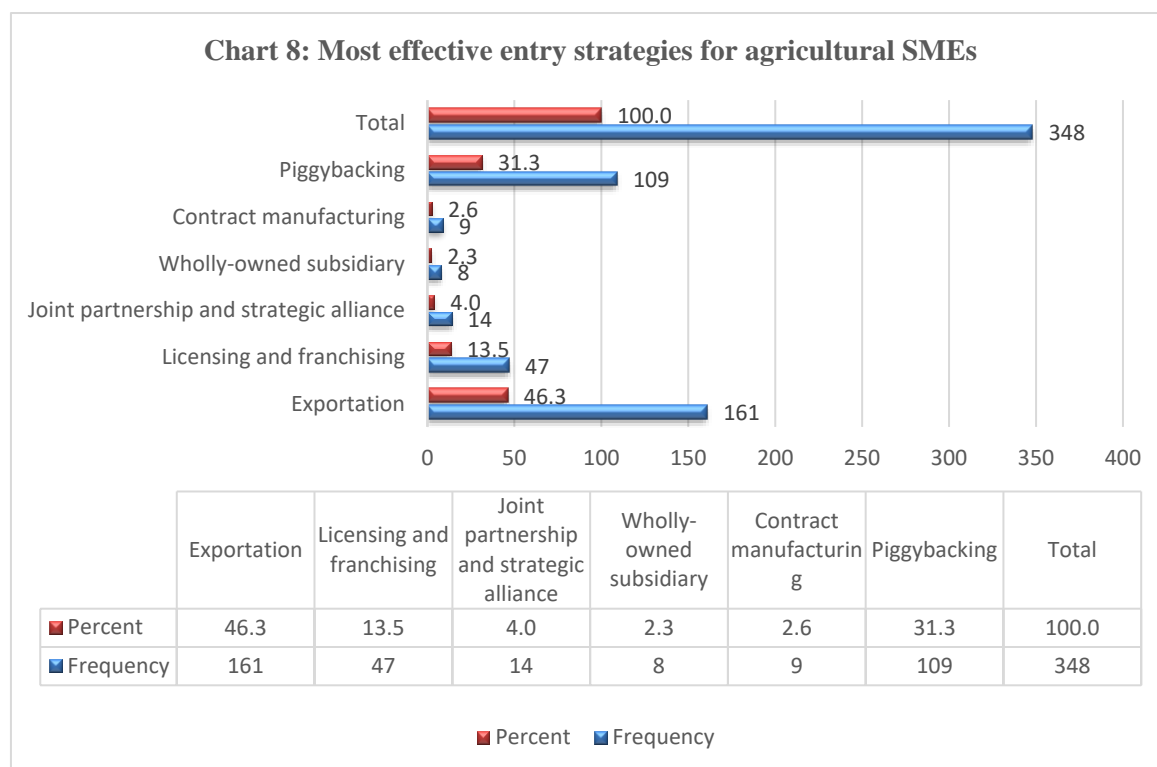
Source: Authors' computation via Microsoft Excel (2023)

The data presented in Chart 6 reveal that the in order of relative importance, the following factors are the major reasons for internationalization by agricultural SMEs: company growth desire (29.3 percent), exploitation of foreign market potential (29.0 percent), lessen over-dependence on local market (17.2 percent), increase marketing performance (14.9 percent), poor economy of domestic market (5.2 percent) and intense domestic competition (4.3 percent). Interestingly, top among the factors driving agricultural SMEs to foreign markets are the desire for business growth, need to exploit foreign market potential and to lessen their over-dependence on local country markets.



Source: Authors' computation via Microsoft Excel (2023)

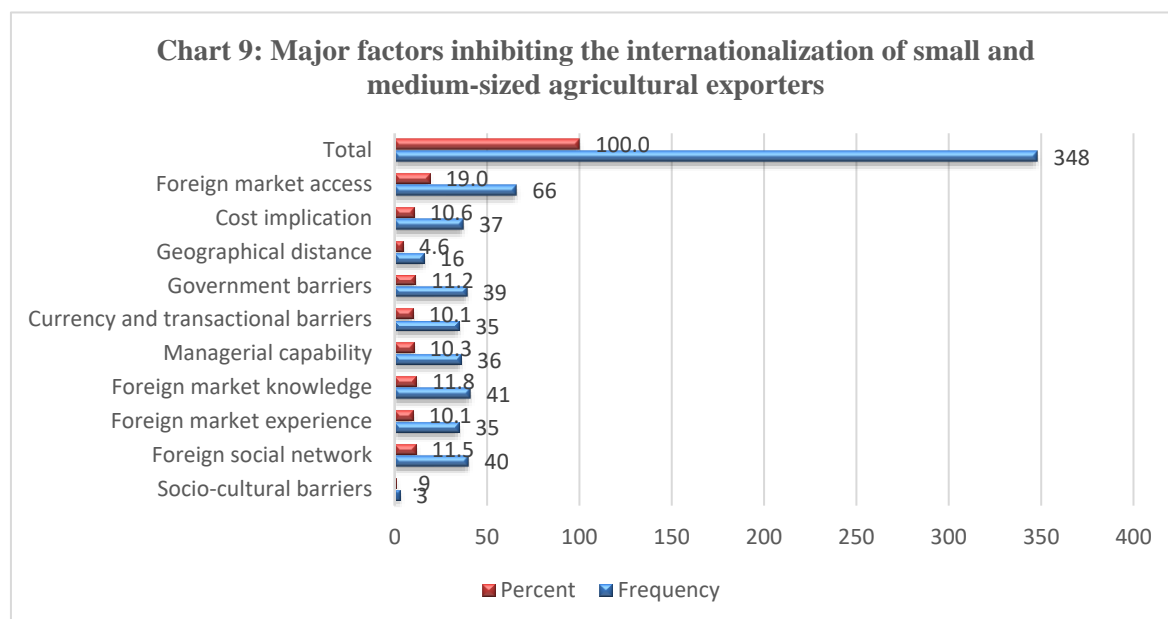
The data presented in Chart 7 reveal that the majority of respondents surveyed (300 or 86.2 percent) were of the opinion that internationalization is very effective in improving the performance of small and medium-sized agricultural exporters, while a minority of the respondents (17 or 4.9 percent) maintained that it is not effective. The implication of this data is that internationalization can serve as a useful strategy towards the improvement of the performance of small and medium-sized agricultural exporters in Nigeria.



Source: Authors' computation via Microsoft Excel (2023)



The data presented in Chart 8 reveal that in order of relative importance, the most effective foreign-market entry strategies for agricultural SMEs are: exportation (46.3 percent), piggybacking (31.3 percent), licensing and franchising (13.5 percent), joint partnership and strategic alliance (4.0 percent), contract manufacturing (2.6 percent) and wholly-owned subsidiary (2.3 percent). The data implies that for agricultural SMEs in Nigeria, exportation, piggybacking, licensing and franchising are three of the most effective foreign-market entry strategies, in order of relative importance.



Inhibiting Factors	Frequency	Percent
Socio-cultural barriers	3	.9
Foreign social network	40	11.5
Foreign market experience	35	10.1
Foreign market knowledge	41	11.8
Managerial capability	36	10.3
Currency and transactional barriers	35	10.1
Government barriers	39	11.2
Geographical distance	16	4.6
Cost implication	37	10.6
Foreign market access	66	19.0
Total	348	100.0

Source: Authors' computation via Microsoft Excel (2023)

The data presented in Chart 9 reveal that the highest-ranking factor inhibiting the internationalization of small and medium-sized agricultural exporters in Nigeria is the lack of foreign market access (which accounts for 19.0 percent of the total responses). The second-highest ranking factor is the lack of foreign market knowledge (which accounts for 11.8 percent of the total response). The third-highest ranking factor is lack of foreign social networks (which



accounts for 11.5 percent of the total responses). The fourth-highest ranking factor is government barriers (which accounts for 11.2 percent of the total responses). Furthermore, the data show that the fifth-highest ranking factor is cost implication (which accounts for 10.6 percent of the total responses). The sixth-highest ranking factor is managerial capability (which accounts for 10.3 percent of the total responses). Whereas, lack of foreign market experience and currency/transactional barriers are the seventh-highest ranking factors. In summary, the data show that the internationalization process of small and medium-sized agricultural exporters in Nigeria is impeded by the following factors, in order of relative influence: lack of foreign market access, lack of foreign market knowledge, lack of foreign social network, government barriers, cost implication, managerial capability, lack of foreign market experience and currency/transactional barriers.

## DISCUSSION OF FINDINGS

### *Major reasons for internationalization by small and medium-sized agricultural exporters*

Based on the findings presented in Chart 6, it has been revealed that the major factors driving Nigerian agricultural SMEs to foreign markets include the following: the desire for business growth, need to exploit foreign market potential and to lessen their over-dependence on local country markets. This implies that in the Nigerian context, small and medium-sized agricultural exporters are entering foreign markets because of the desire to improve the performance of their business and achieve substantial growth. They are also driven to the foreign market by their desire to exploit the economic and business potential obtainable in those markets. Also due to the volatility and inconsistencies in the ebb and flow of the Nigerian economy, these SMEs are driven to foreign markets as a strategy to lessen their over-dependence on the Nigerian economy in order to insulate them from the negative impacts of the volatility of the domestic economy.

### *Effectiveness of internationalization to the performance of small and medium-sized agricultural exporters*

From the results presented in Chart 7, it has been revealed that internationalization is very effective in improving the performance of small and medium-sized agricultural exporters. Majority of the respondents surveyed in the study shared the opinion that internationalization can serve as a useful strategy towards the improvement of the performance of small and medium-sized agricultural exporters in Nigeria. This is so because internationalization allows domestic agricultural exporters to find new markets, partners and business opportunities in foreign countries, which could be developed and exploited for improved sales and profitability. Rather than be constrained to the domestic economy, internationalization creates an array of opportunities for agricultural exporters to maximize the economic and business potential inherent in targeted country markets. As such, it can be concluded that the performance of Nigerian small and medium-sized agricultural exporters could substantially be improved through internationalization.

### *Most effective foreign market entry strategies for small and medium-sized agricultural exporters*

The results presented in Chart 8 reveal that out of all the foreign-market entry strategies



available to SMEs, the most effective ones for Nigerian small and medium-sized agricultural exporters are: exportation, piggybacking, licensing and franchising. By far, exporting was found to be the most effective entry strategy, probably because it offers the least risk and costs to agricultural SMEs intending to enter foreign markets. Instead of physically expanding their operations in several foreign country markets, exporting allows agricultural exporters to directly or indirectly sell their products in selected countries at minimal costs. Piggybacking was also found to be an effective entry strategy because it is least expensive and offers minimal risks to internationalizing agricultural SMEs. Furthermore, franchising and licensing were identified as effective entry strategies owing to their low-cost characteristics and their ability to enable agricultural firms to leverage the resources and network of foreign franchisees and licensees to market their products in international markets.

### *Major factors inhibiting the internationalization of small and medium-sized agricultural exporters*

The results presented in Chart 9 reveal that the internationalization process of small and medium-sized agricultural exporters in Nigeria is impeded by the following factors, in order of relative influence: lack of foreign market access, lack of foreign market knowledge, lack of foreign social network, government barriers, cost implication, managerial capability, lack of foreign market experience and currency/transactional barriers. This implies that Nigerian small and medium-sized agricultural SMEs continue to lack access to the markets of other countries, in terms of foreign market information and authorization to sell their goods in foreign markets. This could be as a result of mercantilist economic models, corruption and procedural bureaucracies that undermine the ability of Nigerian agricultural SMEs to gain market access of foreign countries. The results also imply that Nigerian agricultural SMEs do not have adequate knowledge of the happenings and environmental dynamics of foreign markets; and as such, their ability to enter such markets is undermined. Also, the findings show that Nigerian agricultural SMEs lack access for partners in foreign countries due to lack of information access, geographical distance and trade restrictions. As a consequence, they do not have sufficient foreign partner-networks which could be harnessed to effectively internationalize their operations in the desired foreign markets. The results also show that the Nigerian Government is not doing enough to encourage and facilitate the internationalization agendas of agricultural SMEs. There is inadequate training, and funding support for these SMEs who do not have the requisite cache of financial resources to enter foreign markets, compared to their large-scale counterparts who currently dominate the exportation sector.

## **CONCLUSION AND PRACTICAL IMPLICATIONS**

This study explored the major factors impeding the internationalization of small and medium-sized agricultural exporters in Nigeria. It was carried out to provide research-verifiable evidence regarding the process of internationalization for SMEs in the Nigerian agricultural sector with a view to providing useful insights for improvement. The study targeted selected operators and managers of small and medium-sized agricultural exporters in Nigeria from whom primary data were obtained through a structured questionnaire. The data obtained were analyzed descriptively and interpreted accordingly. From the findings of the study, it was revealed that the major factors driving Nigerian agricultural SMEs to foreign markets include the following: the desire for business growth, need to exploit foreign market potential and to



lessen their over-dependence on local country markets. It was also found that internationalization serves as a useful strategy towards the improvement of the performance of small and medium-sized agricultural exporters in Nigeria. The findings also revealed that the most effective foreign-market entry strategies for Nigerian small and medium-sized agricultural exporters are exportation, piggybacking, licensing and franchising. Finally, the findings further revealed that the internationalization process of small and medium-sized agricultural exporters in Nigeria is impeded by the following factors, in order of relative influence: lack of foreign market access, lack of foreign market knowledge, lack of foreign social network, government barriers, cost implication, managerial capability, lack of foreign market experience and currency/transactional barriers.

On the basis of the major findings of the study, we believe that internationalization is a useful international marketing initiative that could be harnessed by Nigerian small and medium-sized agricultural exporters to improve their business performance and improve their contribution to the nation's GDP. But for this to be successful, it is essential for the major factors inhibiting the internationalization process of Nigerian small and medium-sized agricultural exporters to be mitigated, if not eradicated. To that end, we believe that the challenges of lack of foreign market access, lack of foreign market knowledge, lack of foreign social network, and lack of foreign market experience could be mitigated through mutually-beneficial multilateral and bilateral trade relations between Nigeria and the rest of the world, which would create access for Nigerian agricultural products to be marketed in foreign countries. For that to happen, there have to be sustainable trade-related agreements between Nigeria and countries across Africa, Asia, and the Americas in order to obtain meaningful market access for Nigerian agricultural exporters.

Also, it is important for Nigerian small and medium-sized agricultural importers to adopt digital marketing technologies, such as websites, social media, search engines, email marketing and mobile marketing in order to obtain vital information about foreign markets, learn their unique environmental factors and build foreign networks necessary to facilitate their international agendas. Furthermore, the problems of government barriers, cost implication, managerial capability, and currency/transactional barriers could be alleviated by the government through policies, initiatives and programmes like export-promotion schemes, entrepreneurship training and funding support that can provide a support framework for agricultural SMEs to internationalize. Access to foreign currency, foreign market information and simple international marketing regulations should be put in place in order to encourage more agricultural SMEs to internationalize into foreign markets.

## **LIMITATIONS AND FUTURE RESEARCH**

This study was restricted solely to small and medium-sized agricultural exporters in Nigeria, with no emphasis on other business models. The findings and generalizations may only be relevant to small and medium-sized agricultural exporters. It is therefore important for future studies to center on the major factors impeding the internationalization process of large-scale agricultural firms in order to provide a more balanced report on the internationalization challenges facing Nigerian agricultural firms. Also, future researchers may also adopt more inferential statistics and theoretical foundations to demonstrate the extent to which the major factors identified in this study (lack of foreign market access, lack of foreign market





knowledge, lack of foreign social network, government barriers, cost implication, managerial capability, lack of foreign market experience and currency/transactional barriers) are impacting the internationalization of agricultural businesses as a whole in Nigeria.

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