

**AGRIBUSINESS STRATEGY AND RURAL DEVELOPMENT: A CASE STUDY OF  
IHUNGA SUB COUNTY, NTUNGAMO DISTRICT**

**BY  
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**A DISSERTATION SUBMITTED TO THE DIRECTORATE OF POSTGRADUATE  
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## **DECLARATION**

I, **Singahache Denis Simpson T.K.**, declare that, to the best of my knowledge, this dissertation on “**Agribusiness Strategy and Rural Development: A case study of Ihunga Sub county, Ntungamo District**” is my original work and has never been submitted to any institution for any academic award.

Signed.....

Date.....

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## **APPROVAL**

I confirm that this research dissertation titled “**Agribusiness Strategy and Rural development: A case study of Ihunga Sub county, Ntungamo District**” has been submitted for examination with my approval as University supervisor.

**Signed**

**Date**

.....

.....

**DR. GEORGE STANLEY KINYATA**

**(Supervisor)**

## **DEDICATION**

This scholarly work is dedicated to my dear wives, my children, and finally to my brothers and sisters for always encouraging me to pursue further studies. May the Almighty God reward them abundantly for their efforts towards my studies.

## **ACKNOWLEDGEMENTS**

I would like to acknowledge the following persons in their various capacities who have selflessly contributed towards my education and the generation of this piece of work. First, I owe much to Dr. George Stanley Kinyata, my supervisor, for his cooperation and continuous guidance throughout the various stages of this research, every time I approached him.

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## **LIST OF ABBREVIATIONS**

**ADPs:** Agricultural Development Programmes

**CSR:** Corporate Social Responsibility

**FAO:** Food and Agriculture Organization

**GR:** Green Revolution

**LC:** Local Council

**MPE:** Marxian Political Economy

**NAADS:** National Agricultural Advisory Services

**NGOs:** Non Governmental Organizations

**OWC:** Operation Wealth Creation

**SACCO:** Savings Credit and Cooperative Organization

**SPSS:** Statistical Package for Social Scientists

**UN:** United Nations

**USAID:** United States Agency for International Development

## **ABSTRACT**

The purpose of the study was to investigate the relationship between agribusiness strategy and rural development in Ihunga Sub county, Ntungamo District. Case study research design was used and this allowed the researcher to concentrate on selected households and identified various interactive processes at work. A sample of 395 respondents from 30,000 target population participated in the study by answering the questionnaire and took part in interviews. Data collected by the researcher was entered using Statistical Package for Social Scientists (SPSS), and descriptive statistics analysed. and the researcher interpreted the data from the socio-demographic characteristics of the study respondents using frequencies and percentages to show the distribution of respondents on different items. The study was guided by three objectives; namely: (i) To establish how agribusiness strategy contributes to rural development. (ii) To examine the challenges hindering agribusiness strategies in rural development. (iii) To analyse the mitigation measures to the challenges hindering agribusiness strategy towards rural development in Ihunga Sub County, Ntungamo District.

The key study findings were: lack of provision of food security strategy, poor policy articulation and lack of supply of agricultural inputs to farmers. The conclusion of the study was that agribusiness strategy has a prominent role to play in advancing rural development in Ihunga Sub County, Ntungamo District.

Basing on the study objectives and subsequent findings, the study recommended among others: to have food security in homes and families using agribusiness strategy for developments; to launch cooperative societies so that agro-based producers with common goals advance their aim to kick poverty out of their areas by setting up the bargaining power to look for market, reliable technology and inputs to boost their operations aiming at developing their rural area; to adopt agribusiness strategy for rural development and widening employment opportunities; Government to come in and enforce policies and laws aiming at regulating birth so as to control population growth, Government should come in to properly articulate policies and ensure their effective implementation to enhance rural development basing on agribusiness strategy as the benchmark and the Ugandan government to prioritize the agriculture sectors by allocating a big proportion of the budget to agriculture and industry sectors.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

This chapter presents the background to the study. It also gives the problem statement, objectives of the study, research questions, scope of the study, and significance of the study, conceptual framework and definition of operational terms.

#### **1.1 Background to the Study**

Agribusiness is the business related to agricultural production. The term “Agribusiness” was invented in 1957 by Goldberg and Davis. It included agrichemicals, breeding, crop production (farming and contract farming), distribution, farm machinery, processing, and seed supply, as well as marketing and retail sales. All agents of the food and fibre value chain and those institutions that influenced it were part of the agribusiness system (Gitta, Cosmas and South, David, 2012).

Ashley and Maxwell (2001) observed that back in 2001, debates about rural development in the developing world summarized what were then seen as “emerging issues in rural development”. They sketched out a landscape where agriculture’s centrality to rural development was in decline; where there were questions about the viability of small-scale farms; where commodity prices were falling; where environmental limits to agricultural expansion were being approached and; not least, where the rural non-farm economy was becoming more prominent. In some parts of the developing world, most notably in sub-Saharan Africa, both governments and donors reduced their investments in agriculture since the late 1980s.

Ellis (2000) points out that Africa saw the greatest changes in the circumstances affecting agriculture and rural development since 2000, with new opportunities for farmers thanks to economic growth and for increase in urbanization that fueled demand for more diverse and higher-value farm produce. Rising commodity prices have led to a new scramble for land by both domestic and foreign investors, particularly since the food-price spike of 2008. At the same time, the need to make agriculture more environmentally sustainable has become more prominent,

alongside the need to adapt to and mitigate climate change. In contrast to Africa, rural Asia saw a continuation of trends that were already apparent before 2000, rather than significant changes.

According to Ellis (2000), the region also saw an increasing divergence between rural areas well connected to cities and more remote, as well as marginal rural areas. Well-connected areas typically saw intensification and commercialization of farming, mostly small-scale family farming. Wholesalers and processors increasingly sourced their produce directly from farmers, cutting out local traders.

According to Marchet et al. (2001), Agribusiness concerns in Nigeria constituted 70% of businesses operating in the country. In a survey, NISER (1999) observed that 41 percent of agro industries were sole proprietorships, while another 41 percent were private limited liability companies. About 4 percent were government owned, and 5 percent were of partnership nature while 8 percent were public liability companies. In Nigeria, agribusiness was divided into four components: farming inputs supply companies; farm production firms; processing agribusiness firms; and food marketing and distribution.

The Government of Uganda's economic vision was that every household be able to have the means to earn the minimum income that would enable it to access basic human needs such as food, shelter, clothing, health and education. The Government aimed at using this approach to eradicate poverty among the different households (Aker and Mbiti, 2010).

The Poverty Eradication Action Plan (PEAP) recognized that although major progress was achieved in the reduction of poverty from 56% in 1992/1993 to 31% in 2005/2006, the proportion of people living below the poverty line was still very high.

So the Government of Uganda launched the Economic Development Strategy (EDS) in the financial year 2005/2006 with the aim of eradicating poverty at household level. The strategy initially started at sub-county level as the unit of planning, implementation and monitoring. Under the EDS, the Government launched the Sub-county Development Programme in the financial year 2006/2007 as a means to implement the Government programme which was the pledge to the people of Uganda to promote "Prosperity for All", and build socio-economic transformation and peace (Aker and Mbiti, 2010).

The Sub-county Development Programme focused on empowering the Sub-county structures to carry out the planning, budgeting and development roles by implementing the EDS (reduction of household poverty) through the establishment of the Community Information System (CIS), increasing access to Rural Financial Services (RFS), Improving Productivity, Improving Marketing and Trade, Improving infrastructure, and Improving local standards of Physical Planning and Development (Aker and Mbiti, 2010).

During 2001–08, the agricultural sector expenditure was only 4–5 percent of total expenditure, and most spending on infrastructure, especially roads and electricity, bypassed rural areas. Maintenance of many rural roads was inadequate, keeping costs of inputs high and farm prices lowered a double taxation on farmers. Most fertilizers in Uganda were 50 percent more expensive than in Kenya. The situation was similar for most seeds and chemicals. Because high input prices required significant cash advances, which under volatile weather and output price unpredictability (covariant risks) were too risky for many smallholders and even large farms, the use of modern technologies remained modest, even if they were profitable by calculations (National Planning Authority, 2010).

Despite the above, Uganda was often presented as having plenty of fertile soils, good climate, two growing seasons, and cheap labour. Ugandan exports were largely from the agriculture sector yet, all notable successes of Ugandan agricultural exports had so far occurred in high-value commodities, with a value of US\$1,000 per ton. Exports of those products helped recoup the high costs of the Ugandan infrastructure and business environment. The basic competitiveness of Uganda still lay more in natural endowment than in created advantage (for example, lower transport and electricity costs, superior seed technology, and stronger institutions) (Keyser, Chalu, and Namutebi, 2010).

The role of small-scale family farms in development was subject of long-standing debate. Despite predictions on the likely evolution of small farms, as urban and industrial sectors accounted for larger shares of economic activity, the agricultural landscape in the developing world continued to be dominated by family-operated smallholdings. Consequently, discussions continued over the extent to which market failures faced by smallholders could be overcome at acceptable public cost, though increasing involvement of private actors in providing required

goods and services, as well as a range of institutional innovations, which showed scope to reduce the problem (Aker and Mbiti, 2010).

In western and South Western Ugandan districts including Ntungamo, opportunities for opening up new land to agriculture were much lower than they were 10 years earlier. Otherwise, the significant agricultural potential remained unrealized. The rapidly growing population required more food at lower prices. Attention was needed for productivity-inducing public investments. Although farm yields were unlikely to reach the levels attained on research stations, they certainly reached the levels of early adopters of improved low-input; and high-input technologies promoted by the National Agricultural Advisory Services (NAADS) and others, in particular the U.S. Agency for International Development (USAID) and Danish International Development Agency projects. Otherwise, the significant agricultural potential would remain unrealized (National Planning Authority, 2010).

Rural development pace, however, remained undesirable in most rural communities in Uganda despite the several efforts put in place by government through commercializing agriculture. This study was therefore carried out to investigate the relationship between agribusiness strategy and rural development in Ihunga Sub County, Ntungamo District.

## **1.2 Statement of the Problem**

The role of agriculture in a growing economy where the majority of the poor employed by this sector were located in the rural areas could not be underestimated. Agriculture and industry occupied very strategic positions in the development process of the Ugandan economy. AFDB, (2011) argued that: “a multiplicity of difficulties continued to hamper agribusiness in relation to rural development such as; the unavailability of financial capital, lack of entrepreneurship, management ability and technology; inadequate socio-economic infrastructure; uneven spatial development, participation by foreigners in industrialization process and the spatial problem of small scale industry”. Ellis (2010) presented this similar orthodoxy on Sub-Saharan Africa that; most of the poor in Africa lived in rural areas but poverty rate was high was due to Africa’s failure to replicate the Asian Green Revolution.

Consequently, the Ugandan government had over the years pursued several agricultural and rural development policies in a bid to reconstruct a self-reliant nation and a dynamic economy. These



included: Poverty Eradication Action Plan (PEAP), Plan for the Modernization of Agriculture (PMA), Entandikwa Scheme, African Development Programme (ADP), Agro-based Industrial Promotion, National Agricultural Advisory Services (NAADS), Operation Wealth Creation (OWC), and Green Revolution (G.R). Nevertheless, no specific agribusiness strategy was articulated to promote agribusiness neither was there any specific significant policy for rural development in Ihunga Sub County. In addition, none of these policies made a far-reaching impact on the rural population.

Amidst a number of agricultural policy interventions in Ntungamo District with specific reference to Ihunga Sub County such as Operation Wealth Creation (OWC), the community did not realize the rural development due the fact that the mentioned policies did not touch their ultimate needs for the enhancement of the activities that would bring development. Those who tried to do all that were possible to advance their thinking levels towards development could not have what they wanted to foster that. For example, they lacked agricultural inputs to boost their move to agricultural production. They faced the untimely supply of disease-prone varieties, and limited investment in value chain addition (Daily Monitor, 15<sup>th</sup> October 2015). This study thus explored the relationship between Agribusiness strategy and Rural development by seeking the local people's opinions and perceptions to improve on existing policies for rural development.

### **1.3 Objectives of the Study**

The study was guided by the following objectives in form of general and specific objectives as indicated here below:

#### **1.3.1 General Objective**

The purpose of the study was to investigate on agribusiness strategy and rural development in Ihunga Sub County, Ntungamo District.

#### **1.3.2 Specific Objectives**

The study was guided by the following specific objectives:

1. To establish the contribution of agribusiness strategy towards rural development in Ihunga Sub County, Ntungamo District;
2. To examine the challenges hindering agribusiness strategies towards rural development in Ihunga Sub County, Ntungamo District;

3. To explore the mitigating measures to address the challenges hindering agribusiness strategies towards rural development in Ntungamo District.

### **1.3.3 Research Questions**

The study was guided by the following research questions:

1. To what extent does agribusiness strategy enhance rural development in Ihunga Sub County, Ntungamo District?
2. What challenges hinder agribusiness strategies towards rural development in Ihunga Sub County, Ntungamo District?
3. What mitigating measures are there to address the challenges hindering agribusiness strategies towards rural development in Ntungamo District?

## **1.4. Scope of the Study**

The scope was defined in terms of content scope, geographical scope and time scope respectively as clearly explained in the subsequent headings below.

### **1.4.1 Content Scope**

The study was limited to agribusiness strategy and rural development in Ihunga sub county, Ntungamo District. It covered the facts regarding the role of agribusiness strategy in promoting rural development, the challenges associated with agribusiness strategy and finally, the mitigation measures to curb down the challenges of agribusiness strategy towards rural development in Ihunga Sub County, Ntungamo District.

### **1.4.2 Geographical Scope**

The study was conducted in Ihunga sub county, Ntungamo District. Ihunga Sub County is made up of one of the four sub counties that composed Kajara County as one of the three counties that made Ntungamo District. Ihunga Sub County has a population of about 30,000 people (Census data, 2014). The Sub County headquarters is situated about 1km off Ntungamo-Rukungiri highway about 10km from Ntungamo Municipality. Ihunga Sub County was chosen as the area of study for it was a developing rural area and predominantly practicing both small and medium scale agriculture which attracted a number of largely small scale business establishments.

### **1.4.3 Time Scope**

The research study utilized data for seven years, that is from 2010 to 2017. Using 2010 as baseline period was in line with the time when farming transitioned from entirely subsistence farming and began to largely spread to commercial farming (World Bank, 2014). The study took a period of at least seven months right from February to July, 2018. This period was selected because it was the right moment after the researcher had become free from class work such that proper engagements were realized between him and the respondents selected for the study.

### **1.5 Significance of the Study**

It was noted that although agribusiness strategic interventions were over the past two decades emphasized by government and other relevant agencies nationwide, the approach still seemed not to have generally been adopted. Nonetheless, there were efforts being made to improve the situation by influencing the peoples' mindset and attitude largely aiming at promoting sustainable rural transformation and development. By investigating the extent to which agribusiness strategy impacted on rural development, the study would benefit policy makers in planning and budgeting for the agricultural sector. It was expected to contribute to the existing knowledge and understanding about agribusiness in relation to rural development.

The findings and subsequent recommendations were expected to be useful for policy guidelines particularly in promoting rural development through agribusiness that come about as a result of breaking typical subsistence farming. The study highlighted the divergence between agricultural policy guidelines and what was actually in place and this was to help the concerned stakeholders who were mainly policy makers and farmers to address the shortfalls.

The study highlighted the challenges hindering agribusiness strategy promotion and adoption in rural communities in Ihunga Sub County and Ntungamo district generally. This would be crucial in finding out probable remedies to help policy makers and service providers in improving and transforming rural areas through agriculture.

In addition, the study was to elicit the views of community members on the problems faced in their attempt to improve their localities through agriculture in Ihunga Sub County, Ntungamo District. The community members gave their views on how an effective agribusiness strategy could be enhanced. The study was expected to contribute to the existing literature on

agribusiness strategy and rural development, which would be useful to researchers and policy makers interested in the same subject.

The study findings would, again, be of a positive value to the farmers, agribusiness men and women given the measures to address the challenges of agribusiness towards bringing about rural development.

## 1.5 Conceptual Framework

Agribusiness Strategy

### Independent variables

- Ensuring access and use of: improved seeds, animal feeds and micro ingredients
- Ensuring use of agrichemical producers
- Affordability and accessibility of a good transport network for agro processing and marketing
- Organization into farmer's cooperatives and agritourism farms.

Rural Development

### Dependent variables

- Increased production and productivity
- Reduced risk of crop/animal pests and disease attacks
- Increased value of agricultural products
- High bargaining power and reasonable prices

### Moderating variables

- Favourable government policies.
- Enabling relevant laws
- Behaviour change of the people about agriculture practice for business.

**Source:** Research (2018), adopted from Bonilla, J. and G. Viatte, (1995).

**Figure 1.1: The Conceptual Framework**

The conceptual framework in Figure 1.1 above suggested that independent variables were conceptualized into: ensuring access and use of improved seeds, animal feeds and micro ingredients, ensuring use of agrichemical producers, affordability and accessibility of a good transport network for agro-processing and marketing, organization into farmer's cooperatives and agri-tourism farms. According to the framework, ensuring access and use of improved seeds, animal feeds and micro ingredients, ensuring use of agrichemical producers, affordability and accessibility of a good transport network for agro - processing and marketing, organization into farmer's cooperatives and agri-tourism farms were paramount for rural development which was manifested by: increased production and productivity, reduced risk of crop/animal pests and disease attacks, increased value of agricultural products and, high bargaining power and reasonable prices. In addition, the framework shows that: increased production and productivity, reduced risk of crop/animal pests and disease attacks, increased value of agricultural products and, high bargaining power and reasonable prices were measured by availability of large-scale, favourable government policies, enabling relevant laws and capacity building to foster behavioural change of the people towards agriculture practice for business, were actually modifiers of the two key variables of the study.

## **1.6 Definition of Operational Terms**

### **Agro-Industry**

Means the large scale production, processing and packaging of food using modern equipment and methods.

### **Agribusiness**

An agribusiness is a line of business that focused on the processing, warehousing, distribution, marketing and retailing of products used in farming.

### **Strategy**

Is a method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem.

### **Rural Development**

Rural development could be defined as overall development of rural areas to improve the quality of life of people.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter presents a review of relevant literature that helped in the understanding of the concept of agribusiness strategy and rural development. The researcher acknowledges the fact that there was some literature on agribusiness strategy and rural development in rural parts of Uganda and in other countries of the world. Most of the literature was reviewed from the different sources. These are: textbooks, websites, news papers and journals. In this section, the main purpose is to review issues related to agribusiness strategy that have been investigated by other researchers, in order to gain more insights into the subject under the study and avoid duplication of efforts in this area. The literature is in connection with the order of the objectives including: the role of agribusiness strategy towards rural development; the challenges of agribusiness strategy towards rural development; and the mitigation measures to challenges associated with agribusiness strategy towards rural development.

#### **2.1 The Role of Agribusiness Strategies towards Rural Development**

Globally, agriculture plays a crucial role in most economies especially those of developing countries. It provides the main source of food, income and employment to the rural populations. Improvement in agriculture and its productivity is fundamental to achieving food security; poverty alleviation and overall sustainable economic development (see United Nations, 2014). According to the World Bank (2014), over 70 percent of the world's poor live in rural areas, and agriculture is their main source of income and employment.

Nearly 870 million people out of the world's 7.1 billion, (one out of eight) were suffering from chronic undernourishment in 2010-2012. Almost all the hungry people (852 million) live in developing countries, representing 15 percent of the population of developing countries. There are 16 million people undernourished in developed countries (FAO, 2012). The World Bank (2014) also estimates that about 2.4 billion people lived on less than US \$2 a day in, the average poverty line in developing countries.

According to the World Bank (2014), in Africa, agriculture employs 65 percent of the labour force and accounts for 32 percent of gross domestic product. Agriculture is essential for sub-Saharan Africa's growth and for achieving the Millennium Development Goal of halving poverty by 2015. A higher and sustained growth requires attention to five core areas of public action: (i) Facilitating agricultural markets and trade; (ii) Improving agricultural productivity; (iii) investing in public infrastructure for agricultural growth (iv) Reducing rural vulnerability and insecurity; and (v) Improving agricultural policy and institutions.

Most literature seems to conclude that investments in agriculture and rural development, both private and public, stimulate economic growth and development. According to IFAD (2013), good agricultural performance was very important in reducing poverty and hunger rates in the more successful countries. Agricultural growth also has a high poverty reduction pay-off than non-agricultural growth or investments (World Bank, 2008).

The position of agriculture as a catalyst to industrialization produces a synergy derived from the agro-industrial theory which emphasizes congruence between agriculture and industry. This theory identifies three major contributions of agriculture in industrialization which include: increased production of food, supply of raw materials and provision of capital flow and expanded market for the manufacturing industry. These are couched in "factor", "production" and "market" contributions (Dunmoye, 2009).

Todaro and Smith (2011) noted that most governments in developing countries have neglected the agriculture sector leading to its poor performance. The governments have favoured investments in urban industrial economy due to the misplaced emphasis on rapid industrialization via import substitution and exchange rate overvaluation. These together with limited arable land, high population increase, and poor farming methods have made developing countries especially in Sub Sahara Africa to have low agricultural productivity. Governments in developing countries therefore need to focus more on sectors that employ the poor, and promote utilization of factors of production that the poor possess. They should uphold scope for equitable distribution of resources, basic social services including better social security, while involving women. Accordingly, focusing on agriculture and increasing its productivity will enhance overall productivity in developing countries including Uganda (World Bank, 2008).

Uganda still faces considerable challenges in meeting its poverty eradication objective of reducing absolute poverty to less than 10% of the population by 2017 and to improve the wellbeing of all Ugandans. The proportion of the national population living below the poverty line fell from 56% in 1992 through 44% in 2016 to 35% in 2000. It rose to 38% in 2003, but declined to 31% in 2009 (UBOS, 2009). Currently, about 24.5 percent (7.5 million) of the population are below the national poverty line (UBOS, 2013).

Uganda's rural areas account for 85 percent of the population and 94.4 percent of the poor, while urban areas account for 15 percent of the population but only 5.6 percent of the poor. Analysis of household incomes also reveals that 20% of the richest households share 71% of total income, while the poorest 20% of households share only 2%. The country's Gini coefficient is on average 0.42. This reflects a relatively high level of income inequality (MFPED, 2011).

The centrality of agribusiness in the interface between agriculture, and the rural sector cannot be easily waved aside. This is because agribusiness has the capacity to provide greater employment, higher incomes, poverty reduction and provision of Corporate Social Responsibility (CSR) via their requisite infrastructure. It does provide inputs to farmers and connects them to the consumers via general handling, processing, transport, marketing, and distribution of agricultural products (Anyanwu, 2016).

The synergy between agribusiness and agro industrial linkage (commercial activities) is a great potential for development of the poor rural majority in Nigeria. Despite their importance in the development process, the sectors face a myriad of problems, ranging from the vicissitudes of nature to the bizarre vagaries of political inconsistencies and discontinuities (Anyanwu, 2016).

The application of dialectical changes on the existing agrarian system towards a predominantly commercial one via agribusiness is actually a new framework for an emerging agro-industrial sector from the dynamic link between the farm and non-farm components. Since the rural sector employs a greater labour force in Africa, an emerging sector from the rural agrarian system actually is of a social reality. From this line of argument, agribusiness is considered a factor in the development of productive forces of the present mode to a higher one, hence a veritable tool for rural development (Onimodi, 2005).



In fact Uganda's agriculture employs about 73 percent of all workers in the country while only generating less than 15 percent of the economic output of the country. Those engaged in agriculture are primarily rural based having a lower standard of living than those working in other sectors of the economy (IFPRI, 2012). Surprisingly, agribusiness in particular is important although it has not had considerable attention by development partners and policy makers in general. Possibly its importance has not been appreciated and this study sought to establish how agribusiness strategy contributes to rural development in Ihunga sub county of Ntungamo District.

The basis of the framework by Olayida, Ogunfowora, Essang and Idachaba (1981) is justified by Todaro and Smith (2011) where they argue that: Rural development, though dependent primarily on small-farmer agricultural progress, implies much more. Given the value chain process via employment, income, markets and poverty reduction from agribusiness the rural sector can attain sustainable growth from the raising farm-non-farm equilibrium.

Todaro and Smith (2011) point out the issue of employment. The agribusiness sector is capable of generating employment both directly (on farm) and indirectly (non-farm) of the abundant rural labour supply. Through job creation, it enhances and expands the market and demand for farm produce, just as the growth of commercial agri-food system in the rural areas is capable of galvanizing economic growth. The efficiency and expansion of post-harvest handling, processing and marketing is an important factor in the two-edge action of providing food and employment for the people.

Income generation/poverty reduction is a contributory issue of contention. The commercial value of agriculture is capable of generating higher incomes. These new income levels are capable of empowering smallholder farmers into large holders. The expanded market increases the financial prowess of the inputs suppliers and the market for the processing firms. However, sustainability of incomes accruing from agribusiness depends largely on the dynamic link between the farm and the non-farm sectors. When such incomes increase into investible surplus it stimulates growth of the rural non-farm economies and this becomes an important factor in rural poverty alleviation (Todaro and Smith, 2011).

A successful agribusiness is capable of ensuring availability and entitlement of the people to sufficient food at all times to guarantee healthy life. Agribusiness must ensure food availability (via supply) and encourage entitlement of the people with plenty alternative commodity bundles for the people (Haruna and Umar, 2011).

Complementarily/Structural Transformation is one of the roles played by agribusiness components. A strategic link between the farm and non-farm sectors creates an integrated production structure and a balance between large and small production units. A dynamic agribusiness fuels the growth of the rural non-farm sector through a number of linkages: while agriculture requires inputs provided by the non-farm enterprises. The rural non-farm sector creates backward integration and forward linkages leading a fast process of structural transformation (Dike, 1991).

The best scenario for rural development would be when the majority poor have achieved a shift from those conditions considered unsatisfactory to better standards of worth and sustenance. At this time agribusiness could have engendered wider availability of life fundamentals and given the opportunities generated by agribusiness (jobs, etc) the people would have had the impact of cumulative spirals (economically improved) for freedom from servitude capable of fending for themselves without necessarily depending on government (Olayiwola and Adeleye, 2005).

Locally based agribusiness enterprises in developing countries are typically small to medium-scale operations in rural areas that either process raw agricultural materials or provide marketing, transport, and other services. While not limited to this definition, such enterprises tend to be constrained by available labour and capital, and thus serve particular niches. In more general terms, agribusiness has been described as all activities “from ditch bank to dinner plate,” although we omit the production elements of agriculture in our use of the term (Kinsey, 1987).

First, rural enterprises tend to be more labour-intensive than larger enterprises by virtue of labour being the most abundant resource locally. Many of the rural poor are in fact landless, benefiting only indirectly by increases in agricultural productivity associated with many development projects. Growth in non-farm employment opportunities not only can address employment issues in general, but could also alleviate gender-specific biases associated with agricultural production (Kinsey, 1987).

Kinsey (1987) continues to say that, increased employment opportunities within the rural areas can help contain pressures for urban migration. Not only does this reduce the stress placed on urban services, but it can keep rural-based families together. Third, greater capture of the value added associated with post-harvest activities induces a multiplier effect in the local economy. Each additional dollar captured can be spent many times over in local businesses, improving their stability.

Fourth, to the extent that agribusiness activities establish market connections outside the rural area, other crops or activities can benefit from improved lines of transportation, finance, and communication. These connections effectively reduce the transaction costs faced by service providers. Specifically, one of the principal contributions of local agribusiness enterprises are the establishments of marketing channels. Hence, although larger scale enterprises are often favoured elements of economic performance, it should be clear that more locally based enterprises offer both broad impact and non-economic benefits that should be considered in an evaluation of strategies (Todaro and Smith, 2011).

In addition to these and other production-related issues, smallholder agriculture faces challenges in participating in output markets. Remote locations, poor roads, small volumes of output of varied quality, and little knowledge of market fluctuations tend to localize the effective market (unless government buyers are present). While this insulates them from external competition, it also effectively limits the demand for their output, and hence prices received. Consequently, only where costs are passed on to the producer via a lower paid price is economically rational for a private buyer to invest in long-distance purchasing transactions (Kinsey, 1987).

## **2.2 The Challenges Hindering Agribusiness Strategies towards Rural Development**

Seen as an engine for growth, agribusiness and its related industries are receiving increased attention in policies and strategies that aim to promote investments in agro-enterprises and agro based value chain development. This has prompted a need for deeper understanding of the elements that form a conducive business climate, or enabling environment, for the development of agribusinesses (FAO, 2017).

Agribusiness-oriented alternatives to public sector support of agricultural incomes become all the more attractive when one understands the reasons for the reforms' limited success in achieving

their goals. By and large, the issues are independent of the reforms themselves, which just emphasizes that sectoral reforms undertaken in relative isolation may be less than effective unless such issues are addressed. In this section, we discuss two principal factors that threaten the efficacy of reforms: general infrastructure and institutional factors, and the nature of smallholder agriculture. The alternative development strategy proposed in this study has the potential to help smallholders overcome these factors, and thus participate more successfully in markets (Bonilla, and Viatte, 1995).

The first factor influencing the ability of the sector to respond to changing incentives is the availability of suitable tools of production. Seeds, chemical inputs, irrigation, and labour are the principal sources of production expense, and often must be financed through credit. Domestic reforms generally result in more expensive inputs as subsidies are removed. In the Mexican case, not only did the prices of most basic inputs rise, but both district irrigation and well use also became more expensive sources of water. Compounding price issues is that public investment in irrigation delivery systems fell, and some 20% of land that was previously irrigated has been affected by poor maintenance practices (Calva, 1996).

The other principal factor hindering success of reforms is the composition of the agricultural sector. Through successive family generations and the resulting fragmentation of land parcels, the agricultural sector in most developing countries consists largely of small producers. For example, about 60% of all Mexican producers have farms of less than five hectares (Heath, 1992; De Janvry, Sadoulet, and Gordillo de Anda, 1995).

Because of their size, smallholders face additional barriers to modernization and diversification beyond those of larger producers, even when the tools of production are otherwise abundant and there are no external shocks. By asking small producers to change production practices in the face of risks associated with market fluctuations, policy reforms are perhaps asking too much. While the sector as a whole may benefit from clearer, uncontrolled incentives, the vast number of smallholders will still face, as individuals, largely the same imperfect markets that existed prior to government intervention (Heath, 1992; De Janvry, Sadoulet, and Gordillo de Anda, 1995).

Marchet et al (2001), Nwangola (2006), Kachru (2007) have attributed endogenous constraints of agribusiness to include low capacity utilization, inadequate working capital, poor policy articulation etc. (Kinsey, 1987).

According to Idachaba (2000) poor policy articulation has been a challenge for many years in developing nations. Improper policy articulation encompasses poor support, policy uncertainties/inconsistencies or failure of agricultural policy results from poor institutional arrangements. This problem ranks third in the rating of agribusiness constraints. There has not been a separate policy articulation for agribusiness except for the brief objectives stated in the 1988 Agricultural Policy for Nigeria a document for agricultural commodity processing. These have amounted to unpredictable government activities.

Marchet et al. (2001) contend that there is inadequate working capital to help farmers realize their agricultural production. This includes shortage of funds raw materials and labour force. In a survey of agro-industrial in Nigeria, the problem of finance ranks first, thereby compounding other problems. Without the requisites capital base, agribusiness cannot flourish nor could it engender economic development. Lack of credit incentives has compounded this problem.

Marchet et al. (2001) mention lack of appropriate technology to boost the Agricultural sector. Using either too obsolete or sophisticated technology tends to frustrate the linkage for lack of know-how and cost of maintenance. Where technology happens to be too advanced for the indigenous labour force, it renders the workforce useless while high energy consuming technology truncates production due to huge cost of fuels.

Moseley (2003) points out that inadequate infrastructure lowers agricultural enterprise. The state of infrastructure including power, water supply, communication and communal infrastructure like warehouses (stores) drying units, testing labs and treatment plants to a great extent influence the growth of agribusiness. Marchet et al. (2001) argue that the problem of infrastructure is 2 ½ times “worse than the next biggest problem -- finance.”

There is an issue of farm-level constraints. The subsistent smallholder production is no hegemonic production frontiers added to the geographical dispersal of farmers constitutes a high cost of bulking. With poor incentives and vagaries or unpredictable state policies the farm

component of agribusiness faces seasonality crises that create more uncertainties for the non farm sector (Nisser, 1999).

Meir (1976) points out that there is lack of information. Lack of information remains number one problem facing most small scale farmers in Africa today. Most farmers miss out on new and improved methods of farming. Some, especially those in the remote areas have no access to information at all. Even those sub-urban areas with some limited access to information, lack what it takes to process the information they receive. Most miss out on proper information regarding cheap but effective farming practices such as crop rotation and use of green manure to facilitate their land. The main problem here is illiteracy. Even in cases where there is some access to information, most poor families are unable to discern due to illiteracy. Illiteracy is very high in rural Africa.

According to Moseley (2003), there is poor financial support. Although there are several microfinance groups operating in Africa today, not so many farmers have access to these groups and not many farmers even know how these groups operate and how such groups can help them in the long run. Most farmers are poor financially making it almost impossible for them to adopt new farming practices. For example, research has shown that some seeds yield better and are more tolerant and disease resistant than others. However, such seeds are often sold at higher prices on market than regular seeds and not so many farmers can afford them.

Lack of Access to Fertilizers is one of the challenges affecting agricultural sub sector. Because Agricultural lands have become so expensive in Africa, most poor farmers have no choice than to farm on same plots of land over and over again. Farming on same pieces of land for years leads to land degradation whereby fertile lands lose most of their nutrients and become unproductive or barren. Farmers therefore depend on artificial fertilizers to enable them grow crops and improve their yields. Artificial fertilizers are quite expensive in Africa and in most rural areas they are unavailable at all (Nisser, 1999).

Nisser (1999) contends that poor markets affect agribusiness for rural development. Market for farmers has become one of the biggest issues for Africa today affecting the lives and living standards of millions of people. Farmers in places like Zambia like one crop – maize -- above the others. Everyone in Africa eats it and therefore is widely grown. However, the sad thing is that

not everyone is able to sell it. Lack of market facilities and poor government regulations make it almost impossible for farmers especially the small scale farmers to market their farm produce.

According to World Bank (2014) there are numerous challenges facing agriculture in Uganda including among the many: low commercial agricultural levels, lack of linkage between research and farmers, low use of fertilizers, low coverage of irrigation, land fragmentation, low level of value addition, high cost of finance, lack of agricultural machinery, vectors and diseases, and poor transport network. "Sixty eight percent of the homesteads are not in the money economy. Many families still belong to the pre-capitalist mode of production. People do not produce for money but for eating and social obligations.

### **2.3 Mitigating Measures to Challenges of Agribusiness Strategies to Rural Development**

Given the challenges discussed earlier, direct effort to foster agribusiness enterprises based solely on local talent and resources could prove futile. The same barriers to credit and technical assistance that inhibited a production response to the reforms can have a like effect on investment in new enterprises. In fact, during initial stages of commercialization, it may be advantageous not to depend on local enterprise.

Smallholder agriculture's ability to participate in reform-induced activities depends on its ability to increase both quantity and price of outputs. Greater initial gains may perhaps be achieved through association with larger, richer entities that can "share the wealth." Here, we examine as options what could be considered progressive stages of agribusiness enterprise in developing countries: public parastatals, multinational and large domestic companies, cooperatives among producers, and individual private marketing enterprises. Although two of these options do not necessarily satisfy the goal of capturing value added locally, they bring particular advantages to the local area that may be critical for private enterprise development (Bonilla, and Viatte, 1995).

Sinha (1995) and Wanders (1993) both warn of the dangers in assuming that the removal of state-controlled functions will automatically lead to benefits for all producers. Until the basic questions of imperfect markets are addressed, there is some justification for government action.

Because rural areas can often be so poorly integrated into commercial markets, it may be justified to consider a different role for the public sector than that usually associated with

supportive agricultural policy. As discussed earlier, one of the barriers to doing business with smallholder agriculture is the high transaction costs that arise under many conditions. Not unlike the general argument regarding any social concern (public good), the incentives for private action may be insufficient to generate private investment. Indeed, the usual justification for the extensive public involvement in the agricultural sector worldwide has been the perceived social gains associated with raising farm incomes. Few private companies are so motivated (Abbott, 1987).

For similar reasons, we also consider the opportunities that multinational and large domestic companies can bring to rural areas. When the benefits of an agribusiness undertaking are dependent on access to external or regional marketing channels, advanced inputs, and new technologies, it is less likely to be initiated by local village members. Through contracts with large firms, farmers can obtain access to markets and technology that would have otherwise been difficult to acquire (Glover, 1994), and doing so opens the door to multiplier effects of that knowledge. Such companies bring a combination of financial resources, tested technology, management skills, access to international marketing channels, brand recognition, and skills in meeting international quality standards and presentation (Abbott, 1987). It is important that public policy does not deter the investment by multinationals to the extent that these are important contributions to the local economy.

Since the challenges associated with many rural areas derive from the small size of most agricultural producers, a natural alternative is to form groups of producers with common goals. While cultural factors are often significant in determining whether cooperative action by producers is a viable option, associations among producers represent a powerful mechanism for overcoming the smallness problem (Sellies, 1993).

Where some economies of scale can be identified, service niches can be carved out by individual entrepreneurs. Their local familiarity, flexibility to meet customers' needs, and small operations allow them to respond quickly to changing conditions as well as operate with little capital (Abbott, 1987). While non-farm enterprises can only indirectly increase farm incomes, their presence helps boost employment and access to other services. Of course, where owned by agricultural producers, their effect on income is direct.



Despite these policy interventions towards agribusiness, the agribusiness sector, which comprises the business activities performed from farm to fork, is a major generator of employment and income worldwide and contributes to food security and nutrition. It covers the entire value chain, including the supply of agricultural inputs, the production and transformation of agricultural products, and their distribution to final consumers. The interventions seem not to be yielding appropriate results. This study thus sought to identify measures to address the challenges hindering agribusiness strategies in rural development in Ihunga Sub county, Ntungamo District.

## **2.4 Research Gap**

Despite having several research projects carried out countrywide, no research about agribusiness strategy and rural development had been carried out in Ntungamo District specifically in Ihunga Sub-County. The recent research projects based their foundations on other issues regarding the establishment of Operational Wealth Creation in the study area which did not focus on how agribusiness could be a backbone of the area's development. The study therefore was set to establish the way to bridge the gap that existed in an area with regard to rural development initiated by the presence of agribusiness strategies. If this gap was clearly identified and bridged, automatically the area would ascend to higher levels of development through the enhancement of what it takes to have advanced levels of development economically among other spheres of development.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This section presents the methods and tools that were used to conduct the research. It specifies the research strategy, research design, target population, sampling techniques, sample size, research instruments, data quality control, data collection procedure, ethical issues , data analysis techniques and limitations of the study.

Data was collected from two main sources, primary and secondary. Primary sources of data comprised mainly interviews, and use of questionnaires. Secondary data was collected from the already existing data from documents about agribusiness strategy and rural development.

#### **3.1 Research Design**

Orodho (2003) describes research design as the scheme, outline or plan to generate answers to the research problems. The research design employed was a case study and it utilized both qualitative and quantitative approaches. According to Bell (1997), the case study approach was applicable where the researcher got an opportunity to study the problem in depth within a limited timescale. The case study design allowed the researcher to concentrate on selected households and identified various interactive processes at work. The quantitative approach was used to find out the age, sex and views of respondents. It also helped the researcher to collect data from respondents in the numeric format. Qualitative approach was used to collect the views of respondents on agribusiness strategy and rural development from key informants.

#### **3.2 Population of the Study**

Ihunga Sub County had a population of 30,000 people with 13,218 males and 16,782 females as per 2014 Census Data. The study thus involved twenty-nine thousand eight hundred ninety two (29,892) households, Eighty (80) LCI Chairpersons, One (1) LCIII chairperson, Eighteen(18) Councilors, five (05) Parish chiefs, one(1) Sub County chief, One(1) Community Development Officer and two (02) Agricultural extension workers.

### 3.3 Sample Size

Using Sloven's formula, the sample size was determined and the results were as in the calculation here below:

$$n = \frac{N}{1 + N(e^2)}$$

where n=Sample Size; N=Population, and e=Margin of error (0.05). Therefore the sample size (n) = 30000

$$1 + 30000(0.05)^2$$

$$n = \frac{30000}{1 + 75}$$

$$1 + 75$$

$$n = \frac{30000}{76}$$

$$76$$

$$\text{Sample Size (n)} = 395$$

**Table 3.1: Study Respondents**

Respondents' Cohorts	Population	Sample Size	Sampling Techniques
Households	29,892	287	Simple Random Sampling
Parish chiefs	5	5	Purposive Sampling
LC1 Chairpersons	80	80	Purposive Sampling
LCIII Chairperson	1	1	Purposive Sampling
LCIII Councillors	18	18	Purposive Sampling
Senior Assistant Secretary	1	1	Purposive Sampling
Community Development Officer	1	1	Purposive Sampling
Agricultural Extension Workers	2	2	Purposive Sampling
<b>Total</b>	<b>30000</b>	<b>395</b>	

**Source:** Primary Data, 2018

### 3.4 Sampling Technique

Both simple random sampling and Purposive sampling techniques were employed in this study because of their appropriateness.

Purposively, both Community development officer, Agricultural extension staff, Senior Assistant secretary, LCIII Councillors, LCIII Chairperson, LC1 Chairpersons and Parish chiefs were interviewed and consulted as they were perceived to hold relevant information in regard to agribusiness and rural development.

### **3.5 Research Instruments**

The researcher used both qualitative and quantitative methods of data collection because qualitative methods employ methodologies that involve descriptions of the study and this helped the researcher to go beyond conceptions and generate revised frameworks. This approach helped the researcher to generate quality information that gave meaning to numbers. Quantitative methods involved the collection of numerical data in order to explain, predict and control phenomena of interest and the data collected was presented as a table in numbers. The numerical data obtained was used to explain the social life of the people of Ihunga in relation to agribusiness strategy and rural development.

The study used a variety of instruments basing on the nature of study population and also as a way of gathering quality and variety information. These included: interviews, questionnaires, observation and secondary data.

#### **3.5.1 Interview Guide**

Interviews were used to elicit views from the community members. This was done with the use of an interview schedule. The choice of the interview method was based on the argument of Oso and Onen (2010) that interviews help to generate information that cannot be directly observed or difficult to put in writing. Interviews helped in understanding the detailed information from the community. They also reduced the incidences of getting irrelevant data because they enabled the researcher to take the control over the line of questioning.

#### **3.5.2 Questionnaires**

Questionnaires were used to elicit data from the respondents. Questionnaires were administered to respondents who were able to read and interpret the questionnaire themselves. This enabled them to fill the questionnaires at their time of convenience in their busy schedule.

### **3.6 Data Sources**

Both primary and secondary sources were consulted for this study and their details were clearly pronounced hereunder for quality research.

### **3.6.1 Primary Source**

Primary data was obtained from the reliable respondents who gave their trusted information on the issues based on the topic under investigation.

### **3.6.2 Secondary Data**

This involved the use of the already collected data that was specifically gathered for the research question at hand. This data could be government or non-governmental/private statistics. The researcher got information from the study of documents about agribusiness strategy; these documents included: publications, annual reports of the ministry of agriculture, periodicals, journals, magazines and other literature written by different knowledgeable scholars. This data helped the researcher with the starting point for additional research.

### **3.7 Data Quality Control**

The researcher ensured content validity of the said instrument by ensuring that questions or items in it conformed to the study's Conceptual Framework (Fig.1). Items in the instruments were subjected to content validity by the supervisor. The researcher computed the content validity index. The instrument was revised until the content validity index was at least 0.7. This was because 0.7 was the least content validity index recommended in survey studies (Amin, 2005). Content validity index was computed as follows:

$$\text{Content Validity Index (CVI)} = \frac{\text{Number of items declared valid}}{\text{Total number of items}}$$

Reliability of the instrument on multi-item variables was tested through the Cronbach Alpha Method provided by Statistical Package for Social Science, (SPSS) (Foster, 1998, cited in Bakkabulindi, 2008). This was obtained by:

$$\alpha = \frac{K}{K-1} \frac{1 - \sum SD_i^2}{SD_t^2}$$

Where

A = Is the alpha coefficient of correlation

K = Is the number of items in the instruments

$SD_t^2$  = Variance of the Scores on total Test

$SD_i^2$  = Variance of Scores on Individual items

$\Sigma$  = Summation

**Table 3.2: Reliability Indices**

Variable	Narrative	Construct	No. of Items	Cronbach Alpha
Independent	Agribusiness strategy	Role of agribusiness strategies	8	0.521
		Challenges involved	10	0.677
		Mitigation Measures to challenges	9	0.666
Dependent	Rural Development	Improving household income	9	0.562

**Source:** Primary Data, 2018

According to Cronbach Alpha Coefficient Test (Cronbach, 1971), the questionnaire was reliable for the study since all the coefficients were above 0.5 of 95% confidence level of interval that conformed with the 0.7 units recommended for validity of the instrumentation.

### 3.8 Data Collection Procedure

An introductory letter was obtained from the Director of Postgraduate Studies, introducing the researcher to the authorities and respondents in Ihunga Sub County. To conduct investigations, the researcher explained the purpose of the study to the respondents such that they could make independent decisions on whether to participate or not. Therefore, the respondents gave consent with their willingness to fully participate in the provision of the information pertinent to the study.

### **3.9 Data Analysis**

Data analysis and processing was continuous and statistical analysis was done manually and where possible using SPSS Spreadsheets, frequencies of the emerging issues were then established and this was presented in a tabular form. During the study analysis, the adoption of the Likert Scale rating style was considered where the mean range guide and its description was enhanced to aid the interpretation of the findings, score to be easily done. This included: 3.26-4.00 Strongly agree interpreted as “Very Satisfactory”, 2.51-3.25 Agree, interpreted as “Satisfactory”, 1.76-2.50 Disagree interpreted as “Fair Satisfactory” and finally, 1.00-1.75 Strongly disagree interpreted as “Unsatisfactory”. Both the qualitative and quantitative responses were uniformly treated to enhance consistent results.

### **3.10 Ethical Consideration**

- i. The researcher sought permission from the local council leaders in order to allow him collect data.
- ii. He did not include of the names of the respondents.
- iii. The researcher explained the purpose of research to the respondents.
- iv. Consciousness of multiple roles. The researcher avoided relationships that could have probably made the respondents refuse to avail information to the researcher. This helped the researcher in collecting sufficient and valid information.
- v. The investigator always discussed intellectual property frankly. In this case the contributions made by existing studies cited were acknowledged appropriately by use of footnotes or introduction statements and giving credit to the originator.

### **3.11 Limitations of the Study and Possible Way Forward**

The researcher found uncooperative respondents just as he experienced during his undergraduate research but he was able to build rapport first. This helped to build a strong bond with the respondents which helped in getting the required information.

Some respondents were too busy with their daily schedule and were almost failing to spare time for the questionnaire. This was the greatest challenge for the research. The researcher allowed respondents enough time and finally secured their commitment.

## CHAPTER FOUR

### DATA PRESENTATION, INTERPRETATION, ANALYSIS AND DISCUSSION OF FINDINGS

#### 4.0 Introduction

This chapter covers the presentation, interpretation, analysis and discussion of the findings. It shows the socio-demographic characteristics of the respondents and the study objectives one after the other. The study objectives were meant to address: the contribution of agribusiness strategy towards rural development; the challenges hindering agribusiness strategies; and mitigation measures to address the challenges hindering agribusiness strategies towards rural development in Ihunga Sub County, Ntungamo District. These were studied and analysed using the Statistical Package for Social Scientists (SPSS).

#### 4.1 Respondents' Socio-demographic Characteristics

Respondents' socio-demographic characteristics were observed by category, gender, age, marital status, and education level. The main facts highlighted were basically frequencies and percentages that were shown as valid and cumulative percentages. These were analysed using descriptive statistics enshrined in the Statistical Package for Social Scientists (SPSS) throughout all the components of the socio-demographic characteristics as shown in the subsequent tables.

**Table 4.1: Distribution of Respondents by Category**

Variable	Frequency	Percent
Valid Households	287	72.6
LC1 Chairpersons	80	20
LCIII Councillors	18	4.5
Parish Chiefs	5	1.26
Agricultural Extension Staff	2	0.5
Senior Assistant Secretary	1	0.25
Community Development Officer	1	0.25
LCIII Chairperson	1	0.25



Variable	Frequency	Percent
Valid Households	287	72.6
LC1 Chairpersons	80	20
LCIII Councillors	18	4.5
Parish Chiefs	5	1.26
Total	395	100.0

**Source:** Primary Data, 2018

From Table 4.1, the respondents' category was manifested as households 287(72.6%) respondents out of 395 (100%) total number of respondents. Local Council I chairpersons were 80(20%) of respondents out of 395(100%) total respondents' number. Local Council III Councilors were 18(4.5%) of the total respondents 395(100%). Parish Chiefs were 5(1.26%) of the respondents out of 395(100%) total respondents. Agricultural Extension Staff were 2(0.5%) of the total number of respondents 395(100%). Senior Assistant Secretary was 1(0.25%) respondent out of 395(100%) total respondents' number. Community Development Officer was 1(0.25%) of the respondents out of 395(100%). Local Council Chairperson was 1(0.25%) respondent out of 395(100%).

The analysis showed the majority of the respondents to have been the households because they were the responsible individuals that were largely inclined in the study since they had a lot to contribute towards development emanating from the agricultural sector. The minority groups in the actual participation in the study were found to be the senior assistant secretary, the community development officer and the local council chairperson. Their least participation was enshrined in the virtue of their positions at the level of the sub county. They could not be more than one per position and, therefore, were held responsible to oversee the activities done in the agricultural sector of their households to see whether agribusiness was reliable for development in their area of operation.

**Table 4.2: Distribution of Respondents by Gender**

Variable	Frequency	Percent
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Valid	Females	205	52
	Males	190	48
	Total	395	100.0

**Source:** Primary Data, 2018

From Table 4.2, females were 205(52%) respondents while males were 190(48%) respondents. The total respondents' number was 395(100%).

The analysis made showed that the majority of the respondents were females while the least scores were observed among the males. The reason behind this was that it was found out that females engaged a lot in agricultural sector vis a vis males. Males were found to have been less involved because they actually were involved in other productive ventures including running businesses outside agriculture. Some of them were involved in running factories and shops.

**Table 4.3: Distribution of Respondents by Age**

Variable	Frequency	Percent
Valid 21-30 Years	100	25
31-40 Years	200	51
41 Years+	95	24
Total	395	100.0

**Source:** Primary Data, 2018

From Table 4.3, the age-bracket showed the respondents in the range 31-40 years having 200(51%) respondents out of 395(100%) total respondents. 21-30 years had 100(25%) respondents out of 395(100%) total number of respondents. 41years plus had 95(24%) respondents of 395(100%) total respondents' number.

The observation made indicated the majority of the respondents to have been from the age-bracketed respondents of 31-40 years while the minority report indicated the least age-bracket of 41 years. The reason for the majority support was that the indicated respondents fell in the production age that needed to produce a lot in agriculture to boost household income while the minority's participation had the venture to work towards development of the Agricultural sector

but due to the fact they were no longer energetic they could not be highly involved. They had begun degenerating in terms of energy to engage in agricultural enterprise and agribusiness for rural development.

**Table 4.4: Distribution of Respondents by Marital Status**

Variable	Frequency	Percent
Valid Married	200	51
Single	100	25
Widowed	57	14
Divorced	38	10
Total	395	100.0

**Source:** Primary Data, 2018

From Table 4.4, the married respondents were 200(51%) out of 395(100%) the total number of respondents. Singles were 100(25%) out of 395(100%) total respondents. The widowed were 57(14%) of the respondents out of 395(100%) total respondents. Finally, the divorced were 38(10%) of the respondents out of 395(100%).

The analysis made indicated the majority of respondents from the married cohort while the least numbers were registered among the divorced. The married were the majority because there was no way someone who was unstable in family could fully engage in the agricultural activities since there were basics required for any agri-business to be harnessed when someone was in somebody's home, not his or her own home. However, a few respondents who were divorced tried to participate in agriculture to ensure production.

**Table 4.5: Distribution of Respondents by Education Level**

Variable	Frequency	Percent
Valid P LE and below	104	26
UCE (O'Level)	88	22
UACE (A' Level)	72	18
Certificate	42	11
Diploma	39	10
Degree	30	8
Postgraduate	20	5
Total	395	100.0

**Source:** Primary Data, 2018

From Table 4.5, the education level had the Primary Leaving Examination Certificate holders and below as 104(26%) respondents out of the total number of respondents 395(100%). Uganda Certificate of Education (UCE) (Ordinary Level) respondents totalled to 88(22%) out of 395(100%) total respondents. Uganda Advanced Certificate of Education (UACE) (Advanced Level) had 72(18%) respondents out of 395(100%). Certificate holders were 42(11%) respondents out of 395(100%). Diploma holders were 39(10%) respondents out of 395(100%). Degree holders were 30(8%) out of 395(100%) total number of respondents. Finally, the postgraduates were 20(5%) respondents out of 395(100%).

The analysis made showed that the respondents with primary leaving examinations' certificate and below were the majority while the minority participants were found to be the postgraduates. The reason behind this was that agriculture was seen as a sector for uneducated while the educated were busy with formal sector in offices and other activities.

#### **4.2 The Role of Agribusiness Strategy towards Rural Development**

Using Statistical Package for Social Scientists (SPSS), the study findings were presented, interpreted and analysed where the pertinent columns contained number of respondents, mean and standard deviation to determine the extent to which agribusiness strategies were able to

enhance rural development in Ihunga Sub County. The information was tabulated with the aid of the interpretation of the mean range guide and its contents that rhymed with the Likert Scale. Having captured the findings of this objective, a look at the key aspects was found necessary.

<b>Mean Range</b>	<b>Response Mode</b>	<b>Interpretation</b>
3.26-4.00	Strongly agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair satisfactory
1.00-1.75	Strongly disagree	Unsatisfactory

**Table 4.6: The Role of Agribusiness Strategy towards Rural Development**

<b>Variable</b>	<b>N</b>	<b>Mean</b>	<b>S.D</b>
Provision of Food Security	395	4.00	1.000
Supply of Raw Materials for Industries	395	3.90	1.038
Widens Chances of Employment Opportunities	395	3.87	1.007
Enhancement of Income Generation	395	3.70	1.067
Complementarily/Structural Transformation	395	3.61	1.048
Infrastructural Development	395	3.47	1.091
Market Connections and Establishment	395	3.40	1.008
<b>Mean Response</b>	<b>395</b>	<b>3.71</b>	<b>1.037</b>

**Source:** Primary Data, 2018

From Table 4.6, food security provision was realized by 395 respondents with the mean score of 4.00 and the standard deviation of 1.000; interpreted as very satisfactory and responded to as “Strongly Agree”. The researcher found out that food security was actually very important because it was the base for all other ventures that could promote development. Development begun from homes where food took the lead as one could not develop when the family spent nights on grumbling stomachs. This statement was supported by Haruna and Umar (2011) who pointed out that a successful agribusiness was capable of ensuring the availability and entitlement of the people to sufficient food at all times to guarantee healthy life. Agribusiness

had to ensure food availability (via supply) and encouraged entitlement of the people with plenty alternative commodity bundles for the people.

Supply of raw materials for industries had 395 respondents with the mean score of 3.90 and the standard deviation of 1.038 interpreted as “satisfactory” being responded to as “Agree”.

Raw materials were actually the base for agribusiness leading to the rural developmental aspect. From agribusiness, agricultural products were key to protect the sustainable development of the industrial sector to be enabled to produce more for the areas development. This issue was in line with Dunmoye (2009) who commented that the position of agriculture as a catalyst to industrialization produced a synergy derived from the agro-industrial theory which emphasized congruence between agriculture and industry. This theory identified the major contribution of agriculture in industrialization as supply of raw materials and provision of capital flow and expanded market for the manufacturing industry.

Widens chances of employment opportunities’ viewpoint had 395 respondents in support with the mean score of 3.87 and the standard deviation of 1.007. The researcher realized that through the agricultural sector, one could not need to be employed in any formal sector as there was no great payment. The fresh graduates were also engaged in agribusiness to source their income which made them earn a living. This statement was in agreement with Todaro and Smith (2011) who mentioned that the agribusiness sector was capable of generating employment both directly (on farm) and indirectly (non-farm) of the abundant rural labour supply. Through job creation, it enhanced and expanded the market and demand for farm produce, just as the growth of commercial agro-food system in the rural areas was capable of galvanizing economic growth.

Enhancement of income generation had 395 respondents in support with the mean score of 3.70 and the standard deviation of 1.067. This fell in the mean range of 3.26-4.00 responded to as “Strongly Agree” interpreted as “Very Satisfactory”. This meant that the respondents unanimously agreed, meaning that through agribusiness strategy, income was harnessed that improved the area residents’ standards of living. This statement was in line with Todaro and Smith (2011) who contended that the commercial value of agriculture was capable of generating higher incomes where levels were capable of empowering smallholder farmers into large holders. The expanded market increased the financial prowess of the input suppliers and the

market for the processing firms though sustainability of incomes accruing from agribusiness depended largely on the dynamic link between the farm and the non-farm sectors. Therefore, the researcher found it opportune to comment that agribusiness and rural development were synonymous in the study area.

Complementarily/Structural Transformation had 395 respondents in support with the mean score of 3.61 and the standard deviation of 1.048 lying in the range of 3.26-4.00 with the response mode of “Strongly Agree” and “Very Satisfactory” as the ultimate interpretation. The fact was harnessed very clearly that both small and medium enterprises were linked up to realize potential for development. This statement was in harmony with Dike (1991) who commented that strategic links between the farm and non-farm sectors created an integrated production structure and a balance between large and small production units. A dynamic agribusiness fueled the growth of the rural nonfarm sector through a number of linkages while agriculture required inputs provided by the non-farm enterprises. Thus, according to the researcher’s view, there was connection made to link the small-scale and medium enterprises to boost complementarily structural transformation for rural development.

Infrastructural Development viewpoint had the support of the 395 total respondents of the study with the mean score of 3.47 and the standard deviation of 1.091 falling in the mean range of 3.26-4.00 responded to as “Strongly Agree” with the interpretation of “Very Satisfactory” meaning that the majority of support was accorded to it. This statement was best explained by Anyanwu (2016) who mentioned that the centrality of agribusiness in the interface between agriculture and the rural sector could not be easily waved aside. This was because agribusiness had the capacity to provide greater employment, higher incomes, poverty reduction and provision of Corporate Social Responsibility (CSR) via their requisite infrastructure. The researcher therefore was prudent to realize that through agribusiness, the road network and communication ventures were put in place to help farmers connect with the buyers and other agro-based practitioners to obtain products via proper means of communication and transport to access markets.

Lastly, market connections and establishment viewpoint had the support from 395 respondents with the mean score of 3.40 and the standard deviation of 1.008 falling in the mean range 3.26-4.00 and responded to as “Strongly Agree” as well as being interpreted as “Very Satisfactory”.

This meant that the level to which market connections were instilled was higher, indicating that it was only through agribusiness that markets, both local and international, were tapped to consume the products from agriculture aiming at rural development. This statement was cemented by the World Bank (2014) that examined the extent that agribusiness activities established market connections outside the rural area, as other crops or activities could benefit from improved lines of transportation, finance, and communication. These connections effectively reduced the transaction costs faced by service providers. The researcher's view was synonymous with development since agribusiness strategized to create market to sell their agricultural products.

In summary, the role of agribusiness strategy for rural development was seen in a more positive perspective since the mean response generated was actually 3.71 that had a position in the mean range of 3.26-4.00 which was the most ranked level. This therefore signified that agribusiness strategy had a prominent role to play in advancing rural development in Ihunga Sub County, Ntungamo District.

#### **4.3 The Challenges Hindering Agribusiness Strategies towards Rural Development**

The challenges hindering the agribusiness strategies for rural development were realized in the same way as the roles mentioned in the findings in the previous section. Descriptive statistics were employed where the gearing component was the Statistical Package for Social Scientists (SPSS). Key components were the number of respondents, the mean and standard deviation. The mean range was styled up to harness the right quality work as it guided well the researcher especially in realizing the potential and strengths of various findings generated from the respondents in the field. The mean range was as herebelow and the Table of findings was contemplated to mean a lot.

<b>Mean Range</b>	<b>Response Mode</b>	<b>Interpretation</b>
3.26-4.00	Strongly agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair satisfactory
1.00-1.75	Strongly disagree	Unsatisfactory



**Table 4.7: The Challenges Hindering Agribusiness Strategies towards Rural Development**

Variable	N	Mean	S.D
Poor policy articulation	395	3.92	1.003
Inadequate technology to boost Agribusiness	395	3.80	1.021
Inadequate capital	395	3.77	1.012
Lack of information	395	3.70	1.042
Poor financial support	395	3.54	1.028
Lack of access to fertilizers	395	3.43	1.064
Poor infrastructure	395	3.33	1.019
<b>Mean Response</b>	<b>395</b>	<b>3.64</b>	<b>1.027</b>

**Source:** Primary Data, 2018

From Table 4.7, poor policy articulation had 395 respondents with the mean score of 3.92 and the standard deviation of 1.003 in the mean range of 3.26-4.00 responded to as “Strongly Agree” with the interpretation “Very Satisfactory”. This indicated that the respondents were early able to mention that they were affected by the policies that were not clear which affected the rural development in terms of agribusiness. This statement was in agreement with Idachaba (2000) who commented that poor policy articulation was a challenge for many years in developing nations. Improper policy articulation encompassed poor support, policy uncertainties/inconsistencies or failure of agricultural policy results from poor institutional arrangements. In the researcher’s view, however, this problem was too tense in the rating of agribusiness constraints since there had not been a separate policy articulation for agribusiness except for the brief objectives as per Agricultural Policy.

Inadequate technology to boost Agribusiness was second in rank among the challenges articulated and had 395 respondents in support with the mean score of 3.80 and the standard deviation of 1.021 that fell in the range of 3.26-4.00 responded to as “Strongly Agree” and interpreted as “Very Satisfactory”. There was need for advanced technology to boost the agricultural sector where there was need to have some industries to consume the local products. This statement was aligned with Marchet (2001) who mentioned that there was lack of appropriate technology to boost the Agricultural Sector. Using either too obsolete or

sophisticated technology tended to frustrate the linkage for lack of know-how and cost of maintenance. Where technology happened to be too advanced for the indigenous labour force, it rendered the workforce useless while high energy-consuming technology truncated production due to huge cost of fuels. To researcher's view, it meant a lot where local products were not consumed in industries due to the fact that the technology of the area (Ihunga Sub County) was too inadequate to boost the agribusiness venture to harness development.

Inadequate capital was among the challenges and had 395 respondents in support with the mean score of 3.77 and the standard deviation of 1.012 falling in the mean range of 3.26-4.00 responded to as "Strongly Agree" and interpreted as "Very Satisfactory". Thus was an indicator that is level was ranked among the too strong challenges affecting the rural development in the area. The statement was in connection with Marchet et al (2001) who contended that there was inadequate working capital to help farmers realize their agricultural production including shortage of funds, raw materials and labour force. The researcher viewed it as a major challenge since agribusiness was majorly based on the raw materials and adequate capital to boost household income in the study area. Shortage of capital brought down development and therefore, was a real mess that could not boost agricultural sector. Without the requisite capital base, agribusiness could neither flourish nor engender economic development.

Lack of information was a contributory challenge that had the support of 395 respondents with the mean score of 3.70 and the standard deviation of 1.042 falling in the mean range of 3.26-4.00; responded to as "Strongly Agree" interpreted as "Very Satisfactory". Information was actually vital for the farmers to understand what was going on, including the prices of commodities like fertilizers, and agricultural products. This was best explained by Meir (1976) who pointed out that lack of information remained the number one problem facing most small scale farmers in Africa. Most farmers missed out on new and improved methods of farming. Some, especially those in the remote areas, had no access to information at all. Even those suburban areas with some limited access to information, lacked what it takes to process the information they receive. Most miss out on proper information regarding cheap but effective farming practices such as crop rotation and use of green manure to facilitate their land. The main problem here was illiteracy. To the researcher's view, even in cases where there was some access to information, most poor families were unable to discern due to illiteracy. Illiteracy was very

high in rural Africa. This brought down development in the agricultural sector in general terms with specific reference to Ihunga Sub County, Ntungamo District.

Poor financial support was in support by 395 respondents with the mean score of 3.54 and the standard deviation of 1.028 falling in the mean range of 3.26-4.00; responded to as “Strongly Agree” with the interpretation “Very Satisfactory”. The researcher looked at the financial support to have been from agro-based microfinance institutions to help farmers boost their household development as they pay little interests. This statement was best explained by Moseley (2003) who commented that there was poor financial support irrespective of several microfinance groups operating in Africa, not so many farmers had access to these groups and not many farmers even knew how these groups operated and how such groups could help them in the long run. Most farmers were poor financially, making it almost impossible for them to adopt new farming practices.

Lack of access to fertilizers was yet another challenge facing the agribusiness sector and had the support of 395 respondents with the mean score of 3.43 and a standard deviation of 1.064; falling in the range of 3.26-4.00; responded to as “Strongly Agree” and interpreted as “Very Satisfactory”. The researcher looked at the finding in question as a hindrance to bar the progress of development in area (Ihunga Sub County) since because of over-tilling the land, there was no longer high crop production as the soil lost its fertility. This statement was in agreement with Nisser (1999) who mentioned that lack of access to fertilizers was one of the challenges affecting the agricultural sub sector. Because Agricultural lands had become so expensive in Africa, most poor farmers had no choice than to farm on same plots of land over and over again. Farming on same pieces of land for years leads to land degradation whereby fertile lands lost most of their nutrients and became unproductive or barren. To the researcher’s view, farmers depended on artificial fertilizers to enable them grow crops and improve their yields but the challenge was that they were quite expensive and in most rural areas they were unavailable at all. This was a challenge that could not be solved locally without the aid of any financial support to enhance development.

Poor infrastructure was the last component among the challenges for this objective. It was supported by 395 respondents with a mean score of 3.33 and a standard deviation of 1.019 falling in the mean range of 3.26-4.00; responded to as “Strongly Agree” interpreted as “Very

Satisfactory”. To the researcher, poor infrastructure included poor transport in terms of road accessibility to enable transportation of agricultural products to market places, among other issues. The best explanation was harnessed by Moseley (2003) who pointed out that inadequate infrastructure lowered agricultural enterprise. The state of infrastructure included power, water supply, communication and communal infrastructure like warehouses (stores) drying units, testing labs and treatment plants to a great extent influenced the growth of agribusiness.

In summary, the mean response for the challenges affecting rural development was manifested as 3.64 falling in the mean range of 3.26-4.00. This was basically the rating of the highest level indicating that the challenges affecting rural development in Ihunga Sub County, Ntungamo District were enormous since there was retardation in the household income levels emanating from agribusiness strategies devised.

#### **4.4 Mitigating Measures to Challenges of Agribusiness Strategies to Rural Development**

The mitigation measures to challenges affecting agribusiness strategies to rural development were looked at in a way that the respondents provided their rating levels by Likert scale where predetermined responses were actually set before them. Descriptive statistics were made to contemplate the ideas gotten and the key elements were mentioned as number of respondents that reacted on every finding. Mean and standard deviations were also pertinent issues of presentation. The Statistical Package for Social Scientists (SPSS) made it possible to analyse the findings and the results are shown in Table 4.8 where the key guide is the mean range guide that showed the range, description and interpretation of each finding as seen below.

<b>Mean Range</b>	<b>Response Mode</b>	<b>Interpretation</b>
3.26-4.00	Strongly agree	Very satisfactory
2.51-3.25	Agree	Satisfactory
1.76-2.50	Disagree	Fair satisfactory
1.00-1.75	Strongly disagree	Unsatisfactory

**Table 4.8: Mitigating Measures to Challenges of Agribusiness to Rural Development**

Variable	N	Mean	S.D
Supply of Agricultural inputs to Farmers	395	3.99	1.020
Credit and technical assistance to farmers	395	3.90	1.043
Market set up to enhance development	395	3.86	1.015
Setting up industries in rural areas	395	3.80	1.063
Participation in reform-induced activities	395	3.74	1.034
Forming groups of producers with common goals	395	3.40	1.053
Reducing levels of unemployment	395	3.38	1.023
<b>Mean Response</b>	<b>395</b>	<b>3.72</b>	<b>1.035</b>

**Source:** Primary Data, 2018

From Table 4.8, supply of agricultural inputs to farmers had 395 respondents with a mean score of 3.99 and standard deviation of 1.020 falling in the mean range of 3.26-4.00; responded to as “Strongly Agree” and interpreted as “Very Satisfactory”. This meant that the provision of the inputs like fertilizers, seeds and other viable materials could boost the activities of the farmers to produce a lot to enhance rural development. This statement was best explicated by Calva (1996) who mentioned that the first factor influencing the ability of the sector to respond to changing incentives is the availability of suitable tools of production and the provision of incentives such as seeds, chemical inputs, irrigation, and labour are the principal sources of production expense, and often must be financed through credit.

Credit and technical assistance to farmers had 395 respondents in support with a mean score of 3.90 and standard deviation of 1.043 responded to as “Strongly Agree” interpreted as “Very Satisfactory”. This meant that really the respondents had it in their plan as an ultimate solution to the challenges hampering the rural development prospectus in Ihunga Sub County. Farmers needed to be given some assistance either technically and in financial aspect so as to boost the development of their area. This statement was aligned with Sellies (1993) who mentioned that the same barriers to credit and technical assistance that inhibited a production response to the reforms could have a like effect on investment in new enterprises if they were provided fully. In fact, during initial stages of commercialization, it might be advantageous not to depend on local

enterprise. To the researcher's view, it was important to get assistance regarding fertilizer, capital, market and other possible help that could uplift rural development.

Market set up to enhance development had the support of 395 respondents with a mean score of 3.86 and standard deviation of 1.015 responded to as "Strongly agree" and interpreted as "Very Satisfactory". The researcher pointed out that the respondents saw it wise to mention it because through markets, they were able to advance their development after earning. This statement was somewhat agreed with Glover (1994) who contended that it was important to search for markets for the agricultural products aiming at promoting household income at whatever level so as to enhance development. The benefits of an agribusiness undertaking depended on access to external or regional marketing channels, advanced inputs, and new technologies.

Setting up industries in rural areas was yet another mitigation measure that had the unanimous support of 395 respondents with a mean score of 3.80 and standard deviation of 1.063 responded to as "Strongly Agree" and interpreted as "Very Satisfactory". Setting up industries in Ihunga Sub County would promote more agricultural production because it would demand for more agricultural products to act as raw materials for such agro-based industries and this would in due course promote development in the area. This statement was synchronized somewhat with Glover (1994) who mentioned that consideration of the opportunities that multinational and large domestic companies/industries could be brought to rural areas would be of help. When the benefits of an agribusiness undertaking were dependent on access to external or regional marketing channels, advanced inputs, and new technologies, it was less likely to be initiated by local village members.

Participation in reform-induced activities was supported still by 395 respondents where the mean score was 3.74 and the standard deviation was 1.034 responded to as "Strongly Agree" and interpreted as "Very Satisfactory". In the researcher's view, the options of progressive stages of agribusiness enterprise in developing countries with specific reference to Ihunga Sub County, Ntungamo District, were mentioned as domestic companies, cooperatives among producers, and individual private marketing enterprises. This statement was synchronized with Bonilla and Viatte (1995) who commented that smallholder agriculture's ability to participate in reform-induced activities depended on its ability to increase both quantity and price of outputs where greater initial gains might be achieved through association with larger, richer entities that could

“share the wealth” by considering options that could be considered progressive stages of agribusiness enterprise in developing countries.

Forming groups of producers with common goals had the support of 395 respondents with a mean score of 3.40 and standard deviation of 1.053 responded to as “Strongly Agree” and interpreted as “Very Satisfactory”. In the researcher’s view, it was seen in a way that forming groups of individuals would command a voice to have bargaining power for their agricultural products in the outside and local markets so as to have household incomes enhanced to uplift their area’s development. This statement was shaped by Sellies (1993) who commented that since the challenges associated with many rural areas were derived from the small size of most agricultural producers, a natural alternative was to form groups of producers with common goals. While cultural factors were often significant in determining whether cooperative action by producers was a viable option, associations among producers represented a powerful mechanism for overcoming the smallness problem.

Reducing levels of unemployment was the last item and was supported by 395 respondents with a mean score of 3.38 and standard deviation of 1.023 responded to as “Strongly Agree” and interpreted as “Very Satisfactory”. In researcher’s view, unemployment levels could be reduced by the unemployed people engaging in the agricultural activities where production could be high to enhance development of the areas where such people lived. These people could seek for financial assistance to facilitate the activities in their farms through farmers’ SACCOs at a simple interest rate that could be affordable. This statement was in line with Abbott (1987) who commented that despite the policy interventions towards agribusiness, the agribusiness sector, which comprised the business activities performed from farm to fork, was a major generator of employment and income worldwide and contributed to food security and nutrition where the unemployed got engaged in agricultural activities to boost rural development.

In summary, the mean response regarding the third objective “Mitigation measures to challenges affecting rural development in Ihunga Sub County, Ntungamo District” was actually 3.72 that lay in the mean range of 3.26-4.00, meaning that the rating option made was particularly “Strongly Agree” which indicated the coherence in curbing down the challenges associated with agribusiness venture that shot towards rural development.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents the summary of the findings where there was the consideration of the most and worst ranked findings in rhythm with their scores. These depended on individual objectives one after the other. The conclusions were made basing on the performance of the findings according to the objectives of the study. The final conclusion was earmarked for the researcher's attention emanating from the sub conclusions derived from individual study objectives. The study recommendations were set emanating from the performance of the objectives where the findings were earmarked with the base from each objective. The researcher made suggestions for further researchers in attempt to guide them upon what to do in their future research studies.

#### **5.1 Summary of Findings**

Regarding the contribution of agribusiness strategy towards rural development, the leading variable (finding) was actually the fact about the provision of food security that had the mean score of 4.00 and the standard deviation of 1.000 while the least scores were registered in market connections and establishment that had the mean score of 3.40 and the standard deviation of 1.008.

The challenges hindering agribusiness strategies towards rural development's viewpoint was led by poor policy articulation that had a mean score of 3.92 and standard deviation of 1.003 while the least finding was earmarked as poor infrastructure that had a mean score of 3.33 and standard deviation of 1.019.

Mitigation measures to challenges of agribusiness to rural development spotted out the leading finding to be supply of agricultural inputs to farmers that had a mean score of 3.99 and standard deviation of 1.020 while the least scores were observed in reducing levels unemployment that had a mean score of 3.38 and standard deviation of 1.023.

#### **5.2 Conclusions**



The role of agribusiness strategy for rural development was seen in a more positive perspective. This therefore signified that agribusiness strategy had a prominent role to play in advancing rural development in Ihunga Sub County, Ntungamo District.

The challenges affecting rural development manifested the highest level of operation and were basically rated in the highest level indicating that the challenges affecting rural development in Ihunga Sub County, Ntungamo District were enormous since there was retardation in the household income levels emanating from agribusiness strategies devised.

Mitigation measures to challenges affecting rural development in Ihunga Sub County, Ntungamo District were strongly agreed upon which indicated the coherence in curbing the challenges associated with agribusiness venture that shot towards rural development.

In the final conclusion, therefore, having seen the performance of the objectives of the study above, Agribusiness strategy and rural development in Ihunga Sub County, Ntungamo District, were seen as significantly and strongly related.

### **5.3 Recommendations**

In this section, the following recommendations are given below:

- a) To have food security in homes and families using agribusiness strategy for developments.
- b) To launch cooperative societies so that agro-based producers with common goals advance their aim to kick poverty out of their areas by setting up the bargaining power to look for market, reliable technology and inputs to boost their operations aiming at developing their rural area.
- c) To adopt agribusiness strategy for rural development and widening employment opportunities.
- d) Government to come in and enforce policies and laws aiming at regulating birth so as to control population growth. This somehow solves the problem of land fragmentation and increasing cases of land shortage.

- e) Government should come in to properly articulate policies and ensure their effective implementation to enhance rural development basing on agribusiness strategy as the benchmark.
- f) The Ugandan government to prioritize the agriculture sectors by allocation of a big proportion of the budget to agriculture and industry sectors. Priority shift should be made from the Ministry of Defence and State House to the sector (Agriculture) which employs the majority (over 80%) of Ugandans.
- g) Business /entrepreneurship and agriculture-related courses should be encouraged both at lower and higher institutions of learning. This can be done by giving free sponsorships to such courses at all level of learning.
- h) To encourage more entrepreneurs and investors into agricultural enterprise, processing and other agro-related businesses.
- i) To boost technology to enhance Agribusiness in rural areas and particularly Ihunga Sub County in order to advance the operation of small-scale industries that boost rural development.
- j) Farmers to have information about agricultural development from different sources including media houses and other sources like workshops etc.
- k) Increase accessibility to fertilizers for farmers through government agencies while aiming at high production levels to enhance the development of rural areas at household level and beyond.

#### **5.4 Areas for Further Research**

- a) The influence of government policy on the development of agro-based industries in rural areas.
- b) To investigate factors influencing rural development in Ihunga sub county.
- c) To investigate the role of informal sector in rural development of Ntungamo District.

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## APPENDICES

### Appendix A: Questionnaire for Technical Staff

Dear respondent,

My name is **SINGAHACHE DENIS SIMPSON T.K.** I am currently conducting research on;  
**Agribusiness Strategy and Rural Development in Ihunga Sub County, Ntungamo District.**

You have been chosen to be part of this study as a respondent. I therefore request you to kindly give me your honest views on the few questions below. The questionnaire is anonymous because we do not need your name so your views will remain confidential. Where you feel you cannot answer feel free to skip.

I thank you in advance.

#### SECTION A: SOCIO-DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Please help me classify your responses by supplying the following facts about yourself

A1. Respondents' Categories (Specify the category.....)

A2. Your Gender:

a) Male ☐ b) Female ☐

A3. Your age in number of years:

a) 21 – 30 ☐ b) 31 – 40 ☐  
d) 41 -50 ☐ c) 51-60 ☐  
e) 60+ ☐

A4. Your Marital Status

a) Single ☐ (b) Married ☐  
(c) Divorced ☐ (d) Widowed ☐

A4. Your highest academic qualification

- a) Primary ☐ b) Secondary ☐  
 (c) Certificate ☐ d) Diploma ☐  
 (e) Degree ☐ (f) Postgraduate ☐

**SECTION B: QUESTIONNAIRE ON STUDY OBJECTIVES**

B.1 Using the key given, tick (✓) the right alternative that meets your opinion on how agribusiness strategy is important to the lives of the undertakers in this sub county?

4 = Strongly Agree    3= Agree    2 = Disagree    1 = strongly disagree

No.	The role of Agribusiness Strategy	4	3	2	1
1	Market Connections and Establishment				
2	Supply of Raw Materials for Industries				
3	Complementarily/Structural Transformation				
4	Enhancement of Income Generation				
5	Widens Chances of Employment Opportunities				
6	Infrastructural Development				
7	Provision of Food Security				

B.2.1 In summary, generally comment on how you rate the role of agribusiness strategy to the well being of the people in this sub county?

.....  
 .....

B.2 Using the key given, tick (✓) the right alternative that meets your opinion on the challenges facing agribusiness strategy in this sub county?

4 = Strongly Agree    3= Agree    2 = Disagree    1 = Strongly Disagree

	Challenges of Agribusiness Strategy	4	3	2	1
1	Poor financial support				
2	Poor infrastructure				
3	Inadequate capital				

4	Lack of information				
5	Poor policy articulation				
6	Lack of access to fertilizers				
7	Inadequate technology to boost Agribusiness				

B.3 Using the key given, tick (✓) the right alternative that meets your opinion on the measures that can be undertaken to address the challenges facing agribusiness strategy in this sub county?

4 = Strongly Agree    3= Agree    2 = Disagree    1 = strongly disagree

	<b>Measures to Eliminate the Challenges of Agribusiness Strategy</b>	4	3	2	1
1	Participation in reform-induced activities				
2	Reducing levels of unemployment				
3	Market set up to enhance development				
4	Setting up industries in rural areas				
5	Supply of Agricultural inputs to Farmers				
6	Forming groups of producers with common goals				
7	Credit and technical assistance to farmers				



## **Appendix B: Interview Guide for Households**

- 1 Do you understand the term Agribusiness? Yes/No
- 2 What forms of agribusiness activities are you engaged in?
- 3 How has agribusiness strategy increased your household income?
- 4 Does agribusiness strategy improve rural development? Yes/No
- 5 If yes, how has agribusiness strategy improved rural development?
- 6 What are the challenges facing agribusiness strategy in this sub county?
- 7 What can be done to address the challenges facing agribusiness strategy towards the development of this area?
- 8 What else would you recommend in regard to agribusiness and rural development?

**Thank you.**

## Appendix C: Introductory Letter to the Field

**KABALE**

P.O Box 317  
Kabale - Uganda  
Email: info@kab.ac.ug  
admissions@kab.ac.ug



**UNIVERSITY**

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Mob: 256-782860259  
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Website: www.kab.ac.ug

### DIRECTORATE OF POSTGRADUATE TRAINING

June 19<sup>th</sup>, 2018

#### To whom it may concern

This is to certify that *Mr. Singahache Denis Simpson T.K Reg. No: 08/KU/336/PG* is a postgraduate student of Kabale University studying for a Masters Degree of *Masters of Development Studies* in the department of *Governance*.

He has successfully defended his Research Proposal for a study entitled,

*"Agribusiness strategy and Rural Development, a case study of Ihunga sub-county-Ntungamo District"*

The student is now ready for field work to collect data for his study. Please give the student any assistance you can to enable him accomplish the task.

Thanking you for your assistance,

Yours sincerely

  
Prof. Lule John C.  
Ag. DIRECTOR, POSTGRADUATE TRAINING

