Poultrepreneurial marketing capability and the profitability of selected poultry businesses in Ikorodu, Lagos State, Nigeria.

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Abstract
Globally, poultry businesses are continuously becoming a very important industry and unit of business, there is the onus for the ability of these businesses to be a going concern with emphasis on survival and profitability. However, poultry business owners or managers find it difficult in constantly making profits due to weak marketing capabilities on their parts. Hence, this study investigated the relationship between marketing capability and profitability of selected poultry businesses in Ikorodu, Lagos State, Nigeria. The study employed cross-sectional survey research design. The target population comprised 64 registered PAN members in Ikorodu, Lagos State, Nigeria. A total enumeration technique was adopted. Findings revealed that there was a significant and positive relationship between poultrepreneurial marketing capability and the profitability of selected poultry businesses in Ikorodu, Lagos State, Nigeria. The study concludes that there is relationship between market capability and profitability. It is recommended that poultrepreneurs should evolve dynamic business models that will enhance adoption of information technology capability and organisational culture flexibility in order to achieve the advantage of larger market share.

Keywords: Market Capability, Profitability, Poultrepreneur, Poultry business, PAN.

1.0 Introduction
Businesses around the world especially poultry businesses are in a continuous dynamic environment and in an unending dilemma of maintaining and increasing profitability in the poultry businesses. Most poultrepreneurs find it difficult in constantly achieving targeted profit bench mark due to the incessant market prices of inputs, influence of major market players through competition and loyalty of customers. Hamra (2010) has observed that market prices of chicks, meat and feed vary and these variations can affect the profitability of a poultry business. Subsequently, prices of production inputs and incessant outbreak of diseases in the poultry industry have led to the downward trend of profitability (Adeoti, Akintunde, Okoruwa, & Omonona, 2015).
Marketing capabilities is defined as the combination process of perceivable and imperceivable organization resource in order to understanding the complex needs of clients...
and access to goods, names and brands which are different from competitors (Kheradayar, Rezai & Zamani, 2017). The level of competition and scarce production inputs increase the need for poultry businesses to continuously adapt, improve, and exert efforts especially that is capable to translate into improved profit percentages. The poultry businesses with greater marketing capability will be more successful in responding to changing environments and developing new capabilities to achieve better profitable competitive advantage. In this era of globalisation and intense competition especially in the poultry industry, poultry businesses without adequate and appropriately relevant marketing capability will lead to its demise.

In developing countries especially African countries, the outlook for the poultry industry is positive amid difficult operating and economic headwinds. Achieving targeted profit margins has been a major challenge for poultry businesses in Africa. Market incapability has placed considerable pressure on achieving targeted profit margin of poultry businesses among the African countries. The challenges facing poultry businesses in Africa include market capability inform of low household production and taboo against egg consumption, poor marketing strategies and gender related issues (Awonon, Hoffman & Gelli, 2020). The inability to explore marketing practices among poultrepreneurs has left the industry with shrinked profit margins.

Considering the problem of reduction in profitability of poultry businesses in Nigeria, Adebiyi, Jokthan, Matanmi and Njidda (2014) have emphasised that majority of poultry businesses in Nigeria have recorded a decline in profitability due to poor marketing, distribution and pricing of poultry products, poor poultry health care services and unsuitable poultry houses and poor maintenance of houses that characterised the poultry industry in Nigeria.

Majority of scholars (such as García-Morale, Jiménez-Barrionuevo & Molina, 2019; Feriyanto, 2015; Udeh, 2007; Nosike, Tarhemba & Ukwu, 2017; Saripalle, 2019) have examined how capabilities affects firm profitability in different sectors; but most of these studies have never investigated how poultrepreneurial marketing capability affect the profitability of poultry businesses in Ikorodu, Lagos State, Nigeria. Considering the problems and gap identified, this study examined (i) the relationship between poultrepreneurial marketing capability and the profitability of selected poultry businesses in Ikorodu, Lagos State, Nigeria.

2.0 Literature Review
2.1 Conceptual Review
2.1.1 Poultrepreneurial marketing capability
Market capabilities are complex bundles of skills and accumulated knowledge, exercised through organizational processes that enable firms to coordinate activities and make use of their assets (Day, 1994). Marketing capabilities are developed when the firm’s marketing employees frequently apply their knowledge and expertise (an intangible resource) to solving the firm's marketing problems, often, in the way of solving these marketing problems, intangible resources are combined with tangible resources (assets) (Afzal, 2009). Marketing capabilities and organizational processes are closely entwined, because it is the capability that enables the activities in a business process to be carried out (Day, 1994). Nowadays, a greater
number of available choices have led the customers to expect more than just a product from the companies (Inan & Kop, 2018). Also, Kheradayar, Rezai and Zamani (2017) defined market capabilities as the combination process of perceivable and imperceivable organization resource in order to understanding the complex needs of clients and access to goods, names and brands which are different from competitors. Brahame (2014) espoused market capabilities as an embodiment of integrative processes designed to apply collective knowledge skills and resources of the firm to the market related needs of the business, enabling the business to add value to its goods and services and meet competitive demands. According to Guenzi and Troilo (2006), marketing capability consists of integrative processes designed to apply collective knowledge, skills and resources of the firm to market related needs of the business, enabling the business to add value to its goods and services and adapt to market conditions, take advantage of market opportunities. Although, marketing capabilities tend to enhance the ability of the manufacturing SMEs to make optimum use of their access to finance and attained better financial and non-financial performance (Ahmadian, Ejrami & Salehi, 2016; Kheradayar, Rezai & Zamani, 2017) as well as assists help in the adoption of new products and consumer Brand Based equity (Bakunda, Munene, Ngoma, Ntayi, & Walugembe, 2017). However, Many businesses do not have any marketing strategy and/or have limited marketing activities, previously, companies were able to sell what they produced, and often their sale strategies were successful enough to increase their sales and these strategies are increasingly rendered inefficient as a customer-based marketing approach has replaced the prevailing “produce and sell” approach (Inan & Kop, 2018).

### 2.1.2 Poultry Business Profitability

According to Ibe (2013), profit means the difference between the revenue generated from the sale of output and the full opportunity cost of factor used in the production of that output. Included within costs are the premium charged for risk taking and the costs of using the owners capital and these are not included as cost in the accountant’s measure of project which therefore does not correspond to this economic definition of profit. In general, everyone interested in a company’s business is particularly interested in solvency and profitability. It depends both on the company’s activity and exogenous factors, independent of the firm. It is appreciated in absolute terms (as the profit mass) and in relative terms (as a rate of return) (Carp & Mirea, 2017).

Profitability is the primary measure of the overall success of enterprise, it is the ability of a given investment to earn a return from its use and its ratios measure the firm’s ability to generate profits and central investment to security analysis, shareholders and investors (Tulsian, 2014). A business that is not profitable cannot survive. The profitability analysis is based on the profit and loss account based on a synthetic form of expression of economic efficiency and reflects the ability of an enterprise to achieve profit through its result (accounting profit) i.e. revenue exceeds expenditures and it can be analyzed in two ways: in terms of absolute value of profits and secondly through profitability rates (relative sizes) that link the magnitude of the results obtained with the volume of resources employed to obtain these results (Carp & Mirea, 2017).

Ailawadi, Farris and Parry (1999) dissected profitability into definitional components consisting of: purchase costs/sales ratio, manufacturing costs/sales ratio, marketing costs/sales ratio, etc. The internal determinants of profitability the enterprise’s management
policies and decisions made on sources and uses of funds, capital, liquidity management and expenses management and this information is usually available on the bank’s balance sheet and in the profit and loss account (Warusawitharan, 2010). The external determinants of enterprises profits are related to both the economic and legal environment in which the enterprises operates. The environmental factors include market structure, regulation, inflation, interest rates, market growth, and the general economic conditions such as economic booms or recessions.

Although the analysis of profitability ratios is important for the shareholders, creditors, prospective investors, bankers and government alike. Rangel, Santos and Savoia (2016) posited that one of the challenges in comparing two profit ratios such as: Internal Rate of Return (IRR) and Net Present Value (NPV) is that, while the IRR is a pure number – that is, the interest rate that equates the current value of input cash flows with the current value of output cash flows – the NPV is calculated in monetary terms and is therefore an absolute and not a relative measure of an investment project worth. Usually the relative measure of profitability is calculated in relation to the initial capital outlay.

2.2 Theoretical Foundation

The theory underpinning this study is the Resource Based View (RBV). The RBV which was originated finding its origin in the works published by Penrose (1959), Wernerfelt, B. (“the resource-based view of the firm”), Prahalad and Hamel (“the core competence of the corporation”), Barney, J. (“firm resources and sustained competitive advantage”). The use of the term resources can be traced to the work of Penrose (1959), who conceptualised the firm “as a collection of productive resources, the disposal of which between different uses and over time is determined by administrative decisions.” Penrose’s conceptualisation is in typical classical economics mode to view resources as land, labour, capital and information but not in terms of strengths and weaknesses. Wemerfelt (1984) defined resources as “anything which could be thought of as a strength or weakness of a given firm.” The resources, capability, competence are also referred to as the inside-out perspective. Wemerfelt (1984) extended Penrose’s ideas and in which he proposed that examining firm from a resource perspective helps us in understanding it differently in comparison to the traditional product perspective, resources that help generation of high profits can be identified. According to Barney (1991), the RBV rests on three (3) assumptions: that firms seek to earn above average returns; that resources are asymmetrically distributed across competing firms; and that differences in resources lead to differences in product or service characteristics that result in variations in firms’ performance. The theory also assumes that individuals are inspired to make maximum use of economic resources available and rational choices that a firm makes which are shaped by economic framework (Barney, 2007). The resource-based view of the firm believes that most of the recommendations of the perspectives on the competitive position of the enterprise are short-term in nature and the real strength and advantages emerge from the resources within the firm. The interaction between tangible resources, intangible resources such as methods of doing business and human resources of an organisation develop a set of organisational processes. These, in turn, help creation of product and services (Winterfelt 1984).
However, some scholars have criticised the assumption of RBV for example in a paper presented by Butler and Priem (2001) argued that RBV might be limited in explaining a firm’s competitive advantages in changing environments, since it is a rather static theory. Although the RBV recognizes different types of resource for example, physical capital, human capital and organizational capital (Barney, 1991) it treats them all in the same way (Barney et al., 2001; Peteraf, 1993). RBV fails to establish the borders within which specific resources and capabilities are significantly important; there are many generalizations about the advantages of certain resources without addressing the setting within which these resources may be valuable to the firm (Miller & Shamsie, 1996). Hart (1995) posited that commitment to a competent resource base makes it difficult to acquire new resources. In a study conducted by Miller and Shamsie (1996) they argued against advantages of better specifying the firm unique resources; those resources with the capacity to produce returns which are beyond normal. Despite these criticisms, some scholars (such as: Cervera, Fidel & Schlesinger, 2015; Kim, Min & Mccann & Shinkle, 2014) are in agreement with the assumption of the theory. For instance, Kostopoulos, Prastaos and Spanos (2002) asserted that KBV and extension of the RBV by showing new directions for strategic management through which coordination/integration, learning and transformation are the fundamental dynamic capabilities that serve as the mechanisms through which available stocks of resources (e.g. marketing, financial and technological assets) can be combined and transformed to produce new and innovative forms of competitive advantage.

2.3 Empirical review and hypothesis development

In establishing the relationship between market capability and firm profitability many studies within and outside Nigerian context were empirically reviewed. Most empirical findings as regards the interaction between market capability and firm profitability have been mixed. Some studies exert positive relationship while others exert negative relationship and this mixed result different. Saripalle (2019) who reinforced the findings from earlier studies that suggest that the profitability of agriculture depends on a number of socio-economic factors such as the farmer’s education and age, marketing channels available to the farmers, awareness of high value markets and the role of farming practices has been captured in the such as: irrigation, manure and pesticide application. Hughes and Hughes (2020) found out th product market planning capability is significantly and positively related to profits under marketing differentiation. According to Jiménez-Barrionuevo, García-Morale and Molina (2019) in their study observed that proactiveness and new business venturing directly and positively influence organizational performance, but not innovativeness and self-renewal. Also, Bulgacov, Giacomini and Takhasi (2017) carried out a survey with 316IES and data analysis that was operationalised with SEM, the result indicated that the dynamic capabilities had influence on profit margins.

Considering several empirical studies reviewed, most of these studies have not investigated relationship between poultekpreneurial marketing capability and the profitability of selected poultry businesses in Ikorodu, Lagos State, Nigeria, thus indicating an empirical gap which the study tends to fill. Based on the empirical gap identified on the relationship between
poultrepreneurial market capability and poultry business profitability, this study therefore hypothesised that:

\[ H_01: \text{Poultrepreneurial marketing capabilities have no significant relationship on the profitability of selected poultry businesses in South-West, Nigeria.} \]

2.4 Conceptual model
The researcher’s conceptual model in figure 1 depicted the relationship between poultrepreneurial marketing capability and poultry business profitability. The researcher’s conceptual model was anchored on the resource based view which show poultry business owners or managers use market capability as resources to create and sustain poultry business profitability over other poultry businesses/owners without marketing capability. In relation to this study, we can assume that resource based view states that poultry businesses intangible resources could be market capability in which for the poultry business to gain a reasonable level of profitability opportunity and advantage, there must be the adoption of a strategic and innovative poultrepreneurial marketing capability as a poultreneur’s resource so as to achieve overall profitability advantage.

Fig. 1

3. Methodology
This study employed a cross sectional survey research design to obtain field information on study variables in investigating the relationship between poultrepreneurial marketing capability and profitability of selected poultry businesses in Ikorodu, Lagos State, Nigeria. This research considered the 64 registered PAN members of Ikorodu zone as the adjusted population of the study. The sample frame was the list of registered PAN members of the Ikorodu zone consisting of owners/owner managers of the selected poultry businesses in Ikorodu, Lagos State (PANLAGSTATS, 2020). registered PAN members were used as a unit of analysis due to it being formed as one of the agricultural associations in Nigeria concerned with the interests poultry farming, in order to foster, expand production and improve the efficiency of poultry farming and the poultry industry (Ayanda, 2013), secondly, PAN zones are located in each ADP zones in each state in Nigeria (Adamu, Alonge, Lawal-Adebowale & Owolade 2016) ensuring a good coverage of poultry farmers within government specified area for easy dissemination of information and access to government intervention programmes/projects.

The choice of Lagos State as the study’s geographical location is because it is the commercial capital of the country as it contributes about 30% to the National GDP and accounts for over 60% of Nigeria’s industrial investments, foreign trade and commercial activities (LBS, 2019). Secondly Lagos state boosts a population of over 20m Nigerians thereby making it one of the potential largest consumer of poultry products (NPC, 2018), thirdly, it is a city known with close proximity with Ogun state than any other states in Nigeria (Ndubueze, Nwosu, Odiboh & Olabanjo, 2019). Finally, Lagos state is ranked the highest amongst South Western states
in Nigeria in terms of nominal GDP standing at 29.8 trillion naira (Babatunde & Iheagwam, 2019).

Primary source of data was used through questionnaire in gathering data from the respondents (Arokodare, Asikhia & Makinde, 2019). Pearson correlation method of analysis was employed for this study. The questionnaire used was validated and the reliability of the study variables was established (Onamusi, 2020). The reliability of the research instrument was ascertained based on the Cronbach Alpha measure of reliability which is greater than 0.5. In this study, profitability is the dependent variable and market capability serves as the independent variable. For dependent variable and the independent variable, a six (6)-point Likert scale type was used to elicit responses from every question in the questionnaire and this covered; Very High (VH) – 6; High (H) – 5; Moderately High (MH) – 4; Moderately Low (ML) – 3; Low (L) – 2; Very Low (VL) – 1 for both sets of variables (Arokodare, Asikhia & Makinde, 2019).

3.1 The Validity and Reliability Result

Table 1. KMO, Bartlett’s test of sphericity and reliability result

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of questions</th>
<th>KMO</th>
<th>Bartlett test of Sphericity</th>
<th>Cronbach’s Alpha</th>
<th>Average Variance Explained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poultry Business Profitability</td>
<td>5</td>
<td>0.668</td>
<td>66.687</td>
<td>0.870</td>
<td>0.574</td>
</tr>
<tr>
<td>Poultreneurial marketing capability</td>
<td>5</td>
<td>0.788</td>
<td>85.809</td>
<td>0.837</td>
<td>0.510</td>
</tr>
</tbody>
</table>

Source: Researcher’s Computation

The result in Table 1 shows that the KMO is greater than 0.5. It means that the questions actually measure the variables in the study. The result of the Bartlett test of Sphericity at 0.000 which is less than 5%, indicated that there is highly significant relationship among variables in measuring the variables under study. In this study, the KMO test is greater than 50% and Bartlett test of Sphericity result is less than 5% indicating that statements that comprised the research instruments of each variable actually measured what were intended to be measured. The result of the KMO and Bartlett test of Sphericity are shown in Table 3.1. The construct validity of the research instrument was further established through confirmatory factor analysis. Average Variance Extracted (AVE) greater than 0.5 was used as an additional evidence of construct validity of all variables in the research instrument. The result of the Cronbach Alpha was greater than 0.70 for each of the variables which indicated that the items used to measure study variables were reliable. The Pearson correlation method of analysis was used to determine the relationship between poultreneurial marketing capability and the profitability of selected poultry businesses in Ikorodu, Lagos State, Nigeria.
3.2 Model Specification
In this study, the dependent variable was poultry business profitability; the independent variable was poultribusiness market capability.
The model for the study was denoted as;
Y = Dependent Variable = Poultry Business Profitability (PBP)
X = Independent Variable = Poultribusiness Market Capability (PMC)
The model formulated for each of the hypothesis will be functionally written as:
Y = f(X)
Hypothesis
Y=f(XZ) .............................................................................................................. function 1

4. Result and Discussions
Table 3. Correlation Results for Poultribusiness Market Capability (PMC) and Poultry Business Profitability (PBP).

<table>
<thead>
<tr>
<th>Variables</th>
<th>PBP</th>
<th>PMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBP</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>PMC</td>
<td>0.268**</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 2 gives the Pearson (r) correlation coefficient values as well as the P-values of significance showing the degree and significance of the relationship between poultribusiness market capability and poultry business profitability. Table 2 shows a positive and significant (r=0.268, p<0.05) correlation between market capability and the profitability of poultry businesses in Ikorodu, Lagos State, Nigeria. This means that increase in market capability will lead to the increased in the profitability of poultry businesses in Ikorodu, Lagos State, Nigeria. Considering this result, the null hypothesis (H01) which states that there is no relationship between poultribusiness marketing capability and the profitability of selected poultry businesses in Ikorodu, Lagos State, Nigeria was rejected.
Various studies have supported findings of this study that marketing capability has a positive relationship with firm profitability especially in today’s dynamic business environment (Hughes & Hughes, 2020; Saleh, 2015; Saripalle, 2019). Based on the majority support for the findings of this study, the null hypothesis (H01) which states that there is no relationship between poultribusiness marketing capability and market share of selected poultry businesses in Ikorodu, Lagos State, Nigeria was rejected.

5. Conclusion and managerial implication
Based on the findings of this study, it is concluded that market capability has significant relationship with profitability of poultry businesses in Ikorodu, Lagos State, Nigeria. Considering the findings, the study recommends that poultry businesses and poultribeurs should be more active in the market in their locations by developing skills and knowledge that would put them in charge of their markets and give them the edge in retaining old customers and taking of new ones. Similarly poultribeurs should be market oriented in order to understand customer reaction towards product prices, services and product qualities as this will enable them gain more market share over competitors.
6. Limitation of the study and suggestions for further study
This study was limited to poultry businesses; therefore, the findings of the study cannot be
generalized for making decisions in other industries. Also, access to specific information and
data were curtailed and possible reasons for this could as result of the covid 19 pandemic and
the insensitive of the respondents to the subject matter at the point of distributing the research
instrument. The study suggested that further study should: (i) employ study variables to carry
out a comprehensive pouleteranganial capability relationship on the performance of poultry
businesses, in major contexts of Nigeria where poultry businesses are situated; (ii) examine
external factors moderates the relationship between pouleteranganial market capability and
poultry business performance in this zones and other PAN Zones; (iii) further study should
examine the comparative study of how pouleteranganial capabilities affect poultry business
profitability between different PAN zones or Nigeria and other countries of the world iv) a
longitudinal survey design can be carried out to take charge of changes in the events that may
occur from a business year to the other which might have an effect on the response of the
respondents of this research instrument and also v) other forms of inferential statistics could
be carried out for this study to aids its generalisation.

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