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Original Article

Entrepreneurial Risk Management and Performance of Agropreneurs in Ogun State

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Abstract: *This study looked at the performance of agropreneurs in Ogun State in relation to entrepreneurial risk management. The research design for the study was a cross-sectional survey. With the help of a standardised questionnaire, primary source data for this study were gathered. 156 agro-entrepreneurs who are registered with the Ogun State Agricultural Development Board and engaged in fish farming, rice farming, poultry farming, oil palm processing, etc. made up the study's population. The Cronbach Alpha coefficient was used to determine the instrument's dependability, and all of the items scored over 0.70. With the help of the 23.0 edition of the Statistical Package for Social Sciences, the hypotheses were tested using the Spearman's Rank Order Correlation Coefficient. The tests were run using a significance threshold of 0.05. The results showed a strong correlation between agropreneur performance in Ogun State and entrepreneurial risk management. The study comes to the conclusion that agropreneurs in Ogun State perform much better when using entrepreneurial risk management. Therefore, the study thus recommends that it is important to implement comprehensive financial literacy programs targeted at agropreneurs. Equip them with the knowledge and skills needed to understand financial risks, manage budgets, and make sound financial decisions. This will empower agropreneurs to effectively manage their financial resources.*

Keywords: *Entrepreneurial Risk Management, Performance, Agro-Entrepreneurs.*

I. INTRODUCTION

Entrepreneurial risk management plays a crucial role in the success of agropreneurs (Waqas, Abd Rahman, Ismail, Kamal Basha & Umair, 2023). By assessing and mitigating risks, agropreneurs can safeguard their businesses from potential threats and capitalize on opportunities. Understanding the risks associated with the agricultural industry and implementing effective strategies to manage them is essential for long-term sustainability. By effectively managing risks, agropreneurs can enhance their financial performance, maintain a competitive edge in the market, and achieve higher levels of profitability (Waqas, Abd Rahman, Ismail, Kamal Basha & Umair, 2023). Risk assessment and mitigation strategies play a crucial role in the success of agropreneurs. As highlighted by Waqas *et al.* (2023), risk assessment allows agropreneurs to identify and evaluate potential threats and uncertainties that may affect their agricultural ventures. By conducting a comprehensive risk assessment, agropreneurs can gain a deeper understanding of the risks they face, enabling them to make informed decisions and take appropriate measures to mitigate these risks. This is particularly important in the agricultural sector, as it is susceptible to various hazards such as climate change, pests, diseases, market fluctuations, and natural disasters (Waqas *et al.* 2023). Mitigation strategies serve as a proactive approach to minimize the impact of these risks on agropreneurial operations.

The ability of agropreneurs to proactively identify, assess, and minimise any risks that could have an influence on their operations is vital to their success. According to Waqas et al, (2023), effective risk management enables agropreneurs to make informed decisions by considering various risk factors that may affect their businesses. By implementing risk management strategies, agropreneurs can minimize the negative impacts of risks on their performance, such as financial losses, market volatility, and production disruptions (Tort, Vayvay & Çobanoğlu, 2022). This is particularly important in the agricultural sector, which is inherently exposed to various uncertainties, including weather conditions, pest outbreaks, and fluctuating commodity prices. Through risk management practices, agropreneurs can develop contingency plans and diversify their activities to mitigate these risks and improve their overall performance (Yessoufou, Blok & Omta, 2018). Furthermore, effective risk management enhances the credibility and reputation of agropreneurs, as they demonstrate their ability to handle potential challenges and ensure the stability and sustainability of their businesses. Therefore, it is evident that effective risk management significantly contributes to the performance of agropreneurs by enabling them to navigate uncertainties and seize opportunities in a dynamic and unpredictable industry (Waqas et al., 2023). As a result, this study investigated the association between agropreneur performance in Ogun State and entrepreneurial risk management.

The study tested the following research hypotheses:

Ho_1: There is no significant relationship between financial risk and performance of agropreneurs in Ogun State

H_{O2}: There is no significant relationship between market risk and performance of agropreneurs in Ogun State

H_{O3}: There is no significant relationship between operational risk and performance of agropreneurs in Ogun State

II. RESEARCH CONCEPTUAL MODEL

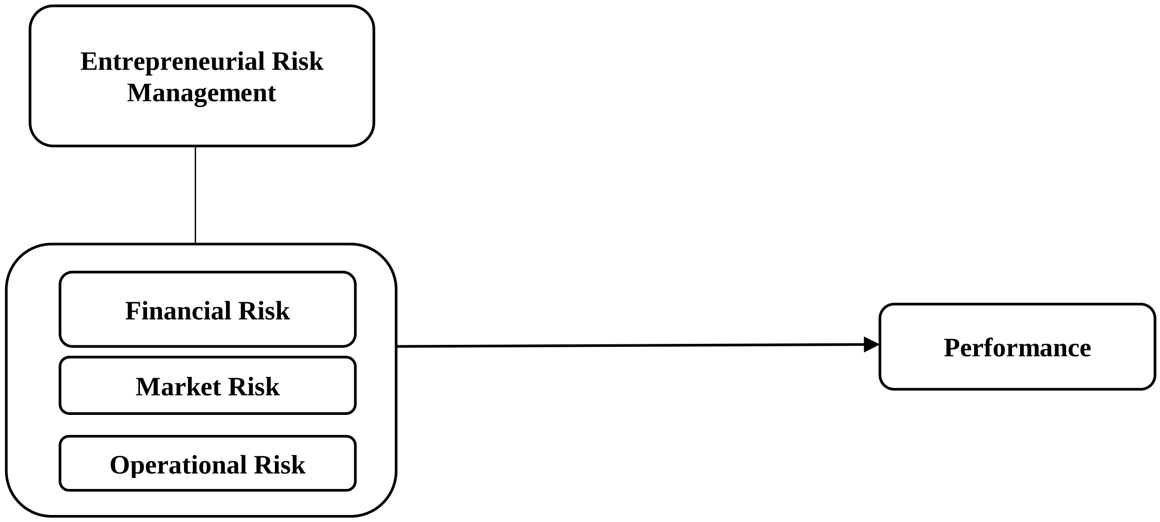

Figure 1: conceptual framework for the association between performance and entrepreneurial risk management

Source: *Desk Research (2023)*

III. LITERATURE REVIEW

A) Entrepreneurial Risk Management

Entrepreneurial risk refers to the uncertainty and potential for loss that entrepreneurs face when starting and running a business. It encompasses various dimensions such as financial risk, market risk, technological risk, and personal risk (Riasudeen, Ratnoo, Kannadhasan & Singh, 2022). A greater comprehension of risk is necessary for the implementation of effective entrepreneurial risk management. It is essential to comprehend how different types of risk affect the company organisation. Risk is a crucial element in the world of business. Every company venture must overcome this obstacle. The existence of internal controls, the control environment, and their implications on business sustainability were the key areas of interest for earlier academics (Siwangaza, 2013). Given their inception and growth, entrepreneurial enterprises are by their very nature more susceptible to risk concerns. Businesses that are founded by entrepreneurial means occasionally confront more risk concerns, keeping in mind that these businesses are created as a result of fresh discoveries, creativity, and opportunity. Entrepreneurs have long been associated with the concept of risk, according to O'Brien, Cooney, and Blenker (2019). Therefore, risk can be seen as an essential entrepreneurial activity that demands attention. Poor performance and a high failure rate are the results of improper risk management on business operations.

Implementing effective risk management techniques is crucial in mitigating potential pitfalls within an organization. According to Saleem and Abideen (2011), risk management involves identifying, assessing, and controlling potential risks in order to minimize their impact on the organization's operations and objectives. One key aspect of effective risk management is the identification of potential risks through a comprehensive risk assessment process. This involves conducting a thorough analysis of the organization's internal and external environment to identify potential threats and vulnerabilities. By identifying these risks early on, organizations can proactively develop strategies to mitigate them. Additionally, effective risk management techniques involve assessing the potential impact and likelihood of each identified risk. This allows organizations to prioritize their efforts and allocate resources accordingly. Once risks have been identified and assessed, control mechanisms can be implemented to minimize their impact. These control mechanisms may include implementing policies and procedures, establishing contingency plans, or investing in appropriate insurance coverage.

a. Financial Risk:

Financial hazards, according to Woods & Dowd (2008), result from financial-related issues. These elements raise the probability of losses due to SMEs' financial failure. High interest rates, financial institution denial of credit requests, return uncertainty, access to capital, liquidity, and exchange rates are among the issues that affect the majority of enterprises (Lumpkin & Dess, 1996). The biggest issue facing business operations is financial risk. Financial difficulties in business cause other difficulties, such as the hiring of less qualified or inexperienced workers (Vonortas & Kim, 2015). Lack of technological expertise caused by unskilled personnel leads to technological dangers.

b. Market Risk:

It refers to the difficulties in the market that entities experience as a result of market fluctuations, interest rates, the difficulty of accessing markets for certain products, and inflation (Jobo & Phyllis, 2020). Diversification cannot completely remove market risk, but it can be mitigated. The most prevalent categories of market hazards according to Dowd (2007) include interest rate risk, stock risk, currency risk, and commodity risk. All of these elements have an impact on the performance and success of SMEs. Entrepreneurs strive to reduce risks in their business operations while taking into account the owner's knowledge of business risks.

c. Operational Risk

Operational risk is the term used to describe potential risks and uncertainties that could occur during regular business operations. Operational risk for entrepreneurs is the term used to describe potential losses and uncertainties that can occur during regular business operations. It encompasses a range of factors, including but not limited to, market volatility, technological disruptions, regulatory changes, and human error. According to Ismanto, Widiastuti, Muharam and Pangestuti (2020), entrepreneurial operational risk plays a crucial role in determining the success or failure of a business. This is because entrepreneurial ventures are inherently exposed to a higher level of risk compared to established enterprises. Start-ups and small businesses often lack the financial resources and operational experience to effectively manage and mitigate risks. Consequently, they are more vulnerable to disruptions and failures. Understanding and effectively managing operational risk is essential for entrepreneurs as it can help them identify potential threats, develop risk mitigation strategies, and enhance their decision-making processes. By proactively managing operational risk, entrepreneurs can increase their chances of achieving sustainable growth and long-term success.

Managing operational risk is a critical aspect of running a successful entrepreneurial venture. However, entrepreneurs often face a multitude of challenges in effectively managing these risks. One common challenge is the lack of resources and expertise in risk management. According to Jedynak and Bąk (2021), entrepreneurs often have limited financial and human resources, making it difficult to invest in comprehensive risk management systems or hire experts in the field. This can leave entrepreneurs vulnerable to potential operational risks, as they may lack the necessary knowledge and tools to identify, assess, and mitigate these risks. Another challenge is the dynamic nature of operational risks. As highlighted by Jedynak and Bąk (2021), operational risks are constantly evolving and can be influenced by various internal and external factors. Entrepreneurs may struggle to keep up with these changes and adapt their risk management strategies accordingly.

B) Entrepreneurial Risk Management and Performance

In entrepreneurial ventures, risk assessment and mitigation strategies play a crucial role in ensuring long-term success and sustainability. According to Qammaz and AlMaian (2020), risk assessment involves the identification and evaluation of potential risks that may hinder the achievement of business objectives. It is essential for entrepreneurs to have a thorough understanding of the risks associated with their ventures in order to develop effective strategies for their mitigation. By conducting a comprehensive risk assessment, entrepreneurs can identify potential financial, operational, and strategic risks that may arise in the course of their business activities. This allows them to proactively plan and implement mitigation strategies to minimize the impact of these risks on their ventures. Mitigation strategies can include measures such as diversification of revenue streams, developing contingency plans, securing appropriate insurance coverage, and establishing strong internal controls. By implementing these strategies, entrepreneurs can effectively manage and reduce the likelihood and impact of potential risks, thereby increasing the chances of their ventures' success and long-term viability. Therefore, risk assessment and mitigation strategies are of utmost importance in entrepreneurial ventures, as they enable entrepreneurs to navigate the uncertain and volatile business environment while safeguarding their investments and ensuring sustainable growth. (Qammaz & AlMaian, 2020).

The performance of entrepreneurs in managing risks is influenced by various factors. According to a study by Ming-Yen and Siong-Choy (2007), one important factor is the entrepreneur's risk-taking propensity. Entrepreneurs who are more inclined to take risks are more likely to engage in ventures that have a higher potential for success but also carry a greater degree of uncertainty. This willingness to take risks is often associated with a higher level of self-confidence and optimism, as individuals with these traits are more likely to perceive risks as opportunities rather than threats. Moreover, the study also highlights the significance of the entrepreneur's prior experience and knowledge in risk management. Entrepreneurs with a strong background in risk assessment and mitigation strategies are better equipped to identify potential risks and develop effective strategies to minimize their impact. Furthermore, the study suggests that access to financial resources and social networks can also influence an entrepreneur's ability to manage risks. Financial resources provide entrepreneurs with the necessary capital to cushion potential losses, while social networks offer access to valuable information and support from experienced individuals who can provide guidance in risk management. In conclusion, the performance of entrepreneurs in managing risks is influenced by factors such as risk-taking propensity, prior experience and knowledge in risk management, access to financial resources, and social networks (Ming-Yen, Siong-Choy, 2007).

In the field of entrepreneurship, the relationship between risk-taking behavior and business performance has been a subject of great interest and debate. Research conducted by Zaleskiewicz, Bernady and Traczyk (2020) sheds light on this complex relationship. The authors argue that risk-taking behavior is a fundamental aspect of entrepreneurship, as entrepreneurs often need to make decisions that involve uncertainty and potential losses. However, the extent to which risk-taking behavior influences business performance is not straightforward. On one hand, taking calculated risks can lead to innovation, growth, and competitive advantage, thereby positively impacting business performance. This is supported by evidence that suggests entrepreneurs who are willing to take risks are more likely to start and grow successful ventures (Zaleskiewicz et al., 2020). On the other hand, excessive risk-taking can result in failure and financial losses, negatively affecting business performance. Thus, finding the right balance between risk-taking and risk management is crucial for entrepreneurs. It is important to note that the relationship between risk-taking behavior and business performance is influenced by various factors, such as industry dynamics, market conditions, and personal characteristics of the entrepreneur.

IV. METHODOLOGY

The research design for the study was a cross-sectional survey. With the help of a standardised questionnaire, primary source data for this study were gathered. 156 agro-entrepreneurs who are registered with the Ogun State Agricultural Development Board and engaged in fish farming, rice farming, poultry farming, oil palm processing, etc. made up the study's population. The Cronbach Alpha coefficient was used to determine the instrument's dependability, and all of the items scored over 0.70. With the help of the 23.0 edition of the Statistical Package for Social Sciences, the hypotheses were tested using the Spearman's Rank Order Correlation Coefficient. The tests were run using a significance threshold of 0.05.

V. DATA ANALYSIS AND RESULTS

Out of the 156 copies of the questionnaire that were disseminated, 132 copies were retrieved and used for analysis. These copies were statistically acceptable for the purposes of drawing conclusions about the study's general population. This translates to an overall response rate of 84.61% of the study's participants.

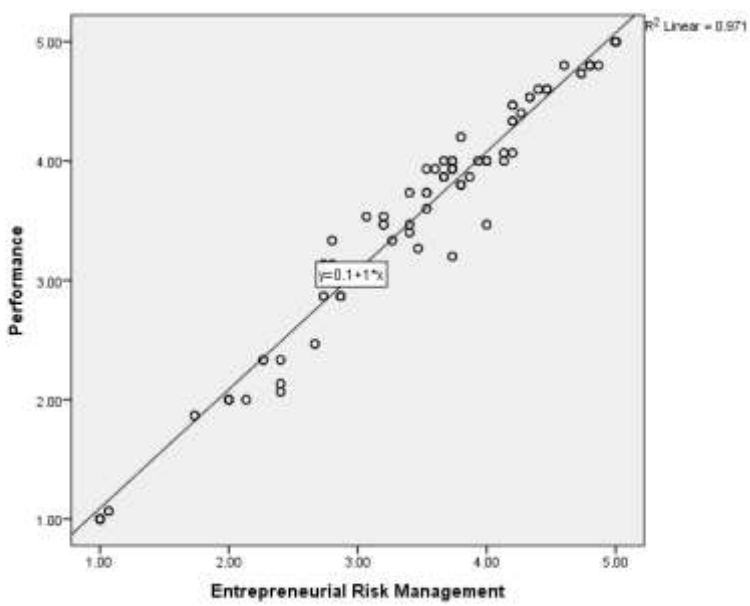

Figure 1: Scatter Plot for Entrepreneurial Risk Management and Performance

Figure 1 shows a very strong relationship between entrepreneurial risk management (independent variable) and performance (dependent variable). A very strong, viable, and positive association between the two conceptions is depicted by the scatter plot graph's linear value of (0.971). The implication is that agropreneurs perform at a higher level when entrepreneurial risk management practises are improved. Through the way the variables are concentrated, the scatter diagram has vividly evaluated how closely the pairs of variables are related.

Table 1: Correlation for financial risk and performance

			Financial Risk	Performance
Spearman's rho	Financial Risk	Correlation Coefficient	1.000	.944**
		Sig. (2-tailed)	.	.000
		N	132	132
	Performance	Correlation Coefficient	.944**	1.000
		Sig. (2-tailed)	.000	.
		N	132	132

**. Correlation is significant at the 0.01 level (2-tailed).

Source: *SPSS Output*

Ho$_{1:}$ There is no significant relationship between financial risk management and performance of agropreneur**s** in Ogun State.

The correlation between financial risk and performance is shown in Table 1 to be 0.944 using the Spearman Rank Order Correlation Coefficient (rho) formula. This score suggests that there is a very strong correlation between the variables. The direction of the association suggests that there is a positive correlation, indicating that the financial risk management was responsible for an improvement in performance. The statistical test of significance (p-value), which enables the application of our findings to the research population, is also included in Table 1. The calculated sig-level is below significant level based on the results ($p = 0.000 < 0.05$). The null hypothesis is hereby rejected based on this finding, and the alternative is supported. Thus, there is a significant relationship between financial risk and performance of agropreneurs in Ogun State.

Table 2: Correlation for Market Risk Management and Performance

			Market Risk	**Performance**
Spearman's rho	Market Risk	Correlation Coefficient	1.000	.868**
		Sig. (2-tailed)	.	.000
		N	132	132
	Performance	Correlation Coefficient	.868**	1.000
		Sig. (2-tailed)	.000	.
		N	132	132

**. Correlation is significant at the 0.01 level (2-tailed).

Source: *SPSS Output*

Ho$_{2:}$ There is no significant relationship between market risk management and performance of agropreneur**s** in Ogun State.

According to Table 2, there is a 0.868 Spearman Rank Order Correlation Coefficient (rho) between market risk management and performance. This score suggests that there is a very strong correlation between the variables. The relationship's direction suggests that there is a positive connection, which suggests that the market risk management was responsible for an improvement in performance. The statistical test of significance (p-value), which enables the application of our findings to the research population, is also included in Table 1. The calculated sig-level is below significant level based on the results ($p = 0.000 < 0.05$). The null hypothesis is hereby rejected based on this finding, and the alternative is supported. Thus, there is a significant relationship between market risk management and performance of agropreneurs in Ogun State.

Table 3: Correlation for Operational Risk Management and Performance

			Operational Risk	**Performance**
Spearman's rho	Operational Risk	Correlation Coefficient	1.000	.920**
		Sig. (2-tailed)	.	.000
		N	132	132
	Performance	Correlation Coefficient	.920**	1.000
		Sig. (2-tailed)	.000	.
		N	132	132
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: *SPSS Output*

Ho$_{3:}$ There is no significant relationship between operational risk management and performance of agropreneur**s** in Ogun State.

According to Table 3, there is a 0.920 Spearman Rank Order Correlation Coefficient (rho) between operational risk management and performance. This score suggests that there is a very strong correlation between the variables. The relationship's direction suggests that there is a positive connection, which suggests that operational risk management was responsible for an improvement in performance. The statistical test of significance (p-value), which enables the application of our findings to the research population, is also included in Table 1. The calculated sig-level is below significant level based on the results ($p = 0.000 < 0.05$). The null hypothesis is hereby rejected based on this finding, and the alternative is supported. Thus, there is a significant relationship between operational risk and performance of agropreneurs in Ogun State.

VI. DISCUSSION OF FINDINGS

The outcome showed a substantial positive association between agropreneur performance in Ogun State and entrepreneurial risk management. The success and long-term viability of agribusinesses depend heavily on entrepreneurial risk management. This study supports Ratas and Nurmet (2017) earlier finding that good risk management strategies are crucial in the food economy because they aid agribusinesses in identifying, evaluating, and mitigating possible hazards (Ratas & Nurmet, 2017). In the agribusiness sector, entrepreneurs face various risks such as market volatility, weather-related uncertainties, and regulatory changes. By proactively managing these risks, agribusinesses can minimize the negative impact on their operations and financial performance. For instance, agribusinesses can employ risk management techniques like diversification of crops and markets, using futures and options contracts to hedge against commodity price fluctuations, and implementing contingency plans for adverse weather conditions. Such strategies enable entrepreneurs to protect their investments, ensure a stable income stream, and enhance their overall competitiveness in the market.

Risk management plays a vital role in enhancing performance in agropreneurship. According to Waqas, Abd Rahman, Ismail, Kamal Basha and Umair (2023), implementing effective risk management strategies can help agropreneurs mitigate potential risks and uncertainties, thereby improving their overall performance. One strategy for enhancing performance through risk management is conducting a thorough risk assessment. By identifying potential risks and evaluating their potential impact on the business, agropreneurs can develop appropriate risk mitigation strategies and contingency plans. Additionally, Waqas et al. (2023) highlight the importance of diversifying production and marketing activities as a risk management strategy. By diversifying their operations, agropreneurs can reduce their exposure to specific risks and capitalize on emerging market opportunities. Furthermore, the study emphasizes the significance of establishing strong partnerships and collaborations with stakeholders in the agro-industry. Building robust networks can help agropreneurs access valuable information, resources, and support during times of uncertainty. Overall, the implementation of effective risk management strategies, such as conducting risk assessments, diversifying operations, and fostering collaborations, can significantly enhance performance in agropreneurship (Waqas et al., 2023).

VII. CONCLUSION AND RECOMMENDATION

According to the study's findings, successful risk management contributes to the performance and success of agropreneurs in Ogun State. Agropreneurs who prioritize risk management are better equipped to make informed decisions, seize opportunities, and navigate the ever-evolving landscape of agricultural entrepreneurship. This not only leads to improved individual performance but also contributes to the overall growth and sustainability of the agricultural sector in Ogun State.

Therefore, the following recommendations were made:

1. It is important to implement comprehensive financial literacy programs targeted at agropreneurs. Equip them with the knowledge and skills needed to understand financial risks, manage budgets, and make sound financial decisions. This will empower agropreneurs to effectively manage their financial resources.
2. It is recommended that government should encourage agropreneurs to conduct thorough market research and analysis. They should have access to up-to-date information on market trends, consumer preferences, and potential risks. Government agencies and agricultural organizations can provide support in gathering and disseminating this information.
3. There is need to strengthen agricultural extension services to provide agropreneurs with expert guidance on operational risk management. Extension agents can offer on-the-ground support and advice.

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