

Understanding the perceived importance of risk for coffee growers: empirical evidence from Ethiopia

Abebaw, Degnet; Holm-Müller, Karin; Mburu, John

Date: 2006

Abstract:

Risk perceptions play a key role in production and investment behavior of farmers. However, insufficient attention has been given to understand its nature and distribution in cash crop farming such as coffee. This study, therefore, attempts to explore patterns of coffee farmers' perceived sources of risk and the factors associated with them. Data were drawn from a representative sample of 195 farmers residing in southwest Ethiopia. Farmers' perceptions of risk are uneven and include price or market risks, crop diseases and pests, human illness, financial and natural elements. Farmers' perceptions of the sources of risk can partly be explained by a combination of family and farm characteristics, location attributes, human capital, access to information and other infrastructure. In all, the results imply that farm advisors and policy makers can use these characteristics in targeting households and farmers' groups for communicating relevant information about risk in coffee farming.