Identification of Effective Psychological Factors on the Application of Crop Production Risk Management Strategies

Case Study: Wheat Farmers of Bonab County

Vakil Heidari Sareban^{a1}, Ali Majnoony Tootakhaneh^b, Mojtaba Mofareh- Bonab^c

- ^a Department of Geography and Planning, University of Mohaghegh Ardabili, Ardabil, IRAN.
- ^b Department of Art and Architecture, University of Bonab, Bonab, IRAN.
- ^c Department of Art and Architecture, University of Bonab, Bonab, IRAN.

Received: 5 December 2015 Accepted: 5 October 2016

1. Introduction

East Azerbaijan province is one of disaster-prone provinces of the country and each year the occurrence of potential risks of atmospheric phenomena is not unexpected. However, the lack of sufficient information and knowledge of farmers in the field of risk management strategies in agricultural production process has multiplied the losses incurred to farmers. Thus, the existence of a wide range of production risk and the importance of the agricultural sector in East Azerbaijan Province and the necessity of paying attention to the capacities and psychological capabilities of farmers in this context, made this study to seek to answer the following fundamental questions:

How much is the extent of using crop production risk management strategies in wheat production among wheat farmers of Bonab County and what factors are affecting it? What are the suggested strategies to enhance risk management approach among wheat farmers?

2. The Study Area

Bonab County is one of the poles of wheat farming in East Azerbaijan Province with one district, three sub districts and 29 inhabited villages with a total population of 49902.

3. Method and Materials

The research method was descriptive, correlational, analytic and casual. Data collection was done using a questionnaire that was developed according to the objectives of the study. The statistical population of this research was 5695 wheat farmer, and 400 od them were chosen as the sample population according to the Krejcie and Morgan table using the simple sampling method. The face validity of the questionnaire was confirmed by a panel of experts. The pilot study was done with 50 questionnaires and using the data

1 Corresponding author: Vakil Heidari Sareban Tel:09143513309 E-mail: vh.sareban@gmail.com

obtained and Cronbach alpha, the reliability of the questionnaire varies between 0.87 to 0.89. The application of crop production risk management strategies among wheat farmers of Bonab County is considered as the dependent variable in this research. In order to investigate the strategies of agricultural production, multiple-choice answers were used (none, very low, low, medium, high and very high) and the answers were weighted from zero to five and finally, the results were investigated using Spearman correlation test and Nord diagnostic analysis.

3. Results and Discussion

To classify the wheat farmers on the basis of the level of implementing crop production risk management strategies, the sum of responses was calculated and according to the number of questions and the value of responses, the range of people's scores was determined from 0 to 55. The subjects with score of 0 to 12 were placed in group of very low application, 12 to 24 in group of low application, 24 to 36 in group of medium application, 36 to 48 in group of high application and 48 to 60 in group of very high application.

In order to determine the relationship between the dependent variables of the research and the variable of the crop production risk management strategies, Spearman's correlation coefficient was used. According to the results, there is a significant relationship between the variables of ingenuity and creativity, optimism and certainty in job, effect, meaningfulness, resilience, hopefulness, optimism, the ability to make decisions, self-efficacy, self-determination, competency, ability to solve problems, responsibility, flexibility to adapt to changing environment and taking risk with the variable of the level of application of crop production risk management strategies with confidence level of 99 percent. Also the results of analytical detection showed that the independent variables of self-reliance, influence, meaningfulness, resilience, hopefulness, the use of opportunities, self-efficacy, self-determination and competency are the most important independent variables, affecting the level of implementing risk management strategies by wheat farmers. The remaining independent variables are excluded from the model.

4. Conclusion

One of the most important challenges facing agricultural production is the fragile nature of these products, which has led to great losses for farmers and villagers. In this regard, farmers and agricultural producers are faced with a kind of disbelief and uncertainty in production that disclaims the motivation of trying from them.

According to the results of the research, training courses should be held in rural areas to enhance the index of life quality by promotion of psychological capital.

Also it is recommended that the government support smallholders by taking economic, educational and technological policies to promote the use of financial risk management strategies and their marketing besides increasing motivation among them.

Finally, it is recommended for the planners and authorities to consider the necessity and importance of education as a main approach to increase the skills of wheat farmers for risk management by considering their educational needs and demands.

Key words: Crop production strategies, Risk management, Bonab County.

References (in Persian)

- Amani, A.R., & Nikandish, A. (2010). Identifying the socio-economic factors affecting the crop production strategies of risk management by wheat farmers of Dezful city. *Research Journal of Agricultural Extension and Education*, *4*, 73-84.
- Barimzadeh, V. (2005). Risk management in agriculture. Frist Edition. Tehran. Agricultural Education publication.
- Geravandi. Sh., & Ali Beygi, A.H. (2009). Determining the factors affecting the use of production risk management strategies by corn growers in Kermanshah city, *Rural Research*, *1*(2), 117-135.
- Ghorbani, M., & Jafari, F. (2008). Investigating the effective factors on the abundance of the agricultural productions risks in North Khorasan Province. *Journal of Agricultural Economics and Development*, 23(1), 41-48.
- Hassanlou, T., Karam Zadeh, S., Shahriari, M., Karimi Ashena, M.R., & Ali Ghasemi, A. (2007). Risks and risk management in organic agriculture. *Education and Construction*, 4, 65-78.
- Heidari, M. (2006). How the damages of atmospheric and climatic hazards can be decreased? Special Issue on natural disasters. Frist Edition. Tabriz City. Ministry of Transportation Publication.
- Moghaddasi. R. (1996). Tendency to risk. *Journal of Agricultural Economics and Development*, 16, 103-95
- Roosta, K., Farajollahi, S.J., Chizari, M., & Hosseini, M. (2007). The review of extension mechanisms affecting wheat production risk management in Khorasan Razavi Province. *Journal of Agricultural Sciences and Natural Resources*, 15 (Issue 6), 65-90.

References (in English)

- Alimi, T., & Wall, A. (2005). Risk and risk management strategies in onion production in Kebbi State of Nigeria. *Social Science*, 10(1), 1-8.
- Alkire, S., Meinzen-Dick, R., Peterman, A., Quisumbing, A., Seymour, G. (2013). The women's empowerment in agriculture index. *World Development*, 52, 71-91.
- Anderson, K. B., & Mapp, H. (1996). Risk management programs in extension. *Journal of Resource Economics*, 21(1), 31-38.
- Astles, K., Holloway, M., Steffe, A., Green, M., Ganassin, C., & Gibbs, P. (2006). An ecological method for qualitative risk assessment and its use in the management of fisheries in New South Wales, Australia. *Fisheries Research*, 82(1), 290-303.
- Badr, T. M. (2009). Managing risk on the Gresham 80(Risk Management Essay). Frist Edition. Virginia, USA. FFASSAE Publication..
- Blank, S., & McDonald, J. (1996). Reference for crop insurance when farmers are diversified. *Agribusiness*, 12(6), 583-592.
- Dzeco, C., Amilia, C., Cristóvão, A. (2015). Farm field schools and farmer's empowerment in Mozambique: A pilot study. *Journal of Extension Systems*, 26(2), 142-158

- Falco, S. D., & Perrings, C. (2005). Cropbiodiversity, risk management and the implications of agricultural assistance. *Ecological Economics*, 55(4), 459-466.
- Fiegenbaum, A., Hart, S., & Schendel, D. (1996). Strategic reference point theory. *Strategic management Journal*, 17(1), 219-235.
- Flaten, O., Lien, G., Koesling, M., Valle, P.S., Ebbesvic, M. (2005). Comparing risk perceptions and risk management in organic and conventional dairy farming: Empirical results from Norway. *Livestock Production Science*, 95(1), 11-25.
- Green, J. (2003). Risk management for small farms. *Cornell Small Farms Program*, 255-607
- Hall, M. (2008). The effect of comprehensive performance measurement systems on role clarity, psychological empowerment and managerial performance. *Accounting, Organizations and Society*, 33(2), 141-163.
- Hardaker, J. (2006). Farm risk management: Past, present and prospect. *Journal of Farm Management*, 12(10), 593-612
- Higgins, V., & Lockie, S. (2002). Re-discovering the social: Neo-liberalism and hybrid practices of governing in rural natural resource management. *Journal of Rural Studies*, 18(4), 419-428.
- Kahan, D. (2008). Managing risk in farming/ farm management extension guide. Rural Infrastructure and Agro- Industries Division Food and Agriculture organization of the united Nations Vialedelle Terme di Caracalla. Frist Edition. Rome, Italy. United Nation publication.
- Koesling, M., Ebbesvik, M., Lien, G., Flaten, O., Steinar Valle, P., Arntzen, H. (2004). Risk and risk management in organic and conventional cash crop farming in Norway. *Food Economics-Acta Agriculturae Scandinavica*, *Section C*, *1*(4), 195-206.
- Kremen, C., Williams, N. M., Thorp, R.W. (2002). Crop pollination from native bees at risk from agricultural intensification. *Proceedings of the National Academy of Sciences*, 99(26), 16812-16816.
- Liu, S., Sathye, M., Chang, C.-l., Jiménez-Martín, J.-Á., McAleer, M., & Pérez-Amaral, T. (2011). Risk management of risk under the Basel Accord: Forecasting value-at-risk of VIX futures. *Managerial Finance*, *37*(11), 1088-1106.
- Lu, W., Xi, A., & Ye, J. (2008). Disaster risk reduction strategies and risk management practices: Critical elements for adaptation to climate change. First Edition. Kyoto. UNFCC Publication
- Luckstead, J., Devadoss, S., C. Mittelhamme, R. (2014). US and Chinese strategic trade policies and product differentiation in the ASEAN Apple Market. *International Economic Journal*, 28(4), 613-637.
- Malapit, H. J., Kadiyala, S., R. Quisumbing, A., Cunningham, K., Tyagi, P. (2013). Women's empowerment in agriculture, production diversity, and nutrition: Evidence from Nepal. *IFPRI Discussion Paper 01313*. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2405710.
- Nelson, A.G. (1997). Teaching agricultural producers to consider risk in decision-making. First Edition. Texas. Citeseer publication.
- Nelson, C. H., & Loehman, E. T. (2005). Further toward a theory of agricultural insurance. *American Journal of Agricultural Economics*, 69(3), 523-531.

- Neyhard, J., Tauer, L., & Gloy, B. (2013). Analysis of price risk management strategies in dairy farming using whole-farm simulations. *Journal of Agricultural and Applied Economics*, 45(02), 313-327.
- Ostrom, E. (1990). *Governing the commons: The evolution of institutions for collective action*. New York: Cambridge University Press.
- Sasmal, J. (1993). Considerations of risk in the production of high-yielding variety paddy: A generalised stochastic formulation for production function estimation. *Indian Journal of Agricultural Economics*, 48(4), 694.
- Song, Y., & Vernooy, R. (2010). Seeds of empowerment: Action research in the context of the feminization of agriculture in southwest China. *Gender, Technology and Development*, 14(1), 25-44.
- Valeeva, N., van Asseldonk, M., & Backus, G. (2011). Perceived risk and strategy efficacy as motivators of risk management strategy adoption to prevent animal diseases in pig farming. *Preventive Veterinary Medicine*, 102(4), 284-295.
- Velandia, M., Rejesus, R. M., Knight, T. O., & Sherrick, B. J. (2009). Factors affecting farmers' utilization of agricultural risk management tools: The case of crop insurance, forward contracting, and spreading sales. *Journal of Agricultural Economic*, 65(3), 59-60.
- Zhang, X., & Bartol, K.M. (2010). Linking empowering leadership and employee creativity: The influence of psychological empowerment, intrinsic motivation, and creative process engagement. *Academy of Management Journal*, 53(1), 107-128.