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Risk Attitudes and Risk Management Strategies among Swine Producers in Northern Thailand

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Abstract

The purposes of the study were to examine (1) the consistency of the 2 common risk attitude elicitation methods, (2) the socio-economic factors and risk sources affecting risk attitudes, and (3) risk management strategies that determine risk attitudes among the swine producing groups in northern Thailand.

In July–October, 2007, 408 swine farmers from Chiang Mai, Chiang Rai, and Lamphun Provinces were given questionnaire-interviewed. The Subjective Expected Utility model (SEU) and attitudinal likert-scale were used, to measure risk attitudes. Descriptive statistics, multiple- and logit regression analysis tools were applied for the study.

The research findings showed that most of the respondents are male, with an average age of 45.31 years, and 6.13 years in school. The family size is 4.37, with 10.97 years in pig farming experience, and own about 310 pigs per farm. While, 29.2%, 30.9%, 19.6%, and 20.3% of them are subsistence farmers, cooperative members, contract farmers, and independent farmers, respectively. The study confirmed that the risk attitudes of both risk attitude elicitation methods are significantly correlated at the 0.01 level.

It was also found that the socio-economic characteristics; pig farming experience (years), and farm size (number of pig) are significantly affecting swine producers' risk attitude. While, risk sources that influencing risk attitudes are production risk from animal diseases and personal risk from capability to manage pig farm ($p < 0.05$). The key risk management strategies that significantly determining risk preferences among the swine farmers are; (1) the risk reducing inputs use of animal drug & chemical, and evaporative cooling system, (2) cost flexibility; (3) holding reserve from cash saving; (4) insurance of personal health and life; and (5) diversification.

Keywords: Likert scale, risk attitude, risk management strategy, risk source, subjective expected utility, swine producer