



Tropentag, September 9-11, 2020, virtual conference

“Food and nutrition security and its resilience
to global crises”

Knowledge, Decision Making Capacity and Risk Attitude among Farmers in Vietnam

HUONG DIEN PHAM¹, DUC LOC NGUYEN², HUYNH NHU PHAN³

¹*Banking University of Ho Chi Minh City, Business Administration Department, Vietnam*

²*Southern Center of Agriculture Policy and Strategy, Vietnam,*

³*Ca Mau Investment Promotion and Enterprise Support Center, Vietnam,*

Abstract

Agriculture can be a risky business as it is based on risks and uncertainty. Without strong technical knowledge, farmers tend to rely heavily on heuristics and subjective judgments to deal with their daily business. It is crucial to understand farmers' practices to provide suitable supports. This study uses data from a long panel household survey to assess farmers' agricultural productivity in Thua Thien Hue (Hue) province of Vietnam combining with data collected from other surveys conducted in 2014 and 2015 focusing on farmers' knowledge, skills and risk attitudes. This study aims to provide an overview of the environment in which farmers do their business in terms of personal constraints. Particularly, we investigate the relations among risk attitudes, farmers' knowledge, management ability and agricultural productivity by using univariate and bivariate analyses. The results indicate a large variation in farmers' knowledge but most of them have low knowledge, both technical and subjective. Farmers' performance has a significant correlation with subjective knowledge but not with technical knowledge. That implies farmers rely their decisions on their subjective experience or self-assessment rather than on scientific evidence. Therefore, it is understandable, most of the farmers reported they received limited support from the extension institutions, meanwhile, those farmers self-assessed to be more risk averse. The farmers have stronger technical knowledge and decision-making ability in livestock production than that in crop production. Furthermore, the more willing to take risks they are, the better they show their knowledge in livestock, but not in crop production. We find that the risk attitude of farmers is linked to technical knowledge and decision-making ability but not to their agricultural performance significantly. This study suggests extension services to fill the gap between the subjective knowledge and technical knowledge by investigating farmers' specific needs to enhance agricultural productivity. In addition, the willingness to take risk is one of the crucial elements needed to consider in agricultural policy making.

Keywords: Agriculture, knowledge, risk attitudes, Vietnam