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“Reconcile land system changes
with planetary health”

The principal-agent problem in agricultural extension service: A case of dissemination of soil test results in Uganda

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Abstract

Public service delivery is prone to delegation either by contract or trust. However, the principal-agent problem is a common issue in public service delivery in Sub-Saharan Africa. For instance, the principal-agent problem in the form of moral hazards and adverse selection was found in the accountability systems of the health, finance, and education sectors. In agriculture, the principal-agent problem was found in the landowner-tenant contract relationships. Therefore, this article examines the drivers of the principal-agent problems, especially in the agricultural sector. Using the soil test results' dissemination data collected from the Agriculture Cluster Development Project in Uganda, this study examines the extent of the principal-agent problem in the agricultural extension system and its drivers. The inferential statistics, and an ordered probit model were used to characterise the extension agents by the principal-agent problem's behaviours and assess the drivers of each behaviour. The findings revealed two primary behaviours among extension workers: shirking and moral hazard arising from deception (extension officers reporting that they disseminated soil results when they did not) by extension officers, knowing that they will not be caught in deception and therefore will not bear the full cost of deception. The main factors influencing shirking were larger household sizes and higher education levels of the extension worker, while factors such as the larger household size of the extension worker, higher education level of both the extension worker and the farmer, and farmer group membership significantly reduced the likelihood of moral hazard behaviour. To mitigate the principal-agent problem in extension service delivery in Uganda, improve trust and accountability among stakeholders, we recommend close supervision, monitoring, and development of a validation system for extension services.

Keywords: Agricultural extension, Moral hazard, principal-agent problem, shirking