

**Risk Management and Market Participation among
Traditional Cattle Farmers in Monze District of Southern
Province, Zambia**

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Abstract

Traditional cattle farmers are the major contributors to the beef industry in Zambia as they account for 85% of the country's cattle population. Traditional farmers however, are reluctant to sell their cattle and are more likely to sell when cushioning against crop production risk. Although some scholars say farmers sell their cattle more when faced with risk, there are other scholars who say the opposite that farmers are less willing to sell their cattle when faced with risk as they are trying to preserve their cattle asset.

This study was therefore done to identify sources of risk, risk management strategies, risk attitudes, cattle market participation and cattle selling channels of traditional cattle farmers in Monze district of Zambia. Mixed methods research was done by first using qualitative research through in-depth interviews to inform the quantitative research done using a questionnaire survey.

Likert scale type of questions were used to capture the farmers' perceptions of risk and risk management strategies. In order to better understand risk perceptions of the farmers, upside and downside risk of the farmers were presented using risk choice matrix. The risk importance index was used to present the perceptions of risk and risk management strategies of the respondents.

Regression tree analysis was used to investigate relationships between market participation and the respondents' perceptions of risk and risk management strategies of the farmers and their risk attitudes. Pearson's chi-square was also used to investigate these relationships.

The results showed that the majority of surveyed farmers from Monze were risk averse. It was also found that these farmers mainly perceived production and market risk to be the most important sources of risk. These farmers did not perceive risk to be an opportunity but rather saw it more as a threat.

It was also found that the farmers exhibited four types of market behaviour based on how they participated in cattle markets. These were traders, sellers, buyer and holders. A farmer's market behaviour was affected by different perceptions of risk and other farmer characteristics such as the main income generating activity of the farmer and the number of

cattle owned by the farmer. It was therefore seen that there was some influence of risk perceptions on market behaviour of farmers. These perceptions were affected by the risk attitude of farmers which were affected by the location of the farmers. It is therefore important to understand risk attitudes and perceptions of individual farmers from different farming areas.

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