Econometric Analysis of the Determinants of Commercialization of Agricultural Output: Evidence from Small Holder Farmers in Sidama Zone, Southern Ethiopia

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Abstract

When viewed from the point of view of agricultural produce, the concept of agricultural commercialization primarily hinges on the process of maximizing the proportion of agricultural production that is made available for buyers in the output market. The contemporary view of market participation of farmers or commercialization of agriculture as typical feature of transforming the agricultural sector is quite over and above the question of whether or not a cash crop is present to a certain extent in a production system. Even though the commonest types of commercialization are occurring either on the output side of production where by production over and above consumption is maximized and that has contributed for an increased marketed surplus or it may also occur on the input side with where by one is inclined the increased use of purchased inputs, this study, however, is focused on the output side of marketed Maize by small holder farmers in Southern Ethiopia. Thus the study was conducted in order to identify factors influencing the market participation (commercialization) of Maize farmers in the study area by focusing on the marketed surplus of maize output of farm households using a probit model and cross sectional data collected from a randomly sampled farmers of Boricha wereda, of Sidama Zone, Ethiopia. The econometric result of the probit model indicated that three variables are significant at various level of significance. These are education level of household head (EDUHH), total quantity of crops produced (QTITY) and price of maize sold (PRIMZ.). Hence it is recommended that these factors, if well addressed, have tremendous implication for agricultural transformation program of Ethiopia.

Keywords: Commercialization, Agriculture, Maize, Probit, Regression, Southern Ethiopia.