
FACULTY OF AGRICULTURE AND ANIMAL SCIENCES, ARAPAI CAMPUS

**RISK MANAGEMENT STRATEGIES FOR SOYBEAN PRODUCTION AND
MARKETING IN LIRA EAST DIVISION, LIRA CITY**

BY

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DECLARATION

I, **Agola Shadrack**, do declare that this research report is a personal compilation and has never been reproduced, copied or submitted to any other institution for the award of academic credit or qualification.

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APPROVAL

This is to certify that this research dissertation titled, "Risks management strategies in soybeans production and marketing in Lira East Division" has been compiled under my supervision and is now ready for submission with my approval.

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Mr. Okiror Simon Peter

DEDICATION

I dedicate this work to my dear parents Mrs. Ajok Catherine and Mr. Adupa Richard for their love and prayers during my education.

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LIST OF ABBREVIATIONS

| | | |
|---------|---|--|
| AGRA | : | Alliance for a Green Revolution in Africa |
| GDP | : | Gross Domestic Product |
| Kg | : | Kilograms |
| MAAIF | : | Ministry of Agriculture, Animal Industry and Fisheries |
| RUFORUM | : | Regional Universities Forum for Agricultural Development |
| Ush | : | Uganda Shillings |
| VODP | : | Vegetable Oil Development Project |
| CVI | : | Content Validity Index |

ABSTRACT

The study sought to examine risks management strategies in soybean production and marketing among farmers in Lira East Division, Lira City. The study specifically sought to determine the different soybean production and marketing associated risks faced by soybean farmers in Lira East Division; examine different risk management strategies used by farmers to overcome risks involved in soybean production and marketing and to determine the factors influencing the choice of different risks management strategies by soybean farmers in Lira east division. This study adopted a descriptive survey research design. Data was collected from a sample of 80 soybean farmers from Lira East Division using questionnaires and was analyzed using percentages and means. The study findings revealed that the highest production risk incurred by the soybean farmers in Lira East Division was biological risk with the highest being diseases, followed by animal damage and the least was pests. This was followed by high cost of farm inputs with the highest rate of occurrence being high cost of Machinery/farm tools/equipment followed by high cost of Soybean seed, high cost of Agrochemicals (insecticides, fungicides) and the least was high cost of Labor (family). The study also revealed that the most highly rated marketing risks incurred by soybean farmers in the study area was fluctuation in output prices, followed by Storage risks, and transportation risks. The study also revealed that that the most used soybean production and marketing risk management strategy used by soybean farmers in the study area was enterprise diversification, followed by proper post-harvest handling (PHH). Proper timing of activities, Access to credit/financial services, Access to information. The study also revealed that the choice of risk management strategies by soybean farmers was affected by majorly availability of cash on hand and experience of the farmer. Therefore, it was recommended that soybean farmers in the study area adopt the use of risk management strategies in order to boost profitability in the long run.

CHAPTER ONE: INTRODUCTION

1.0 Introduction

This chapter presents the background of the study, the problem statement, general objective of the study, specific objectives of the study,

1.1 Background of the study

Risk in a simple term means something bad happening on you or during farming process. For example farm's laborers involving in an accident/injury and falling sick during production and marketing and others. Risk can also be defined imperfect knowledge in which the probabilities of the possible outcomes are known meanwhile Uncertainty exists when these probabilities are not known. According to Bahadur, (2020) risk and uncertainty have the following key differences. Risk is a situation of winning or losing something worthy while uncertainty mean to a condition where the knowledge about future event is not known. Risk can be controlled when proper measures are put in place meanwhile uncertainty is over the control of the person or enterprise management since the future is unknown (uncertain). The integral part of agriculture is risk and farmers normally uses different risk management strategies because it is an extremely risky sector (Adnan et al., 2020). Risks if proper measures are not taken breeds uncertainty, stifles agricultural investments and impose ex-ante barriers to the use of technologies hence affecting agricultural productivity and growth of the economy (Grunenberg et al., n.d.). It can also lead to losses by farmers on a more or less infrequent basis and are a major cause for lack of investment in rural areas. Risk management is the strategy or measure of reducing risk and therefore agricultural risk should be perceived not only from perspectives of the farmers' side but also must be identified as a warning for the whole country's economy for example Uganda (Bahadur, 2020). Usually, the major risks faced by farmers are categorized into different forms which comprise production risks, asset risks, human risks, health risks marketing risks, financial risks, and human capital risks (Kumar et al., 2016). However, this study will narrow down to production and marketing risks associated with soybean farming.

Production risks are characterized by high variability of production output to the farmers where they are not able to know the amount of output/outcomes that the production process will produce in terms of final product/output due to external factors such as weather which includes mostly drought flooding, and pests where plant parasitic nematodes, for example, have been

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