

The Evidence of Agricultural Self-Employment Decisions Making in Sri Lanka

J.N. Bogodage^{1*}, R.A.P.I.S. Dharmadasa¹, A. Senaratne² and W.G.R.L. Samaraweera²

¹*Department of Export Agriculture, Uva Wellassa University, Badulla, Sri Lanka*

²*Institute of Policy Studies of Sri Lanka, 100/20, Independence Avenue, Colombo 07, Sri Lanka*

*Corresponding Author E-mail: jbogodage@gmail.com, TP: +94772052221

Development of self-employment in agriculture sector is one of the critical pathway to achieve sustainable economic growth and alleviate poverty in Sri Lanka. Distinguishing the importance, Sri Lankan government's policy framework is designed to supports the domestic agricultural sector especially, agricultural self-employment. However, the employed worker population in non-agriculture sector has surpassed the agriculture sector by absorbing the agriculture workers to both industry and service sectors. In consequence, there is a potential for these policies promoting agricultural self-employment might fail to generate the expected results. Therefore, this study was designed to determine factors influencing choice of occupation in agriculture self-employment. A sample of 9,531 self-employed individuals were isolated from the nationally representative, Household Income Expenditure Survey in 2016. A multinomial logit model was estimated to analyze different occupational choices of agriculture self-employment. Results revealed that males are highly tend to be self-employed in farming and fishery sector while females are in animal husbandry and value-added food processing. Well-educated individuals are less inclined to choose agricultural self-employment with the aim of engage in high paid-employments in both agriculture and non-agriculture sector. In addition, increasing members of household inversely influenced on choice of agricultural self-employment. Married women are more likely to be self-employed in value-added food processing. With the existing higher uncertainty, relative investment of owned tenure on agriculture self-employment is very low. However, except farming sector, land holdings showed strong negative relationship with self-employment in fishery, animal husbandry and value-added food processing. In addition, as household expenditure increases, the probability of choosing agriculture self-employment reduces. Moreover, being in a low financial position & inability to obtain required credit facilities are the main hurdles to be faced in land acquisition for the agriculture self-employment. Therefore, the study suggests that the priority given for the agricultural self-employment when implementing national policies is limited despite the overarching considerations and should consider enhancing access to agricultural lands, rehabilitation of left alone agricultural lands and facilitating credit especially to the new labor market entrants.

Keywords: Agricultural self-employment; Choice of occupation; Determinants of agriculture self-employment; Multinomial logit model