

Public Abstract

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Title:Institutional Effects on Grain Producer Price-risk Management Behavior: A Comparative Study
Across the United States and South Africa

This study investigates the impact of surrounding agricultural marketing environments on grain producers' hedging decisions. Using comparative methods, South African grain producer hedging in a non-supported environment is compared to U.S. grain producer hedging in a supported environment. On-farm producer price-risk management interviews were conducted in both the South African and U.S. grain belt areas and are the primary data source. Using a tobit regression, producing in South Africa, a non-supported agricultural environment, is found to positively impact pre-plant and pre-harvest hedging levels in addition to theoretically suggested variables such as debt, diversification and yield risk. This study is a novel addition to both price-risk management and institutional analysis literature. It also informs potential shifts to market-based price-risk management in response to farm policy changes.