ANALYSIS OF FARM LEVEL TECHNICAL EFFICIENCY IN MAIZE PRODUCTION IN KOGI STATE,

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ABSTRACT
The technical efficiency, determinants of production and the sources of inefficiency in maize production in Kogi The technical efficiency, determinants of production and the stochastic translog production function which incorporates a model for inefficiency State were investigated using the stochastic translog production function which incorporates a model for inefficiency state were investigated using the multi-stage random sampling techniques. A total of 240 farm has State were investigated using the stochastic training production and sampling techniques. A total of 240 farm households effects. Data were generated using the multi-stage random sampling techniques. A total of 240 farm households effects. Data were generated using the multi-stage fundom stage and labour inputs were the major factors associated from three agricultural zones were randomly selected. Farm size and labour inputs were the major factors associated from three agricultural zones were randomly selected. Farm size and labour inputs were the major factors associated from three agricultural zones were randomly selected. Talk the study area. The technical efficiency of the farmers with changes in the output of maize-based production in the study area. The technical efficiency of the farmers with changes in the output of maize-based production of 83.9 %. Age of the farmer, level of education with changes in the output of maize-based production of 83.9 %. Age of the farmer, level of education, farming ranges from 40.2% - 96.4 % with mean efficiency of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status and membership of co-operative societies were the factors that size credit status are credit status and membership of co-operative societies were the factors that size credit status are credit status and membership of co-operative societies were the size of the size credit status and membership of co-operative societies were status and size credit sta ranges from 40.2% – 96.4 % with mean efficiency of co-operative societies were the factors that significantly experience, household size, credit status and membership of co-operative societies were the factors that significantly experience, household size, credit status and membership of co-operative societies were the factors that significantly experience, household size, credit status and membership of co-operative societies were the factors that significantly experience, household size, credit status and membership of co-operative societies were the factors that significantly experience. experience, household size, credit status and memoriship of the experience, household size, credit status and memorishing of the experience, household size, credit status and memorishing of farmers. Expansion of farm holdings, acquisition of accounted for the observed variation in efficiencies among farmers. Expansion of farm holdings, acquisition of accounted for the observed variation of the existing extension services were recommended. accounted for the observed variance of the existing extension services were recommended.

Keywords: Stochastic frontier, Technical Efficiency, Maximum likelihood estimate

FAO (2001) reported that maize is the most INTRODUCTION important cereal crop after wheat and rice respectively. It is produced across the country right from the mangrove regions in the south to the sahel savannah in the north. Maize was the dominant staple food crop for early civilization of the western hemisphere and today, it still plays an important role in the diets of millions of people because of its capacity to produce a large amount of dry matter per hectare, it's ease of cultivation, versatile food uses and storage characteristics. It was estimated that more than a hundred million people in the world consume maize in the form of thin round unleavened cakes or as porridge (Samson, 2005).

Maize has a great potential and can play a crucial role in contributing to food and nutritional security, income generation, poverty alleviation and socioeconomic growth of Nigeria. The significance of maize to the modern society is first and foremost clearly reflected in the importance of the crop in the diet of man and animals throughout the world (FAO, 2001). All over Nigeria, the selling of roasted and boiled maize is a thriving business that provides employment for hundreds of thousands of young girls and women though the nature of employment is part time and seasonal (Samson, 2005). Maize is traditionally used as animal feeds and for the production of maize meal, flour, guts, starches, sweeteners as well as alcoholic beverages.

In view of the potentials of maize as a staple food crop and it's economic importance in feed industries and agro-allied industries in the country, it is important to find ways of increasing its production. Studies have been conducted to ascertain the resource use efficiency of arable crop farmers in Nigeria using the ordinary least square (OLS) estimation technique (Onoja 2001, Onia, 2005, Joe, 2005). The use of OLS estimation technique however, makes it difficult to determine farm level efficiency as it provides only an average function (Bravo-ureta and Pinheiro, 1997). To overcome these short comings of OLS, the stochastic frontier function was developed and has been used by several researchers to estimate efficiency in agricultural production. (Umoh, 2006; Shehu and Mshelia, 2007; Tanko, and Jirgi 2008;).

The study of this nature can help in enlightening farmers on the sources of production inefficiency and also suggest ways to improve their technical efficiency in production. It can also provide researchers, extension agents and the government with useful information on optimal resource allocation in production. This will aid in proper formulation of good policies for agricultural production. Specifically, this study intend to provide useful information that will improve technical efficiency of maize production in the study are which will which, will go a long way to generating employment opportunities for thousands of Kogi State indigence

in particular and Nigerians in general. The hypothesis tested in this study is that the inefficiency effects in the stochastic frontier production function are not stochastic i.e. $H_0 = \gamma = 0$

Theoretical Framework: Following Ajibefun (2002) considering a farmer using inputs $X_1X_2, ..., X_n$ to produce output Y, efficient transformation of inputs into output is characterized by the production function f(X), which shows the maximum output obtainable from various input vectors. The stochastic frontier production is defined as

 $Y_i = f(X_i, \beta) \exp(V_i - U_i); = 1, 2, ..., n$ ----(1) Where $Y_i = Farm$ output for the i^{th} farmer

 X_i = Vector of input quantities of the ith farmer β = Vector of unknown parameters of the ith farmer

 V_i = Random error associated with random factors not under the control of the farmer e.g. weather U_i = Inefficiency effects (one-sided error with $U \ge 0$)

 U_i = Inefficiency effects (one-sided error with $U \ge 0$) i.e. U_i 's are non-negative with technical inefficiency in production.

 (V_i-U_i) = Composite error term

The symmetric component, V, account for factors outside the farmer's control such as weather and diseases. It is assumed to be independent and identically distributed as N~ $(0, \delta^2 V)$. A one-sided component V = O reflects technical inefficiency relative to the stochastic frontier, $f(X_i; \beta) \exp(V_i - U_i)$. Thus V = O for a farm output which lies on the frontier and V<O for one whose output is below the frontier as N~ $(O, \delta^2 U)$, i.e. the distribution of V is half-normal. Thus, the stochastic production frontier model can be used to analyze cross-sectional data. The model simultaneously estimates the individual technical efficiency of the respondents as well as determinants of technical efficiency (Battesse and Coelli 1995).

The technical efficiency of an individual farm is defined in terms of the ratio of the observed output (Yi) to the corresponding frontier output (Yi*) given the available technology conditional on the level of inputs used by the farm (Amaza and Maurice, 2000) the technical efficiency of farm (i) will be as follows.

TE =
$$Y_1 / Y_1^* = \frac{f(X_i; \beta) \exp(V_i - U_i)}{f(X_i; \beta) \exp V_i} = \exp(-U_i)$$
 ---2

Where TE = technical efficiency

 $Y_i = Observed output$

 $Y^* = Frontier output$

 $V_i - U_i = Composite error term$

 β = Vector of unknown parameters

 X_1 = Vector of input quantities of the ith farm

Given the density function of U_i and V_i , the frontier production function can be estimated by the

maximum likelihood technique. The value of the technical efficiency has between zero and one. The most efficient farmer will have value one, whereas the least efficient farmer will have value lying between zero and one.

METHODOLOGY

This study was conducted in Kogi State. Kogi State is located in the North Central part of Nigeria. It lies between longitudes 5° 40′E and 7° 49′N; and latitudes 6°33′N and 8° 44′N. It is bounded to the South by Anambra and Edo States; to the North by Niger, Nassarawa and the Federal Capital Territory; to the East by Benue and Enugu States. On the Western flank, it shares a common border with Ondo, Ekiti and Kwara States. (KG ADP, 2003).

Kogi State is divided into four agricultural zones namely: Koton/Karfe, Anyigba, Aloma and Ijumu zones. It consists of 21 Local Government Areas (L.G.A's). Kogi state has a population of about 3,278,487 representing 2.34% of the total Nigerian population consisting of 1,691737 males and 1,586,758 females. (KG ADP, 2003).

Christianity, Islam and African Traditional Religion are the principal forms of faith in the area. Igala, Ebira, Okun, Nupe, Kakanda, Yoruba, Hausa and Bassa are the major languages in the state. The people of Kogi state are predominantly farmers. According to Kogi ADP (2003), different kinds of arable crops can be grown in Kogi State such as maize, cassava cocoa yam, millet and groundnuts. There are also abundant palm produce in the area. Livestock such as goat, sheep and poultry are also reared in the state.

Sampling Techniques: The study was conducted in the predominant maize producing areas of Kogi State. The study adopted the multi stage random sampling techniques. The state was stratified into four in accordance with the four existing agricultural zones, namely: Koton/Karfe, Anyigba, Aloma and Ijumu zones. Out of these four agricultural zones, three were selected purposively because maize based cropping systems pre-dominate the farming system in these zones. This forms the first stage. From each agricultural zone, two Local Government Areas were selected randomly, namely; Kogi and Lokoja Local Government areas for Koton/Karfe zone, Dekina and Ankpa local government areas for Anyigba zone and Igala Mela/Odolu and Ofu local government areas for Aloma Agricultural Development Project zones respectively. This was the second stage. In the third stage, two communities were randomly selected from each of the selected local government areas. Agbeii

and Egume were selected from Dekina local government area, Enjema and Odugomu were selected from Ankpa local government area. Gegu and Orehi were selected from Kogi local government area. Owara and Gaude were selected from Lokoja local government area, Akpayan and Odolu were selected from Igala mela/Odolu local government area and finally. Aloji and Ochadamu were selected from Ofu local government area. Twenty (20) maize farmers were randomly selected from each of the communities given a total of two hundred and forty (240) respondents.

Frontier Stochastic Production Function: The implicit form of the transcendental logarithmic empirical frontier production function is written as

frontier production function is written as
$$\lim_{m \in Y_i} = \beta_0 + \sum_{K=1}^{S} \beta_K \lim_{k \to K} X_{ki} + \frac{1}{2} \sum_{K=1}^{S} \sum_{i=1}^{S} \beta_{k1} \lim_{k \to K} \lim_{k \to K} X_{i1} + V_i - U_i$$
3

Where:

In = Natural logarithm

i = ith farmer

 Y_i = farm output for the i^{th} farmer

X's = input variables

 β_i = the input coefficients for the resources used in

Following Parikh and Shah (1994), Onus et. al. (2000) and Tanko and Jirgi (2008), the explicit form of the translog empirical stochastic production function is specified as

In $Y = \beta_0 + \beta_1 In X_1 + \beta_2 In X_2 + \beta_3 In X_3 + \beta_4 In X_4 +$ $\begin{array}{l} \beta_5 \text{In} X_5 \ + \ \frac{1}{2} \beta_{11} \text{In} X_1^2 \ + \ \frac{1}{2} \beta_{22} \text{In} X_2^2 \ + \ \frac{1}{2} \beta_{33} \text{In} X_3^2 \ + \ \frac{1}{2} \beta_{44} \text{In} X_4^2 \ + \ \frac{1}{2} \beta_{55} X_5^2 \ + \ \beta_{11} \text{In} X_1 \text{In} X_2 \ + \ \beta_{12} \text{In} X_1 \text{In} X_3 \ + \ \end{array}$ $\beta_{13}InX_{1}InX_{4} + \beta_{14}InX_{1}InX_{5} + \beta_{15}InX_{2}InX_{3} +$ $\beta_{16} In X_2 In X_4 + \beta_{17} In X_2 In X_5 + \beta_{18} In X_3 In X_4 +$ $\beta_{19} In X_3 In X_5 + \beta_{20} In X_4 In X_5 + V_i - U_i ---(4)$

Where:

In = Logarithm to base e

Y = Output of maize (kg)

 X_1 = Farm size (in hectare)

 X_2 = Labour input (in Mandays) X_3 = Quantity of fertilizer used (kg)

 X_4 = Other inputs expenses. These includes cost of agro chemicals and seeds (in Naira)

 X_5 = Capital inputs (in naira); these include: depreciation charges on machinery, equipments rent on land and interest charges on borrowed capital.

 β_0 = Intercept/constant term

 $\beta_1 - \beta_{20}$ = Parameters to be estimated

V_i = Normal random errors assumed to be independently and identically distributed, having N ~ $(0, \delta^2)$

 U_i = Non-negative (Zero mean and constant variance) random variable called technical inefficiency effect associated with the technical efficiency of the ith farmer. Uijs are the technical inefficiency effects which are assumed to be independent of Vijs such that Uij's is the non-negative truncation (at zero) of the normal distribution with mean U, and variance δ²V. Where U_i is defined as

 $U_{i} = \delta_{0} + \delta_{1}Z_{1} + \delta_{2}Z_{2}i + \delta_{3}Z_{3}i + \delta_{4}Z_{4}i + \delta_{5}Z_{5}i + \delta_{6}Z_{6}i$ $+\delta_7 Z_7 i + \delta_8 Z_8 i --- (5)$

Where:

Ui = Technical inefficiency of the ith farmer

 $Z_1 =$ Age of the farmer (in years)

 Z_2 = Level of education (number of years spent in

 Z_3 = Farming Experience (in years)

 Z_4 = Household size (Number)

Z₅ = Extension contact (Number of meetings with the extension agents during the cropping season)

 $Z_6 = Sex$, (Binary variable, 1 for male, 2 for female) Z_7 = Dummy variable for credit status (dummy

variable, whereby 1 for access to credit, 0 otherwise) Z_8 = Membership of Co-operative society (dummy variable, whereby 1 for membership, 0 otherwise).

 $\delta_1 - \delta_8 = \text{Unknown parameters to be estimated.}$

The parameters of the translog stochastic frontier production function were estimated by the method of maximum likelihood using the computer programme FRONTIER version 4.1 (Coelli, 1995).

RESULTS AND DISCUSSIONS

Table 1: Summary Statistics of the Variables in the Stochastic Frontier Model

Variables	Minimum	Maximum	Mean
Maize output (kg)	300.00	30,000	3870.69
Farm size (Ha)	0.50	11.00	2.43
Labour (man-days)	20.00	578.00	101.80
Fertilizer (kg)	0.00	850.00	121.67
Other inputs cost (N)	600.00	143,000.00	25140.21
Capital input cost (N)	258.30	80483.00	7899.51
Age (years)	23.00	65.00	44.49
Education (years)	0.00	19.00	6.58
Years of experience	5.00	50.00	25.04
Household size	1.00	33.00	9.44
Extension contact	0.00	3.00	0.81

Source: Field Survey, 2009

The results in Table 1 indicate that the mean output of a typical maize farmer was 387069kg with a standard deviation of 4389.92. A typical farmer cultivated 2.43 hectares usually of several plots in scattered locations. An average farmer utilized 101.80 mandays of labour indicating that maize farmers in the study area relied heavily on human labour to accomplish most of their farming operations. A typical farmer utilized 121.67kg of fertilizer, expended №25,140.21 and №7,899.51 on other inputs and capital inputs respectively. These findings seem to exemplify the nature of subsistence farming which dominates agricultural production in Nigeria.

Table 2: Maximum Likelihood Estimates of the Determinants of Technical Efficiency in Maize Production in Kogi State

Production Factors β Intercept β₀ 7.027*** 3.764 Labour (X₂) β₂ 3.552*** 3.168 Labour (X₂) β₂ 3.552*** 3.377 Other Inputs Cost (X₄) β₃ 1.179 1.336 (X₄) β₃ 1.179 1.336 (X₄) β₃ -0.004 -0.009 Capital inputs (X₃) β₃ -0.364 -0.669 Squared Terms β₃ 0.603** 2.165 Labour x labour β₃ 10.586*** 3.148 Fertilizer x fertilizer β₃ 0.103 1.644 Cother costs x other β₀ 0.067 1.089 Interaction Among Inputs Interaction Among Inputs 1.318 1.318 Farm size x labour β₁₁ -0.308 -1.318 Farm size x capital β₁₂ 0.168 0.989 Farm size x other cost β₁₃ -0.084 -0.812 Farm size x capital β₁₂ 0.149 -1.244 Labour x capital		r roduction in Rogi State					
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Commo	Sigma Squared	δ^2	0.543***	3.905			
γ 0.859*** 19.677	Gamma		0.050***				
	Gamilla	γ	0.859***	19.677			

Source: Computer Print out of FRONTIER 4.1
***, **, * Implies significance at the 0.01, 0.05 and
0.10 Probability Levels Respectively

Table 2 shows the maximum likelihood estimates of the translog stochastic frontier production function for maize production in the study area. The results indicate that the estimated sigma squared is 0.543 which is relatively large, statistically significant and different from zero at 0.01 probability level. This indicates a good fit and the correctness of the specified distributional assumptions of the composite error term. Tanko and Jirgi (2008), and Kebede (2001), in their separate investigations obtained

similar results. Table 1 also indicates that the variance ratio, defined as that is gamma, $\gamma = \delta u^2/(\delta u^2 + \delta v^2)$ is estimated to be as high as 85.9% suggesting that systematic influences that are unexplained by the production function are the dominant sources of random errors.

In addition, the coefficient of farm size and labour inputs carried the expected positive signs and were significant at the 0.01 probability level. The estimated elasticities of mean output with respect to farm size and labour were 2.710 and 3.552 respectively. This means that for every 1% increase in farm size, the output will increase by 2.710%. Similarly a 1% increases in man day of labour, will increase output by 3.552%. This result agrees with previous works of Amaza and Olayemi (2002), and Ojo et al. (2009).

Results also shows that the estimated coefficient of the joint effect of labour and fertilizer which is 0.242 is statistically significant at the 0.05 probability level and is positively related to the output attained. This shows that there would be an increase in the output level by 0.242% when labour is increased by 1 unit, given a unit increase in fertilizer. Tanko and Jirgi (2008) obtained similar.

Level of education, household size and membership of co-operative societies were negative -0.087, -0.048 and -0.493 respectively and were significant at the 0.05, 0.05 and 0.10 probability levels respectively. The negative sign of the level of education implies that farmers who had one form of formal education or the other tend to be more efficient in maize production activities due to enhanced technical competence which enables them to produce close to . frontier level. Household size was also negatively related to technical inefficiency and was found to be significant at 5%. This implies that as the number of households increases, technical efficiency increases. The reason for this may be because of increased number of adult who are strong enough to handle the tedious nature of farm work and thereby cope with labour demand during peak periods of labour requirement for the accomplishment of farm operations. This result conforms with previous work by Omotosho et al. (2008).

On the other hand, the MLE estimate for farmer's age (0.073) was significant at 5% and is positively related to technical inefficiency. This implies that as the farmers grow older, the level of technical inefficiency also increases. This could be attributed to decline in strength. More so, elderly farmers are

risk averse (Samson, 2005) and may not embrace improved technology which breeds efficiency, reduces farm drudgery and ensures timeliness in the accomplishment of farm operations. The coefficient of farming experience was found to be positive and significant at 5%. This implies that rather than increase the efficiency with which the farmers carries out their production activities, farming experience reduces it The is contrary to a-priori expectation. Experience is expected to aid the farmer chart better courses of action by setting realistic targets.

Technical Efficiency Estimates of the Farmers Table 3 Distribution of Respondents According to

Levels of Technical	Efficiency Frequency	Percentage
Efficiency Class Inde	Proquent	0.42
Efficiency		1.25
0.31 - 0.40	3	3.33
0.41 - 0.50	8	4.17
0.51 - 0.60	10	10.83
0.61 - 0.70	26	56.67
0.71 - 0.80	136	23.33
0.81 - 0.90	56	100.00
0.91 - 1.00	240	100.00
Total	0.839	
Mean	0.964	
Maximum value	0.402	
Minimum value	TI E Doculte	

Source: Computed from MLE Results

Table 3 indicates that technical efficiency of maize farmers in the study area ranges from 0.40 - 0.96 indicating that a wide gap exist between the efficiency of best technically efficient farmers and that of the average farmer. The mean technical efficiency of the farmers is 0.839. This implies that an average farmer in the study area was able to obtain a little over 84% of potential maize-based crop output from a given mix of production inputs. The results therefore indicated that, although farmers were generally relatively efficient, they still produced below the frontier level.

Test of Hypothesis

Table 4: Generalized Likelihood Ratio Test of Hypothesis for Parameters of the Translog Emperical Stochastic Frontier for Maize Farmers in Kogi State

of the state of th	
Hypothesis	H_0 : =0
Likelihood Ratio	-77.924
Number of Restriction	7
Critical value	14.07
Decision	Rejected
Source: Computed from M	MLE Results

The null hypothesis $(H_0: \gamma = 0)$ which specifies that the inefficiency effect in the stochastic frontier production function are not stochastic is also hereby rejected. Since the Xear value of -77.924 is greater than X2 critical, (14.07).

CONCLUSION AND RECOMMENDATIONS

This study has shown that despite the fact that the farmers in the study area produced below the frontier level, they were relatively efficient with mean technical efficiency of 0.839. Although, farm size and labour inputs were positive as expected and significantly influenced farmer's efficiency levels at 1% respectively, farm resources were not optimally utilized suggesting a scope for improvement. The policy implication of this study is that there is a scope for raising the level of technical efficiency of maize production in Kogi State in particular and Nigeria in general given the wide variation in the level of technical efficiency. In other words, mean technical efficiency of 0.839 could be increase by 16.1% if efforts are put in place to reduce the level of inefficiency in production. This would serve as mitigating measure against possible food crisis that may result in Nigeria.

Based on the findings of this study, it is recommended that since size of land holding was positive and significantly influenced farmers' efficiency. The need for emphasizing the expansion of area under cultivation becomes imminent as there are advantages of having large sized farms. In addition, it is recommended that the Land Use Act of 1978 should be restructured to accommodate a policy that will allow for establishment of land markets. In addition, farmers should be encourage to acquire formal education as this will go a long way to improve their farm level technical efficiency and profitability.

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