

Examining Human Capital Dynamics and Determinants among Rural Ethiopian Crop Producers and Pastoralists: A Comparative Analysis

This study explores human capital dynamics in Ethiopia by comparing crop producers and pastoralists, using data from the Living Standards Measurement Study (LSMS) for 2015 and 2017. The analysis reveals that crop producers average 3.82 years of education versus 3.27 years for pastoralists. Although pastoralists spend more on education per capita (0.41 thousand Birr vs. 0.30 thousand Birr), this difference is not statistically significant, possibly due to higher education costs and limited access in pastoralist regions. Health metrics show improvements linked to income increases: crop producers' absenteeism due to health issues dropped from 9.75 to 3.38 days, while pastoralists' decreased from 10.43 to 5.06 days. Income analysis reveals that pastoralists earn more from livestock (7.07 thousand Birr) compared to crop producers (0.97 thousand Birr), but crop producers have higher income from crops (12.01 thousand Birr vs. 7.23 thousand Birr), resulting in a higher total income per capita for crop producers (4.36 thousand Birr) compared to pastoralists (3.30 thousand Birr). This disparity is attributed to technological advancements and better market access for crop producers. Nutritional indicators also show significant disparities: pastoralist children have poorer outcomes, with higher rates of stunting and underweight compared to crop producers. Despite improvements, high levels of malnutrition persist in pastoralist communities. The fixed effects model highlights that human capital (coefficient of 0.0945) and age (coefficient of 0.307) positively impact rural income. Household size has a moderate positive effect (coefficient of 0.0551), and livestock unit is strongly associated with rural income (coefficient of 0.0466). However, the interaction term shows a significant negative effect, suggesting combined variable influences can diminish rural income. The random effects model indicates a significant negative impact of household size (coefficient of -0.0616) and a positive effect of the log of income (coefficient of 0.037) on human capital. The study concludes that targeted interventions are needed to address these disparities. For pastoralists, improving educational access, integrating traditional and modern education, and investing in healthcare and infrastructure are essential. For crop producers, continued investment in agricultural education and technology is crucial. A comprehensive strategy to enhance healthcare, education, infrastructure, and economic stability is vital for equitable and sustainable development across Ethiopia's rural communities.

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