

Agricultural Technology Adoption in Indonesia: The Role of the Agriculture Extension Service, the Rural Financing and the Institutional Context of the Lender

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The purpose of this study is to assess the role of the Agriculture Extension Service (AES), Rural Financing and Institutional Context of Lender (ICL) in the agricultural technology adoption (ATA). For this purpose, the current study examined the impact of AES, rural financial and ICL on ATA by collecting data for Indonesia. The time series approach was adopted to complete the study because the relationships were examined over the time period of thirty years. The secondary data about the macroeconomic variables included in this study was collected from official databases and archival. The key tests applied in the current study include the descriptive test, unit root test, co-integration test, heteroscedasticity, and regression equation. The findings of this research revealed that AES has significant positive impact on ATA at first lag while the other two independent variables showed significant impact on ATA at that level. Rural financing has significant positive impact on ATA however, the ICL has significant negative impact on ATA. It means that all hypotheses of the current study are true. The results further revealed that RF and ICL have significant and positive long-term impacts on ATA while the AES has no significant impact on ATA in long-term. Furthermore, it is indicated that AES and RF have significant short-term impacts on ATA while ICL does not show significant impact on ATA in the short-term. The present research will provide different implications for theory and practice by emphasising the role of AES, rural financing and ICL in technology adoption in agriculture.