

Contribution of Income Diversification to Total Rural Households Income in the Upper East Region, Ghana

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Abstract : The agricultural industry has faced a variety of challenges in meeting the expanding income demand of the rural population. As a result, rural households must diversify their income sources to meet their income demand. Although income diversification strategies help rural households, it contributes to total household income, and the socio-demographic determinants are not known in the Upper East Region of Ghana. For these reasons, the purpose of this study was to determine the contribution of income diversification strategies to household income and the socio-demographic factors influencing it. We conducted a questionnaire survey among 360 rural households in the Upper East Region of Ghana. We asked about their socio-demographic information, their choice of income diversification strategies, and their remittances through rural-city migration. The questionnaire survey findings demonstrate that the main livelihood income source contributes 22%, and on-farm income diversification contributes the most to household total income (47%), followed by non-farm diversification income (16%) and off-farm diversification income (15%). Calculations from the income diversity index showed that the average income diversification strategy was 0.5 out of 1. The calculation of the income dependence index also showed that the average dependent on a particular source of income was 0.2 out of 1. All the respondents said household members temporarily migrate to contribute to household income through remittances. The results further reveal that their choice of income diversification is influenced by their age, educational background, experience, and farm size. The paper recommends the promotion of rural development policies that increase income-generating activities and educate rural households on how to increase returns from their investment.

Keywords : income diversification, poverty alleviation, rural households, upper east region

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