

Domestic Remittances, Household Enterprises, and Household Well-being in Ghana

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Abstract : This paper investigates the interactive effect of domestic remittances and household enterprises on household well-being in Ghana. The study employs data drawn from the seventh wave of the Ghana Living Standard Survey (GLSS 7) comprising 14,009 households located in 1,000 enumeration areas for the 2016/2017 period. This study employs the Ordinary Least Square (OLS) regression technique in estimating the interactive effect of domestic remittances and household enterprises on household well-being. The Linear Probability Model (LPM) is used to estimate the impact of domestic remittances on household enterprises. A Two-Stage Least Square (2SLS) model is employed to solve endogeneity issues between the dependent variable and the explanatory variable. This study reveals the following findings: domestic remittances improve household well-being significantly. Also, there is a significant negative impact of domestic remittances on household enterprises. This implies that households that receive domestic remittances are less likely to engage in household enterprises. Finally, the 2SLS results show a significant and positive impact of the interaction between domestic remittances and household enterprises on household well-being. This study provides empirical evidence of why policymakers need to encourage households that receive domestic remittances to diversify their income sources and invest in other income-generating activities such as household enterprises.

Keywords : domestic remittances, household enterprises, household well-being, Ghana

Conference Title : ICEBMFR 2024 : International Conference on Economics, Business, Management and Finance Research

Conference Location : San Francisco, United States

Conference Dates : November 04-05, 2024