



Household Income Diversity: An Antidote to Poverty Eradication in Developing Economies

Watema Joash Robert Alex *

Department of Economics and Management, Faculty of Management Sciences
Busitema University, Uganda

*Corresponding Author: watemaj@gmail.com

Abstract

The acceptance of economic variability by households is seen as a key step towards escaping the poverty cycle. The purpose of the study is to examine the link between household wellbeing and income diversity empirically. Using instrumental variable static panel model regression, we investigate the implications of probable endogeneity caused by selection bias. The study made use of the waves from the Uganda National Panel Survey. The findings show that having a diversity of revenue sources greatly enhances household wellbeing. The results also showed that residing in the eastern or northern areas had a negative impact on welfare compared to living in the center region, and that household welfare is substantially predicted by the education of the household head. The subjective aspect of wellbeing could not be fully described by the methodologies used in this study. Future research could think about using a practical strategy. The use of both primary and secondary data for additional investigation might provide astounding findings. The research study adds to the welfare literature by showing the influence of income variety on household welfare as defined by poverty status and consumer spending, in contrast to other studies that simply examined expenditure as a proxy for welfare. By demonstrating how income variety improves household wellbeing using a sample of homes in Uganda, a developing economy, the study furthers the welfare theory.

Keywords: Poverty reduction, Income diversity, Developing economies

Suggested Citation:

Alex, W. J. R. (2023). Household Income Diversity: An Antidote to Poverty Eradication in Developing Economies. *Journal of Business Management and Economic Research (JOBMER)*, Vol: 7, Issue: 2, 61-79.