

# Chapter 4

## Gendered and Generational Analyses of Farm Households' Livelihood Diversification in Ghana: Implications for Credit Demands and Allocations

**Katherine Kaunza-Nu Dem Millar**

*University for Development Studies, Tamale, Ghana*

**Abdul-Razak Alhassan**

*University of Surrey, UK*

**Mamudu Abunga Akudugu**

 <https://orcid.org/0000-0003-3191-721X>

*University for Development Studies, Tamale, Ghana*

### ABSTRACT

*As households diversify their livelihoods, their credit demands will also be diversified. This creates competition among the livelihood activities pursued by farm households for credit and other productive resources. Whereas some households may be expanding the same livelihood activities to enjoy economies of scale (stepping up), others are expanding into other livelihood activities (stepping out). Better still, others are just maintaining their activities, levels of livelihood activities they engage in (hanging in). Whichever approach is adopted has specific implications for resource demands, allocation, and utilization. This chapter examines the gendered implications of livelihoods diversification for household credit demands and allocations using mixed methods. Most farm households in contemporary Ghana this chapter concludes are diversifying out of agriculture. The implication of this is that the number of households demanding credit for non-farm livelihood activities is increasing at the expense of farm livelihood activities.*

DOI: 10.4018/978-1-6684-8979-6.ch004

## INTRODUCTION

Rural livelihood diversifications are warranted by different aspirations and objectives of farm households and may be looked at in two ways. It could be diversification into different activities within the same sector (vertical diversification) or into different sectors (horizontal diversification). In the case of vertical diversification, farm households may diversify their livelihood to include different farm livelihood activities. This may include the production of exotic or local crops varieties; food or cash crops using modern or traditional technologies or rearing of improved or local livestock breeds. With regards to the horizontal diversification, farm households may diversify into non-farm livelihood activities such as petty trading and craftsmanship among others. This categorization of rural livelihood diversification is consistent with Ellis (2000) who observed that the issue of livelihood diversification in rural development context usually has to do with either the need for farm changes in the mix of agricultural activities or of the desirability of developing rural-based non-farm industries.

According to Dorward (2009) and Deogharia (2018), the main focus of diversification is to decrease livelihood vulnerability and increase livelihood productivity. This is achieved by changing farm livelihood activities with increasing importance of non-farm activities and this involves three main dimensions (ibid). The first dimension is termed as “hanging in” which involves using strategies that are concerned with maintaining and protecting current levels of wealth and welfare in the face of threats of stresses and shocks. The second dimension is termed as the “stepping up” in which individuals employ strategies that seek to expand the scale, or productivity of existing assets and activities. The third and final dimension in Dorward’s view is referred to as “stepping out” which is concerned with adopting strategies geared towards the accumulation of assets to allow investments or switches into new activities and assets. This implies that the dimension of diversification a given household adopts depends on its abilities in terms of resource endowments and needs.

Evidence in the empirical literature reveals that many rural farm households in Africa and Ghana for that matter are diversifying outside agriculture as a main source of livelihood (see for instance Ellis 1998, Bryceson 1999, Ellis 2000, Barretta, Reardon et al. 2001, Bryceson 2002, Hilson 2002, Niehof 2004, Banchirigah 2006, Ellis 2006, Iiyama 2006, Banchirigah 2008, Demurger, Fournier et al. 2010, Haggblade, Hazell et al. 2010, Motsholapheko, Kgathi et al. 2011, Chavas and Falco 2012, Hilson and Garforth 2012, Salayo, Perez et al. 2012). According to Ellis (2000) and Hilson and Garforth (2012) among others, households diversify outside agriculture in order to deal with seasonality in agricultural production, risks, labor market dynamics, credit market failures and also as a coping mechanism. A growing body of literature suggests that artisanal small scale mining is one of the major non-farm livelihood activities that rural Africans and Ghanaians for that matter diversify into (see for instance Banchirigah 2006, Banchirigah 2008, Hilson 2009, Banchirigah and Hilson 2010, Bryceson and Jonsson 2010, Hilson 2010, Hilson and Garforth 2012). Seasonality and household needs also influence household diversification decisions.

Irrespective of the type of diversification or reason for diversifying, the basic reality is that it affects resource allocation. In this regard, the struggle to secure a livelihood in the face of adverse socio-economic and politico-cultural circumstances by rural farm households determines which livelihood activity they demand and allocate resources to. As households diversify their livelihoods, their credit demands will also be diversified. This creates competition among the livelihood activities pursued by farm households for credit and other productive resources. One might expect that farm households demand credit to finance their livelihood activities based on their relative importance and contribution to household

12 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:  
[www.igi-global.com/chapter/gendered-and-generational-analyses-of-farm-households-livelihood-diversification-in-ghana/333110](http://www.igi-global.com/chapter/gendered-and-generational-analyses-of-farm-households-livelihood-diversification-in-ghana/333110)

## Related Content

---

### French Immersion "So Why Would You do Something Like That to a Child?": Issues of Advocacy, Accessibility, and Inclusion

Renée Christine Bourgoïn (2016). *International Journal of Bias, Identity and Diversities in Education* (pp. 42-58).

[www.irma-international.org/article/french-immersion-so-why-would-you-do-something-like-that-to-a-child/145338](http://www.irma-international.org/article/french-immersion-so-why-would-you-do-something-like-that-to-a-child/145338)

### Management and Gender in the Global Labor Market: A Bibliometric Analysis

Elisabete S. Vieira, Mara S. Madaleno and João Teodósio (2023). *Perspectives on Women in Management and the Global Labor Market* (pp. 1-28).

[www.irma-international.org/chapter/management-and-gender-in-the-global-labor-market/322168](http://www.irma-international.org/chapter/management-and-gender-in-the-global-labor-market/322168)

### Reflections of Own Vs. Other Culture: Considerations of the ICC Model

Eiko Gyogi and Vivian Lee (2016). *International Journal of Bias, Identity and Diversities in Education* (pp. 15-28).

[www.irma-international.org/article/reflections-of-own-vs-other-culture/156495](http://www.irma-international.org/article/reflections-of-own-vs-other-culture/156495)

### Barriers and Solutions for STEM Students From Rural Areas

Carmen S. Dixon (2023). *Handbook of Research on Race, Culture, and Student Achievement* (pp. 136-154).

[www.irma-international.org/chapter/barriers-and-solutions-for-stem-students-from-rural-areas/316332](http://www.irma-international.org/chapter/barriers-and-solutions-for-stem-students-from-rural-areas/316332)

### The Subjective Side of Success: Children's Stories of a Good Life

Heidi Johanna Layne, Edda Óskarsdóttir and Hanna Niittymäki (2016). *International Journal of Bias, Identity and Diversities in Education* (pp. 28-41).

[www.irma-international.org/article/the-subjective-side-of-success/145337](http://www.irma-international.org/article/the-subjective-side-of-success/145337)