

# Interpreting Non-Farm Participation and Its Welfare Outcomes: A Qualitative Study of Rural Farming Households in Gibe District, Hadiya Zone, SNNPR, Ethiopia

Original Article

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## Abstract

This study explores how rural farming households in Gibe District interpret their participation in non-farm activities and how such engagement influences their overall welfare. Using a qualitative research design grounded in sustainable livelihoods and diversification theories, the study draws on semi-structured interviews with household members engaged in various non-farm occupations. The findings reveal that non-farm work is perceived as a strategic complement to agriculture, enabling households to mitigate livelihood risks associated with land scarcity, market volatility, and climatic uncertainty. Participants consistently described non-farm income as contributing to multidimensional welfare improvements, including enhanced food security, educational access, healthcare affordability, and strengthened women's decision-making power. However, these benefits are moderated by structural constraints such as unstable earnings, limited capital, and unequal access to profitable opportunities. The study contributes a novel interpretive perspective to the literature by emphasizing the meaning-making processes through which households evaluate welfare, moving beyond conventional economic indicators. The findings underscore the importance of integrated policy measures that expand equitable access to non-farm opportunities, strengthen rural financial systems, and support gender-responsive livelihood strategies.

**Keywords:** Non-farm participation, Rural household welfare, Livelihood diversification, Sustainable livelihoods, Ethiopia.

## 1. Introduction

Ribe rural livelihoods in the Hadiya Zone — including Gibe District — remain overwhelmingly agrarian, where smallholder cultivation, livestock rearing, and seasonal cropping form the primary economic base of farming households. Agricultural cycles, small landholdings, and limited off-farm infrastructure shape livelihood choices and push many households to mix on-farm work with petty trade, seasonal wage labor, and small-scale non-farm enterprises in nearby towns as coping or investment strategies (Habtamu & Shibeshi, 2018; Yesuph et al., 2024).

Despite the prevalence of mixed livelihood strategies, observable problem phenomena raise analytic concerns: quantitative diagnostics at national and sub-national levels report that while non-farm participation often correlates with higher household consumption and income, the benefits are unevenly distributed, constrained by gender gaps, low access to finance and training, and infrastructure bottlenecks (Tesgera, Beyene, & Wakjira, 2024; World Bank, 2022). At the local level, there is heterogeneity in how households use non-farm



proceeds — some channel earnings into agricultural inputs and small enterprises, others into day-to-day consumption or debt servicing — which complicates simple causal claims that participation automatically yields lasting welfare improvements (Tesgera et al., 2024; World Bank, 2022).

To frame these patterns theoretically, this study draws on the agricultural-household model and the livelihood diversification framework. The agricultural-household model treats labor allocation between farm and non-farm activities as a response to price and risk signals plus liquidity constraints, while livelihood diversification scholarship centers on asset portfolios (human, social, physical), institutional access, and opportunity structures that enable or block non-farm engagement (DFID/World Bank diagnostics; Ellis, 1998 as classic framing). Together, these perspectives suggest that participation is both an economic decision and a socially embedded practice whose welfare consequences depend on intrahousehold bargaining, timing (seasonality), and local institutions — factors best unpacked through qualitative, place-based inquiry (World Bank, 2022).

Empirical work in Ethiopia provides mixed but informative evidence. Recent Heckman-based analyses from western Ethiopia find positive and significant effects of non-farm employment on household consumption, identifying education, access to credit, distance to market, membership in rotating savings schemes, and gender as key covariates (Tesgera et al., 2024). Regionally focused studies in Hadiya Zone (e.g., Lemo Woreda) and sector studies (off-farm income and commercialization) similarly document income gains from diversification but also emphasize selection issues and heterogeneous returns across households (Ababiya, 2025; Woldeyohanes, 2017). Importantly, most of these studies are quantitative and cross-sectional, measuring whether welfare indicators change without unpacking the subjective meanings, intra-household negotiations, or longer-run strategic uses of non-farm income among farmers in specific woredas such as Gibe (Tesgera et al., 2024; Ababiya, 2025).

That methodological gap — robust quantitative signals without corresponding, in-depth qualitative accounts — constitutes the research gap this study addresses. The novelty of the present research lies in generating a contextualized, interpretive account of how farming households in Gibe perceive and make sense of participation in non-agricultural activities and in tracing the micro-mechanisms (decision rules, gendered bargaining, investment choices, and local institutions) by which participation translates (or fails to translate) into concrete welfare outcomes. Given Ethiopia's policy emphasis on expanding rural incomes through both agricultural transformation and rural nonfarm economy development, and the documented gendered disparities in off-farm benefits, a locally grounded qualitative study in Gibe is both timely and policy-relevant (World Bank, 2022; Tesgera et al., 2024).

Accordingly, the primary objective of this case study is to explore the meanings and lived experiences that farming households in Gibe attach to non-agricultural participation and to map the pathways through which such participation affects household welfare (consumption smoothing, investment capacity, resilience, and subjective well-being). Specific objectives are to (1) document motivations and meanings behind non-farm engagement; (2) examine gendered and generational differences in participation and benefit realization; and (3) develop locally grounded recommendations for training, credit, and market interventions that can enhance the welfare impacts of non-farm activities in the Hadiya Zone. The study uses purposive sampling, semi-structured interviews, focus groups, and thematic analysis to produce a richly textured theory of participation-to-welfare pathways for the Gibe District.

## 2. Literature Review

Rural households in Ethiopia and across Sub-Saharan Africa have increasingly navigated livelihood uncertainty by combining agricultural activities with non-farm or off-farm work (i.e., petty trade, wage labor, small enterprises). This trend reflects structural pressures: climate variability, land scarcity, and unpredictable agricultural returns. Recent empirical evidence supports that such diversification is linked to improved welfare measures – for instance, households with non-farm income sources report higher consumption levels and better food security outcomes than purely agrarian households (Tesgera, Beyene, & Wakjira, 2024; Mengistie Alemu, 2023). Nevertheless, a comprehensive understanding remains elusive about how non-farm participation functions not only as an economic buffer, but also as a socially embedded strategy – one shaped by intra-household decisions, gender dynamics, and local institutional contexts. These nuances call for a review of how diversification is conceptualized and how prior research addresses (or fails to address) underlying mechanisms.

In the literature on rural livelihoods, “livelihood diversification” broadly refers to the process by which households engage in multiple income-generating activities beyond their primary agricultural occupation (Ellis, 2000, as often cited in review literature). Within this, “non-farm activities” denote income sources from non-agricultural economic engagements – such as small-scale trade, services, wage employment, crafts, or rural enterprises – while “off-farm” sometimes refers to wage labour or temporary employment outside the farm, but still possibly in agrarian supply chains. The welfare outcomes linked to diversification are frequently operationalized via indicators such as food security, household consumption, asset accumulation, and resilience to shocks (Mengistie Alemu, 2023; Demeke Leykun, 2024). Conceptually, livelihood diversification is not merely an income-adding strategy, but a risk management and adaptation mechanism in environments with climate, market, and institutional uncertainties.

Two interrelated theoretical frameworks commonly underpin analyses of rural diversification. First, the agricultural-household model conceptualizes household labor allocation as a response to relative returns, risk, and liquidity constraints: when farm returns are low or uncertain, households may shift labor to non-farm pursuits to stabilize income (Woldehanna, 1998; Woldehanna & Demeke, as referenced in diversification literature). Empirical studies using panel data have shown that droughts or agricultural shocks spur households to increase off-farm self-employment – indicating labor reallocation as an adaptation strategy rather than abandonment of farming (Esh et al., 2024). Second, the livelihood diversification framework situates diversification within broader asset portfolios (human capital, social capital, physical capital) and opportunity structures (market access, infrastructure, credit, extension services). According to this view, diversification decisions and outcomes are mediated by variables such as education, working capital, household size, access to credit/infrastructure, and social networks (Abebaw, Birru, & Alemu, 2024; Tesafa, Mulugeta, & Tsehay, 2023). These frameworks collectively suggest that non-farm participation is shaped by structural conditions and yields welfare effects through multiple channels – income smoothing, investment in agriculture, asset building, and shock buffering.

Empirical evidence largely supports the positive welfare effects of diversification. For example, a propensity-score matching study of 462 Ethiopian farm households found that participation in non-agriculture activities increased food security by 10.6–19.5% compared to purely agricultural households (Mengistie Alemu, 2023). Another recent investigation

reports that non-farm employment significantly improves household consumption levels in rural western Ethiopia (Tesgera et al., 2024). Furthermore, a large-scale panel analysis covering 2012–2019 shows that rural non-farm income contributes 17–24 % of total household income and correlates with better consumption, dietary diversity, and housing quality (Abate, Bachewe, Regassa & Minot, 2025). These studies confirm that non-farm income can play a non-trivial role in household welfare and structural transformation in rural Ethiopia.

Yet important gaps remain. First, many studies rely on cross-sectional data or broad national samples, which obscure district-level heterogeneity and local socio-cultural dynamics: factors such as gendered time use, intra-household bargaining, or norms regarding women's labor are rarely unpacked (though see one recent study on time poverty and women's non-farm participation — see below). Second, quantitative studies typically measure whether non-farm participation correlates with welfare improvements, but seldom explore how — i.e., the micro-mechanisms, decision-making processes, and subjective meaning households attach to diversification. Third, some recent shocks, such as climate variability, droughts, and infrastructural changes (e.g., grid electrification), potentially reshape opportunities for non-farm enterprises; yet, few studies trace how these structural changes modify the diversification-welfare relationship over time. Finally, gender dynamics — especially in relation to domestic burden, time poverty, and differential benefit realization — remain underexplored in most region-level or national analyses.

Recent studies are beginning to address some of these gaps. For instance, a 2024 study titled “Time poverty and women's participation in non-farm work: Evidence from rural Ethiopia” demonstrates that unequal domestic workloads constrain rural women's ability to engage in non-farm activities, thereby limiting potential welfare benefits (ScienceDirect, 2024). Meanwhile, a 2025 study assessing the impact of grid electrification on rural non-farm enterprises in Ethiopia highlights how infrastructure development expands opportunities for entrepreneurship and may alter the viability and productivity of non-farm enterprises (Discover Sustainability, 2025). These works suggest that structural and social constraints — not just household-level assets — significantly shape diversification outcomes. However, such studies remain sparse, and few combine qualitative insights with quantitative analysis at a micro-level to understand the lived realities of diversification among smallholder farming households in specific districts.

In synthesis, the literature demonstrates that livelihood diversification — incorporating non-farm activities — can yield meaningful improvements in welfare for rural households in Ethiopia, particularly in consumption, food security, and resilience to agricultural shocks. Theoretically grounded in the agricultural-household model and livelihood diversification framework, these findings highlight diversification as both a risk management and opportunity-seeking strategy. Nonetheless, most evidence remains macro, quantitative, and decontextualized; there is insufficient understanding of the culturally embedded, gendered, and institutional dimensions through which diversification decisions are made and benefits realized. Given emerging structural changes (e.g., electrification, climate shocks) and persistent social inequalities (e.g., time poverty for women), there is a clear need for place-based, qualitative research at the district or woreda level. This gap is precisely where the present study of farming households in Gibe District — with attention to subjective meanings, gender dynamics, and local institutional context — aims to contribute new, policy-relevant knowledge about pathways from non-farm participation to household welfare.

### 3. Methods

This study employs a qualitative interpretive design to capture participants' lived meanings and contextual understandings related to the research phenomenon. The approach prioritizes depth over breadth, enabling the research process to surface underlying assumptions, value systems, and socio-cultural dynamics that may not emerge through structured quantitative instruments. Given the exploratory nature of the inquiry, the design leverages iterative data collection and sense-making cycles, ensuring alignment between emerging insights and field realities. This methodology supports organizational learning by emphasizing thick, grounded insights rather than top-down prescriptive conclusions.

Data were collected through semi-structured interviews and focused group discussions, allowing participants to articulate experiences, contradictions, and perspectives in their own terms. The semi-structured format ensured methodological rigor while maintaining operational flexibility to probe emergent themes. Sampling followed a purposive–theoretical logic, selecting information-rich participants capable of shedding light on both routine practices and the strategic shifts shaping the focal context. All interviews were audio-recorded, transcribed verbatim, and anonymized to mitigate response bias and preserve research integrity. Field notes and reflexive memos complemented primary data, supporting triangulation and analytical robustness.

Data analysis applied thematic analysis using an inductive–deductive hybrid strategy, combining open coding with theory-driven categorization to generate a coherent analytical architecture. Coding was conducted iteratively, enabling pattern detection, concept consolidation, and progressive refinement of themes. To ensure dependability, the analysis incorporated peer debriefing, audit trails, and cross-checking of emergent interpretations against existing theoretical frameworks. Credibility was strengthened through member checking, allowing participants to validate interpretive accuracy. Collectively, these procedures delivered a disciplined, insight-driven methodological workflow aligned with qualitative standards while retaining adaptability essential for capturing complex human experiences.

### 4. Results and Discussion

The analysis revealed a central pattern concerning how rural households assign meaning to non-farm participation within the broader livelihood system. Participants consistently described non-farm work as a strategic complement rather than a replacement for agricultural activities. Narratives emphasized that income diversification was perceived as a mechanism for economic protection against crop failure, price volatility, and land scarcity. Respondents repeatedly framed non-farm engagement as a rational and necessary adaptation to shifting socio-economic pressures rather than a sign of declining agricultural identity. Despite variations in job type—trading, construction labor, transportation services—participants expressed a shared understanding that combining farm and non-farm work enhanced household stability.

A second major finding concerned the multidimensional household welfare effects of non-farm participation. Respondents reported improvements not only in income but also in food security, educational access for children, and healthcare affordability. Several participants explained that non-farm earnings enabled them to purchase agricultural inputs on time, reduce debt cycles, and buffer seasonal shortages. Women participants, in particular, highlighted that non-farm microenterprise activities increased their decision-making power within the household, allowing them to contribute financially and negotiate

expenditures more confidently. Across cases, participants framed non-farm income as a catalyst for both material and social upward mobility.

The third major theme involved structural constraints and hidden vulnerabilities that moderated these welfare gains. While participants valued non-farm work, they also described challenges, including unstable wages, long working hours, and limited access to capital for expanding microenterprises. Some respondents noted that non-farm employment reduced their availability for farming tasks, creating tensions during peak agricultural seasons. Others emphasized that benefits were uneven: households with better networks or higher initial resources accessed more profitable opportunities, while poorer households remained restricted to low-paying manual labor. Despite these disparities, all participants viewed non-farm participation as an essential, though imperfect, component of their livelihood strategy.

**Table 1. Results of increased sales**

<b>Theme</b>	<b>Description (Findings Only)</b>	<b>Representative Indicators</b>
1. Non-Farm Work as a Strategic Complement	Participants view non-farm activities as risk-mitigation strategies that enhance livelihood security without replacing farming.	Diversification motives, economic buffering, and agricultural identity are maintained
2. Welfare Improvements Across Multiple Dimensions	Non-farm income contributes to improved household consumption, education, health, and women’s economic participation.	Ability to buy inputs, reduced debt, schooling continuity, and women’s microenterprise
3. Uneven Access and Structural Constraints	Welfare gains are moderated by unstable wages, limited capital, seasonal conflicts, and unequal access to higher-return opportunities.	Income volatility, credit barriers, time conflicts with farming, and dependence on social networks

Source: data processed, 2025

The findings of this study demonstrate that rural households in Gibe District conceptualize non-farm participation as an adaptive livelihood strategy designed to stabilize welfare under conditions of agrarian uncertainty. This interpretation aligns with the sustainable livelihoods perspective, which argues that households strategically combine assets and activities to reduce vulnerability (Chambers & Conway, 1992; Scoones, 2015). Participants’ narratives highlight that non-farm work is not a rejection of farming identity but a complementary mechanism to counter risks such as fluctuating crop prices and land fragmentation. This meaning-making dimension fills an analytical gap in the literature, where most studies have focused on the economic effects of diversification without adequately exploring how rural actors themselves interpret the role of non-farm activities (Asmamaw et al., 2024; Weldegiorgis, 2023).

The welfare improvements identified—ranging from increased household cash flow to enhanced educational investment and women’s empowerment—mirror earlier evidence that non-farm income contributes significantly to rural poverty reduction (Barrett et al., 2019; Rahut et al., 2021). However, the present study extends this literature by showing that welfare benefits are also socially constructed: respondents describe non-farm work as enabling dignity, agency, and upward mobility, not merely financial gain. This interpretive layer reinforces sociocultural livelihood theories that emphasize how households evaluate well-being beyond material indicators (Bebbington, 1999). The qualitative accounts show that the impact of non-farm participation is multidimensional and deeply embedded in household aspirations, a dimension underexplored in prior empirical work in Ethiopia.

Despite these gains, the findings reveal structural constraints—such as unstable wages, limited capital, and unequal access to profitable opportunities—that shape uneven welfare outcomes. While previous research has noted the existence of such constraints (Tesfaye &

Woldeamanuel, 2022; Lemi, 2020), this study contributes by showing how participants interpret these constraints in relation to their livelihood strategies. Interviewees describe non-farm work as both necessary and precarious, suggesting that non-farm diversification generates welfare benefits but also introduces new vulnerabilities. This duality resonates with Ellis's (2000) argument that diversification is simultaneously a risk-management tool and a sign of structural agricultural insufficiency. By foregrounding the voices of households, the current research clarifies how these tensions are negotiated in everyday life.

Comparing these findings with the existing literature reveals both convergence and divergence. Consistent with earlier studies in the SNNPR region and broader Sub-Saharan Africa, the results affirm that non-farm engagement strengthens household resilience (Alemu & Mamo, 2022; Kassie et al., 2021). However, unlike many quantitative studies that emphasize income elasticity, this study uncovers a layered, phenomenological understanding of welfare that integrates economic, social, and symbolic dimensions. The emphasis on women's decision-making power also advances gender-sensitive agrarian research, complementing findings by Demissie and Abebe (2023) that link women's microenterprise participation to expanded household influence. Through rich interview data, the present study provides grounded evidence on how gendered intra-household dynamics shift when non-farm activities become a sustained livelihood pillar.

The novelty of the study lies in its interpretive focus on the meaning of non-farm participation and its relation to perceived welfare, rather than simply measured welfare outcomes. This perspective bridges a conceptual gap in the literature by demonstrating that rural households evaluate well-being not just through income but also through stability, autonomy, and dignity—dimensions often overlooked in econometric analyses. Moreover, by situating the analysis in Gibe District, where empirical studies remain limited, this research contributes new evidence from an underrepresented context in the Hadiya Zone. The integration of thematic qualitative analysis with livelihood and diversification theories offers a more comprehensive understanding of how rural households navigate changing socio-economic landscapes.

Overall, the findings suggest that non-farm participation is simultaneously a livelihood response to structural constraints and a pathway to improved welfare, albeit with uneven outcomes. By articulating the meanings households attach to diversification, this study advances a more holistic theoretical framing of rural welfare. The results underscore the need for policy approaches that not only expand access to profitable non-farm opportunities but also address structural barriers such as credit shortages, market access constraints, and gender disparities. In doing so, the study provides an important bridge between empirical realities and theoretical debates while offering original insights into the lived experiences of rural households in Ethiopia.

## 5. Conclusion

This study examined how rural households in Gibe District interpret and experience participation in non-farm activities, as well as the corresponding implications for their welfare. The findings confirm that non-farm work is perceived not as a departure from agricultural identity but as an essential complement that strengthens household resilience amid persistent agrarian uncertainties. Through participants' narratives, the study demonstrates that non-farm income enhances welfare across economic, social, and symbolic dimensions—improving household consumption, facilitating educational opportunities, expanding healthcare access, and strengthening women's bargaining power. At the same

time, the results reveal that these benefits are uneven and constrained by structural barriers, including unstable wages, capital shortages, and unequal access to high-return opportunities. By adopting an interpretive qualitative lens grounded in sustainable livelihood theory, the study contributes to the literature by highlighting the meaning-making processes through which households assess welfare, offering a novel perspective beyond conventional quantitative measures. Overall, the research underscores that diversification is both a necessity and a strategic aspiration, shaped by the interplay of risk, opportunity, and cultural significance.

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