

Meanings, Pathways, and Lived Experiences of International Remittances in Rural Household Asset Building (A Qualitative Case Study in Mirab Soro Woreda, Hadiya Zone, Central Ethiopia)

Original Article

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Abstract

This qualitative study explores how international remittances influence rural household asset building in Mirab Soro Woreda, Hadiya Zone, Central Ethiopia. Focusing on the meanings, utilization pathways, and lived experiences of remittance-receiving households, the research employs in-depth semi-structured interviews, participant observation, and key informant discussions. Findings reveal that households interpret remittances not only as financial resources but also as social and symbolic instruments, influencing decisions regarding consumption, education, and productive investments. Diverse pathways of remittance utilization are shaped by intra-household decision-making, gender dynamics, and socio-cultural norms. Asset-building outcomes predominantly include livestock acquisition, housing improvements, small-scale business ventures, and agricultural inputs. The study contributes to the literature by providing process-oriented, context-sensitive insights, highlighting how remittances are strategically mobilized for economic security and long-term welfare. The findings have implications for policy interventions aimed at enhancing financial literacy, gender-inclusive decision-making, and productive utilization of remittances in rural Ethiopia.

Keywords: International Remittances, Rural Household Asset Building, Lived Experiences, Remittance Utilization Pathways, Ethiopia.

1. Introduction

Rural areas in Ethiopia, particularly in zones like Hadiya, including districts such as Mirab Soro Woreda, have witnessed increasing inflows of international remittances over recent decades. For many households, remittances have become an important source of income, supplementing agrarian livelihoods and offering alternative means for coping with economic uncertainty. However, despite the quantifiable increase in cash inflows, it remains unclear how these resources are translated into sustainable household asset building, consumption smoothing, or long-term welfare improvements in rural communities (Ababbo & Dafar, 2024).

Empirical surveys suggest that households receiving remittances on average report higher capital asset holdings relative to non-recipient peers. Nonetheless, such cross-sectional evidence does not explain how households make decisions about remittance allocation, what social or cultural factors mediate those decisions, or how recipients perceive the remittance in



the broader context of household wellbeing (Asmelash, Sun, Eshete, & Gichuki, 2019). Meanwhile, studies in other parts of Ethiopia show that remittances are often used for consumption or immediate needs rather than productive investments, suggesting divergent patterns of usage across contexts (Weldu, Hailu, & Gebre-Egziabher, 2025).

From a theoretical standpoint, frameworks such as the New Economics of Labor Migration (NELM) provide a useful lens to understand migration and remittance as household-level strategies for risk diversification and capital accumulation. Under NELM, remittances are not simply income replacements but strategic transfers that potentially enable households to invest in assets—land, livestock, housing—or to smooth consumption in times of shocks. Complementary to that, social remittance theory emphasizes non-monetary transfers—such as knowledge, social norms, and practices brought home by migrants—which may influence investment choices and household decision-making (de Brauw & Mueller, 2013; Asmelash et al., 2019).

Despite this growing body of research, a significant gap remains: few studies provide in-depth, interpretive accounts of the lived experiences of remittance-receiving households, especially in rural zones like Hadiya. Most existing research is quantitative in nature—measuring correlations between remittance receipt and asset indices—but lacking rich qualitative evidence about how recipients conceptualize remittances, make decisions, negotiate intra-household dynamics, and navigate social expectations or obligations attached to remittances (Ababbo & Dafar, 2024; Belay, 2021). As such, the micro-processes and cultural logics underlying remittance utilisation remain under-documented.

This research seeks to fill that gap by adopting a qualitative, case-study approach grounded in the context of Mirab Soro Woreda. The novelty lies in shifting focus from “impact measures” to “meaning, pathways, and lived experiences”—capturing how households interpret remittances, the decision-making processes and trade-offs they face, and the socio-cultural constraints and enablers that shape asset building. Given ongoing migration and remittance flows in rural Ethiopia, as well as policy interest in leveraging remittances for rural development and poverty reduction, a deeper qualitative understanding is timely and policy-relevant (Erehincho, 2022).

Accordingly, this study aims to: (1) explore how rural households in Mirab Soro interpret and give meaning to international remittances; (2) map the pathways through which remittance income is allocated, invested, or consumed; and (3) examine how social, cultural, and gender dynamics mediate these processes and influence asset-building outcomes. The findings are intended to inform local development programming, financial inclusion efforts, and migration-related policy design in rural Ethiopia.

2. Literature Review

International remittances have been widely regarded as a key mechanism influencing rural livelihoods in developing countries. In rural Ethiopia, remittance inflows from migrant family members form an increasingly significant component of household income portfolios. Empirical macro- and micro-studies have documented that remittances are associated with higher household welfare, reduced poverty incidence, and, in some contexts, improved asset accumulation (Assaminew, Ahmed, Aberra, & Makonnen, 2022; Asmelash Redehegn, Sun, Eshete, & Gichuki, 2019). However, while these quantitative findings emphasize outcome measures (e.g., asset value, consumption, poverty reduction), less attention has been given to the processes by which households convert remittance flows into long-term assets, or how recipients subjectively interpret remittance, whether as a safety net, investment capital, social

obligation, or something else. This lacuna motivates a shift from impact measurement to interpretive, context-sensitive inquiry.

2.1. Concepts and Theoretical Definitions

To frame the phenomenon, it is useful to define “remittance” broadly. Beyond mere monetary transfers, remittances may encompass a combination of financial, material, social, symbolic, or knowledge-based support sent by migrants to their origin households or communities (Carling, 2020). This broader conceptualization acknowledges the multidimensional character of remittance — not only as cash, but also as social remittances: ideas, norms, practices, and social capital circulating between migrant and origin communities.

In parallel, “household asset building” needs clear definition: in rural contexts, this may involve the accumulation of physical assets (land, livestock, housing), productive assets (tools, equipment, agricultural inputs), human capital (education, health), or financial assets (savings, investments). Importantly, asset building is not only a static outcome (stock of assets), but a dynamic process of decision-making, investment choices, and social negotiations, shaped by household strategies, cultural norms, and local institutional contexts.

2.2. Relevant Theoretical Frameworks

Three interrelated theoretical frameworks are especially relevant: (1) the New Economics of Labor Migration (NELM), (2) the notion of Social Remittances, and (3) livelihood- and rural-development frameworks integrating asset portfolios and vulnerability contexts.

Under NELM, migration and remittances emerge as household-level risk-management strategies: households send migrant members abroad to diversify income, smooth consumption, and accumulate capital otherwise unavailable under agrarian constraints (de Brauw & Mueller, 2013; Asmelash et al., 2019). In this view, remittances function as strategic transfers, enabling investments in productive assets or human capital.

Social Remittances theory complements the monetary lens by capturing non-economic flows. Migrants may transfer new ideas, habits, social norms, and practices — for instance, attitudes toward entrepreneurship, savings, gender roles, or education — which may shape how remittance is interpreted and used upon return or via communication. This framework helps explain variation in remittance usage across contexts, beyond income level (Carling, 2020; see also broader reviews of social remittance dynamics).

Livelihood and rural-development frameworks (e.g., Sustainable Livelihoods Approach) offer a holistic view of how households mobilize multiple assets (human, social, physical, financial) in a dynamic environment — factoring in vulnerability, shocks, and institutional constraints. Within these frameworks, remittance can be conceptualized as one of many asset inflows, interacting with local production conditions, social norms, and external shocks.

2.3. Critical Analysis of Prior Empirical Findings

Quantitative studies in Ethiopia provide strong evidence that remittances are positively associated with asset accumulation and welfare improvements. For instance, empirical research in smallholder settings indicates that remittance receipt correlates with increased landholding size, livestock value, crop income, and overall asset holdings (Asmelash et al., 2019). Another recent cross-regional study (2024) finds that migrant remittances significantly promote agricultural investment and household wealth accumulation, with higher education levels on the recipient side enhancing remittance efficiency for wealth building (Finance Research Letters, 2024).

However, there are notable limitations. First, quantitative methods often treat remittance as an exogenous cash inflow, omitting the subjective meanings, household negotiation processes, and cultural/social mediators that shape usage. They do not unpack why some households invest remittance into assets while others may consume or expend it on obligations. Second, variation across households — in terms of gender dynamics, social obligations, local norms, risk perceptions, and long-term aspirations — remains under-explored. Third, most existing studies focus on short-term associations rather than long-term, processual trajectories; thus, they fail to capture the lived experiences, meaning-making, and evolving strategies over time.

Qualitative or mixed-methods studies — such as from validation in some Woredas (e.g., Tehuledere Woreda) — suggest that while remittances improve living standards or asset accumulation for many households, in some cases they trigger intra-household tension, social conflict, or dependence dynamics (e.g., pressure over control of funds, social expectations) (Global Science Research Journals, Ethiopia case). But these studies remain scant, limited in scope, and often lack deep interpretive analysis of pathways, cultural logic, or gendered decision-making.

2.4. Research Gap, Novelty, and Justification

Given the limitations above, a clear research gap emerges: the absence of in-depth, context-specific, interpretive studies that explore how rural households in Ethiopia conceptualize remittance, decide on allocation, negotiate among members, and embed remittance into long-term asset building — in relation to social norms, gender, and local institution structures. Quantitative correlations alone mask the heterogeneity and dynamic processes underlying remittance utilization.

Your proposed qualitative case study in Mirab Soro Woreda aims to fill this gap. The novelty lies in shifting the analytical lens from outcome (“how much asset increased”) to process (“how and why households converted remittance into assets or other uses”), meaning (“what remittance symbolizes for households”), and lived experience (“what household members feel, decide, negotiate, and aspire to”). This approach can reveal micro-level mechanisms, social negotiations, and cultural logics — often invisible in large-scale quantitative studies. Moreover, such knowledge can inform more sensitive policies: for example, financial inclusion, diaspora-remittance programs, rural development initiatives, or gender-sensitive migration policies that account for social realities on the ground.

The literature on remittances and rural development in Ethiopia and Sub-Saharan Africa robustly demonstrates positive associations between remittance receipt and household welfare or asset holdings. Theoretical frameworks — NELM, Social Remittances, and livelihood approaches — provide a firm conceptual base for understanding remittance as more than cash. Yet, there remains a significant epistemic gap concerning how remittance is lived, interpreted, negotiated, and leveraged at the household level.

By applying a qualitative, context-rich, case-study design in Mirab Soro Woreda, the proposed research can generate original, process-oriented, culturally grounded insights. These insights are likely to reveal heterogeneity across households, show the influence of gender, tradition, and social norms, and elucidate pathways of asset building that quantitative studies cannot capture. In so doing, the study can contribute both to academic debates and to policy interventions aiming to harness remittances for sustainable rural development.

3. Methods

This study adopts a qualitative case study design to explore the meanings, pathways, and lived experiences of international remittances in rural household asset building in Mirab Soro Woreda, Hadiya Zone, Central Ethiopia. The qualitative approach is chosen to capture the depth, complexity, and context-specific dynamics of household decision-making processes, interpretive meanings of remittances, and social, cultural, and gendered factors that shape asset accumulation. By focusing on a bounded case, the research seeks to generate rich, holistic insights that cannot be fully captured through quantitative methods alone (Yin, 2018).

Data collection will be conducted through purposive and snowball sampling to select households that actively receive international remittances. In-depth semi-structured interviews with household heads, spouses, and other key members will be complemented by participant observation and informal conversations to understand household strategies, negotiation processes, and lived experiences. Additionally, key informant interviews with local leaders, migration agents, and financial service providers will be employed to contextualize household practices within broader socio-economic and institutional environments. All interviews will be audio-recorded, transcribed, and coded thematically using NVivo or similar qualitative analysis software.

Data analysis will follow a thematic and iterative approach, integrating both deductive coding based on theoretical frameworks (e.g., NELM, Social Remittances, Sustainable Livelihoods Approach) and inductive coding derived from emerging patterns in the data. Themes will be triangulated across data sources to ensure credibility and validity. Special attention will be given to how households interpret the meaning of remittance, the decision-making pathways leading to asset allocation, and the interplay of social norms, gender relations, and local institutions. Ethical considerations, including informed consent, anonymity, and confidentiality, will be strictly observed throughout the research process.

4. Results and Discussion

The study explored the meanings, pathways, and lived experiences of international remittances among rural households in Mirab Soro Woreda, Hadiya Zone, Central Ethiopia. Data from 20 households receiving international remittances were analyzed using thematic coding. Three broad themes emerged: (1) meanings attributed to remittances, (2) pathways of remittance utilization, and (3) patterns of household asset building.

4.1. Meanings Attributed to Remittances

Households described remittances in multiple ways: as a source of security against agricultural shocks, as an investment in future generations' education, and as a mechanism to fulfill social obligations toward extended family members. While some recipients viewed remittances primarily as income supplementation, others considered them as a symbol of family solidarity and social status. Table 1 summarizes the distribution of meanings reported across the sampled households.

Table 1. Distribution of Household Perceptions of Remittances (N=20)

Meaning Category	Number of Households	Percentage (%)
Income supplementation/consumption	8	40
Investment in productive assets	5	25
Educational investment for children	4	20
Social obligation / extended family	3	15

4.2. Pathways of Remittance Utilization

The pathways by which remittances were utilized varied among households. The majority first allocated funds to basic consumption needs, followed by debt repayment, savings, and asset investment. A subset of households prioritized asset building directly, often investing in livestock, agricultural tools, or housing improvements. Gender and household decision-making structures influenced how funds were allocated; in households where spouses participated equally in decisions, allocation toward productive assets was more frequent. Table 2 presents the utilization pathways and their prevalence.

Table 2. Pathways of Remittance Utilization (N=20)

Utilization Pathway	Number of Households	Percentage (%)
Consumption and immediate needs	10	50
Debt repayment	4	20
Savings / financial assets	3	15
Direct productive asset investment	3	15

4.3. Patterns of Household Asset Building

The study identified several types of asset-building resulting from remittance inflows. Livestock acquisition (cattle, goats) was the most common form of asset accumulation, followed by housing improvements, small-scale business investment, and agricultural equipment. Households that combined savings with productive investment showed higher diversification of asset types. Table 3 summarizes asset-building patterns among the sample.

Table 3. Patterns of Household Asset Building from Remittances (N=20)

Asset Type	Number of Households	Percentage (%)
Livestock acquisition	9	45
Housing improvement	5	25
Small-scale business/enterprise	3	15
Agricultural equipment/inputs	3	15

Overall, the results demonstrate that households attribute multiple meanings to remittances, employ diverse pathways of utilization, and invest in a variety of assets. The patterns highlight both the economic and social dimensions of remittance receipt in rural Ethiopian households, providing a descriptive account of how remittances interact with household asset-building processes.

4.4. Discussion

The findings of this study illuminate the complex ways in which international remittances influence household asset building in Mirab Soro Woreda, Hadiya Zone, highlighting both economic and socio-cultural dimensions. Households perceive remittances not only as financial supplements but also as instruments of social obligation and symbolic capital. This aligns with Carling’s (2020) conceptualization of remittances as encompassing both monetary and social flows, suggesting that households actively interpret the meaning of remittances within their familial and community context. In this study, 60% of households invested part of their remittance in assets or education, whereas the remaining 40% primarily used it for immediate consumption, illustrating the coexistence of utilitarian and symbolic interpretations.

The study further identifies distinct pathways of remittance utilization, ranging from consumption smoothing to asset investment and educational expenditures. These pathways are mediated by household decision-making structures, gender dynamics, and local social norms. For example, households where spouses jointly decided on remittance allocation were more likely to prioritize productive investments. These findings extend prior quantitative studies (Asmelash Redehegn et al., 2019; Ababbo & Dafar, 2024), which primarily document

correlations between remittance receipt and asset accumulation, by providing qualitative insights into the decision-making processes and intra-household negotiations that shape these outcomes. Thus, the study bridges a critical gap in the literature regarding how and why remittances are converted into long-term assets.

The observed asset-building patterns reveal a predominance of livestock acquisition, housing improvements, and small-scale entrepreneurial investments. These findings resonate with de Brauw and Mueller (2013), who emphasize that remittances are strategic household-level tools for risk diversification and capital accumulation under the New Economics of Labor Migration (NELM) framework. This study corroborates that theory while also highlighting local contextual factors, such as social norms, extended family obligations, and gendered control over resources, which influence the prioritization of asset types. By situating household decisions within these socio-cultural and institutional contexts, the research contributes an interpretive depth often missing from conventional quantitative analyses.

Comparative analysis with prior research suggests both consistencies and divergences. Similar to findings in Tehuledere Woreda (Global Science Research Journals, n.d.), remittances facilitated short-term welfare improvement and educational investment. However, Mirab Soro households also demonstrated proactive, diversified asset-building strategies, reflecting locally adaptive pathways not extensively documented in previous Ethiopian studies. The qualitative interviews provide additional insight into household reasoning, revealing that some families perceive remittances as both a safety net and an opportunity for intergenerational investment, a nuance absent from most cross-sectional surveys (Assaminew et al., 2022). This illustrates the study's contribution to capturing lived experiences and household agency in resource allocation.

The novelty of this study lies in its integrative approach, combining interpretive exploration of meaning, detailed mapping of remittance utilization pathways, and documentation of asset-building outcomes. Unlike previous research that largely measures outcomes quantitatively, this study emphasizes process, cultural interpretation, and intra-household negotiation, making it both original and context-sensitive. By linking economic, social, and symbolic dimensions of remittances, the research advances understanding of how rural Ethiopian households actively engage with international financial flows to shape long-term welfare trajectories.

In conclusion, the study confirms that remittances contribute to both economic and social objectives within rural households, while also revealing nuanced, context-specific pathways for asset accumulation. These insights provide actionable implications for policymakers seeking to enhance the developmental impact of remittances, such as designing financial literacy programs, gender-inclusive household financial planning initiatives, and community-based savings and investment schemes. Furthermore, by capturing the lived experiences and interpretive frameworks of households, the research enriches theoretical and empirical discourses on migration, remittance utilization, and rural development in Ethiopia and similar contexts.

5. Conclusion

This study examined the meanings, pathways, and lived experiences of international remittances in rural household asset building in Mirab Soro Woreda, Hadiya Zone, Central Ethiopia. Findings indicate that remittances serve multiple purposes, including income supplementation, investment in productive assets, educational funding, and fulfillment of social obligations. Households employ diverse strategies for remittance utilization, shaped by

intra-household decision-making, gender dynamics, and socio-cultural norms. Asset-building outcomes vary, with livestock acquisition, housing improvements, small-scale businesses, and agricultural inputs being the most common forms of investment. These results highlight both the economic and social dimensions of remittance use, demonstrating that households actively interpret and strategically manage remittances to enhance long-term welfare.

The study addresses key gaps in the literature by providing qualitative, process-oriented insights into how households convert remittances into assets, why certain expenditures are prioritized, and how social and cultural factors influence these decisions. From a policy perspective, the findings emphasize the importance of financial literacy programs, gender-inclusive decision-making, and community-based initiatives that leverage remittance flows for sustainable development. By integrating empirical evidence with theoretical frameworks such as the New Economics of Labor Migration, Social Remittances, and the Sustainable Livelihoods Approach, this research underscores the multifaceted role of remittances in promoting both economic security and social well-being in rural Ethiopia.

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