

# RESEARCH PEARLS | FEDU PEARL #12

In our series “Research Pearls” we are providing first-hand insights into our dynamic and powerful diaries research. In Pearl #11 we discovered that among our respondents, income is quite spread across a number of different income sources. In this edition we pay a closer look to this tendency and examine in detail the characteristics and patterns of these mixed livelihoods.

## All but fixed - mixed livelihoods

As has been illustrated in Pearl #11, our FEDU respondents have a variety of income sources. We grouped different income activities into five categories. These are agriculture, including horticulture, livestock and crop farming, business activities, employment activities, income from gifts such as from a spouse or scholarship, and “other” income generating activities not mentioned.

The following graph shows the progression over time on the activities our respondents carried out in the two weeks preceding the interview. This graph shows merely the count of respondents, as a percentage, who did each activity; it does not refer to the amount of income received from each activity. For example, in biweekly 1, 17% of respondents did agricultural activities, 31% carried out business activities, and about 42% of respondents were engaged in employment activities. The most common source of income overall is “employment”, followed by “business” and “agriculture”.

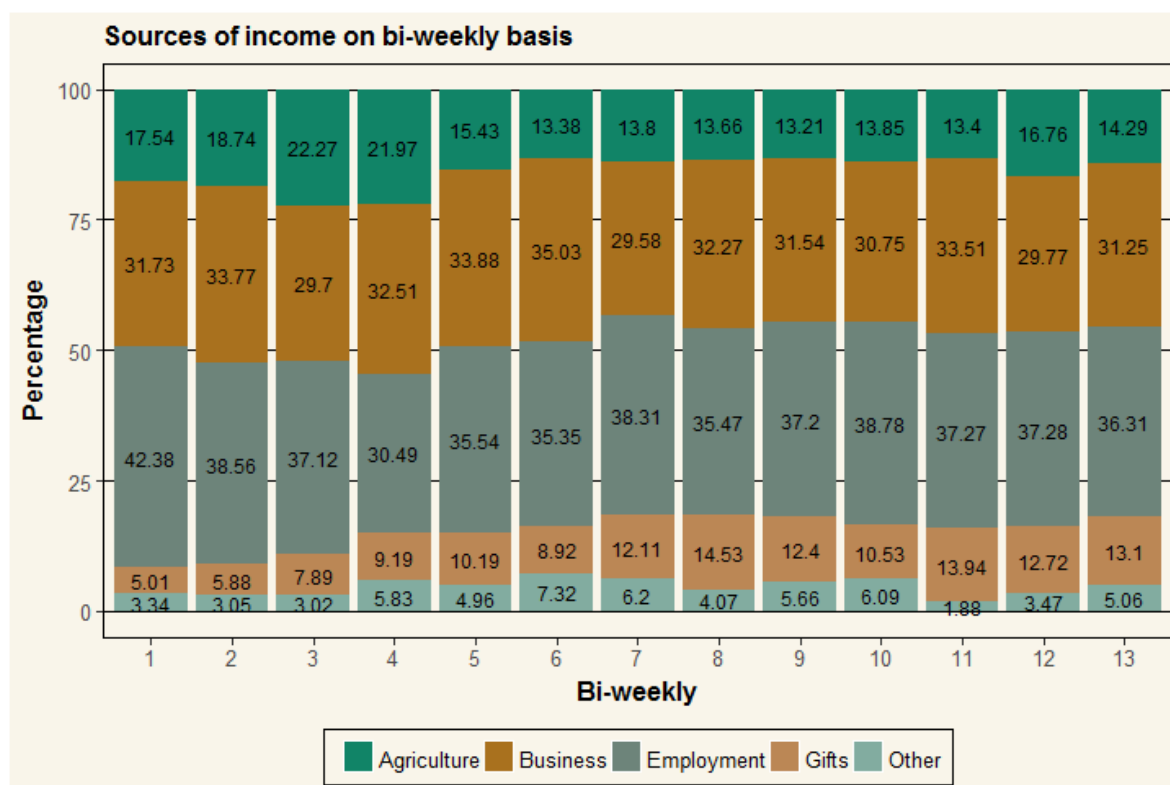


Figure 1: Sources of income on bi-weekly basis

On average, those who earn income from business earn a higher amount than others. The median income for business is UGX 65,000 for the six-month period, i.e. half of the respondents earn less than this amount over a six-month period. As can be seen below, those that earn the least are those active in agriculture, median pay in this case being UGX 25,000 over six months. Note that we have used the

indicator, because the distribution of incomes is quite asymmetrical which means that the average value would be misrepresentative.

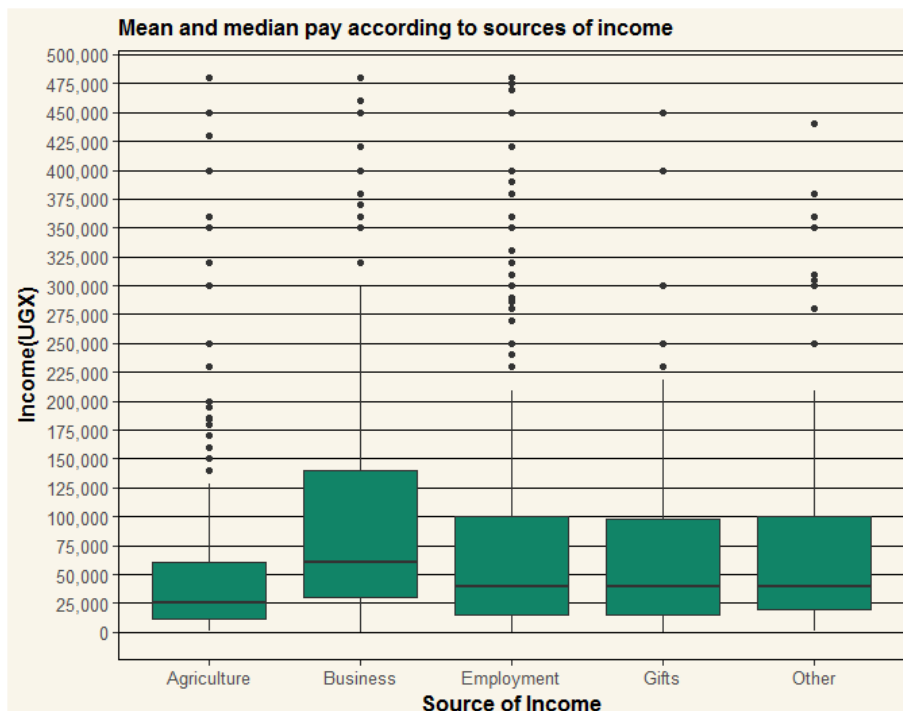


Figure 2: Mean and median pay according to sources of income

Looking at some sources of income individually, we can see the mean and median over the six-month interview period. Taking employment as an example, we can see that the mean and median fluctuate overtime compared to others. This is most likely due to the fact that there are few respondents who have permanent employment.

The graph also shows the median and 75th percentile. These lines show that 50% or 75%, respectively, of the respondents fall under the line presented in the graph, i.e. they get that amount or less of income.

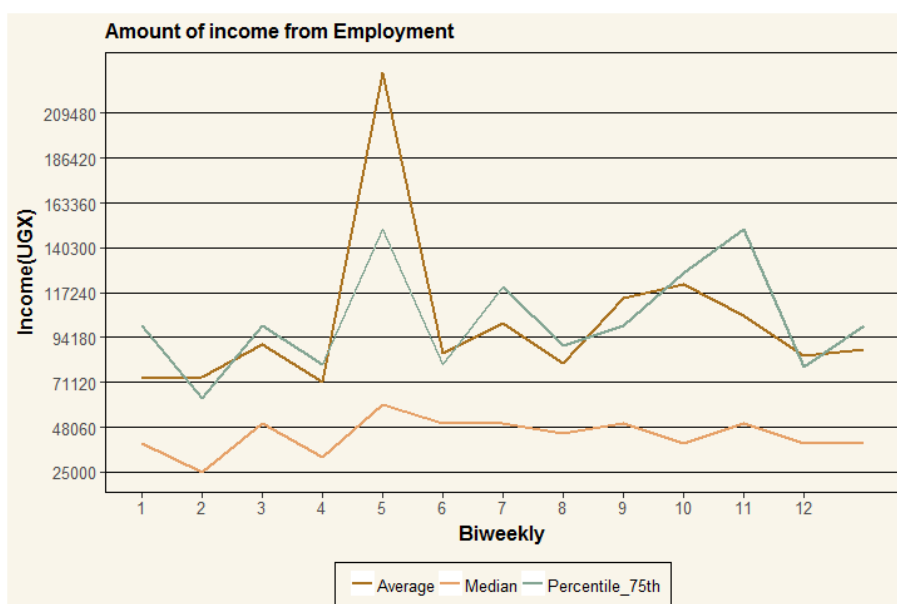


Figure 3: Amount of income from employment

## Varying sources of income

Most of our respondents have mixed income sources. In the below graph, we sample 100 respondents. Each bar represents one respondent. On the y-axis we see the count of sources of sources. To illustrate, the first and second respondents had only one source of income over the whole six-month period, namely from employment. The third had two sources of income over the six months, business and agriculture. The graph also shows that out of the 100 respondents sampled, more than 60 have two or more sources of income and about 20 have 3 or more sources of income.

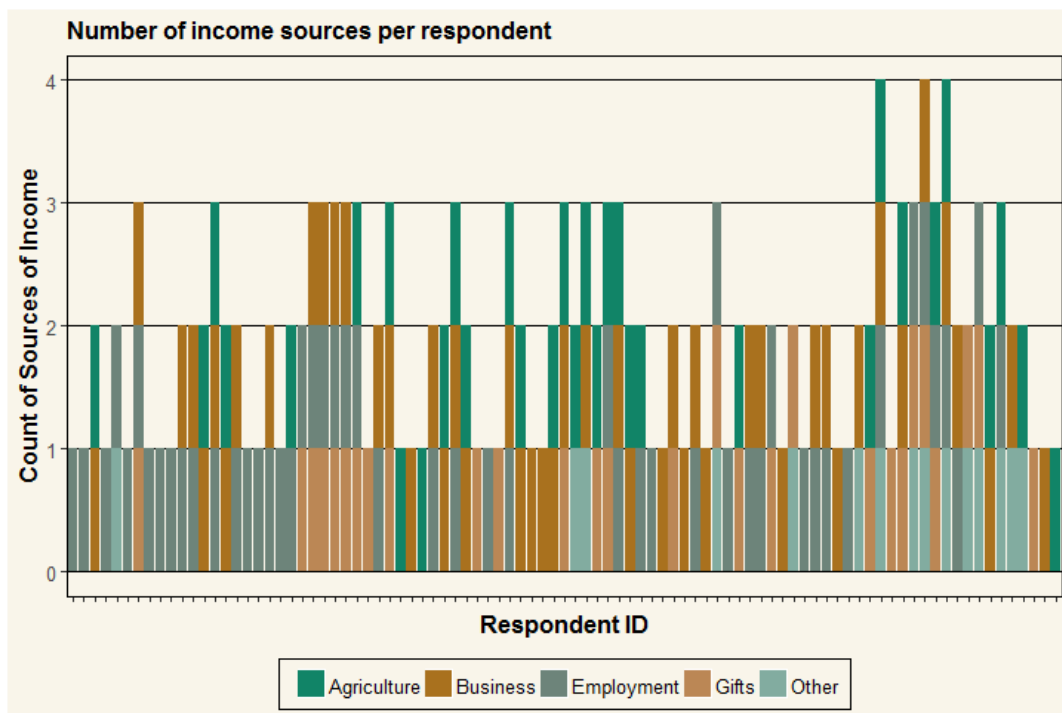


Figure 4: Number of income sources per respondent

## Fun facts

Interestingly, there was a statistically significant relationship between income and levels of happiness ( $p < 0.001$ ). Those respondents who earned more were more likely to report to be “very happy” or “little bit happy”.

Moreover, a statistically significant relationship between income and levels of stress was discovered ( $p < 0.001$ ). The data revealed that a difference in relation to low income was found in those respondents whose stress levels were “very stressed”. So those earning less are more likely to report to feel “very stressed”.<sup>1</sup>

## What does this mean for Financial Service Providers?

First of all, some financial service providers may find it surprising that people have such frequent employment and that the income range from employment is higher than from activities like “business”. Particularly in the microfinance institutions, the services are more geared towards people who are self-employed or micro-entrepreneurs.

<sup>1</sup> The relationships mentioned here are between people’s overall income during 6 months and their overall tendency to answer “very happy” and “a little bit happy” and “very stressed” during 6 months. We can still dive into the data and see whether there is a relationship between individuals’ income from the previous two weeks and

The crucial finding is visualized in the last graph of this research pearl. From there it can be noticed that people are combining different income sources. Moreover for almost two out of three respondents, one can say that they practice “mixed livelihoods”, given that they generate income from more than one source. Another important finding is that employment is typically an income source that exists alongside other income generating activities. Out of this random sample of 100, only 6 rely exclusively on “employment”.

For financial service providers it is therefore important that they assess their clients not only according to their business activity and business income, but that they carefully study additional income streams and recognize the relatively substantial amount of income from employment.

We hope you enjoyed this research pearl! As always, please let us know if you have any requests or suggestions.



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