

Determinants of Wealth and Socioeconomic Status of Rural Households: An Application of Multinomial Logit Model to Soybean Farmers in Northern Nigeria

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ABSTRACT This study combined the qualitative and quantitative techniques of data collection and analyses. It used the card-sorting technique of wealth ranking to stratify 307 randomly selected soybean-farming households into wealth categories, examined the validity of the key informants' wealth ranking as a way of assessing the socioeconomic status of rural farmers, and consequently investigated the factors that influenced households' socioeconomic status using the empirical multinomial logistic regression model. Data on the explanatory and other standard economic variables were collected using structured questionnaire administered by trained enumerators. Wealth ranking by key informants categorized 12.0% of respondents as rich, 46.6% as middle class, and 41.4% as poor farmers. The high positive and statistically significant associations found between the standard economic variables, including farm size and incomes, and households' wealth status support the construct validity and empirical evidence of the wealth ranking as a means of stratifying households by socioeconomic status. Results of regression analysis showed that ownership of means of transport, adult women resident in household and household size had significant influences on the households' wealth categories. Increases in these variables reduced the probability of being either in the poor households' category or in the middle class category compared to the probability of being in the rich category, although the effects were stronger for the poor versus the rich than for the middle class versus the rich households. Policies directed towards the improvement of households' wealth and socio-economic status should emphasize the use of these socioeconomic characteristics.