

**EXAMINING THE EFFECT OF FINANCIAL LITERACY ON HOUSEHOLD
INCOMES: A CASE OF WOMEN ENTREPRENEURS IN SMALL-SCALE
BUSINESSES IN BWERA SUB-COUNTY, KASESE DISTRICT**

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**UGANDA CHRISTIAN
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DECLARATION

I, NORAH ITUNGU, declare that this dissertation is my original work and has never been presented to any University.

Signature 
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Date 20th March 2025

APPROVAL

This is to certify that this dissertation, “*Examining the effect of financial literacy on household incomes: a case of women entrepreneurs in small-scale businesses in Bwera sub-county, Kasese district.*” has been conducted under my supervision and is ready for submission with my approval.

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LIST OF ACRONYMS

Acronym/Abbreviation	Meaning
BOU	Bank of Uganda
CVI	Content Validity Index
FI	Financial Inclusion
FL	Financial Literacy
HI	Household Income
ICT	Information Communication and Technology
ID	Income Diversification
IMF	International Monetary Fund
MFBs	Microfinance Banks
OECD	Organization for Economic Co-operation and Development
SACCOs	Savings and Credit Co-operatives
SD	Standard Deviation
SDGs	Sustainable Development Goals
SPSS	Statistical Package for the Social Sciences
UBOS	Uganda Bureau of Statistics
UK	United Kingdom
USAID	United States Agency for International Development

ABSTRACT

This study investigated the effectiveness of financial literacy on household incomes among small-scale women entrepreneurs in Kasese District. The study was based on three objectives: assessing the effect of budgeting on household incomes, examining the effect of saving on household incomes, and analysing the effect of investing on household incomes. An explanatory research design with a mixed-method approach was used, involving the collection of quantitative data from 98 women traders in Kasese through a survey questionnaire and interviews with 5 district leaders. The data was analysed using SPSS version 27 and Atlas. ti version 9. The study discovered that budgeting practices ($B = 0.428, p = .000$), Saving ($B = 0.382, p = .001$), and Investing practices ($B = 0.678, p = .000$) have a positive effect on household income among OF women entrepreneurs in Bwera sub-county in Kasese. This implies that efficient budgeting, saving and investing practices can help improve standards of living among women entrepreneurs in in Bwera sub-county. Therefore, the researcher recommends that implementing financial literacy programs for women entrepreneurs, focusing on budgeting, financial planning, and saving. District leadership should provide support through workshops, mentorship, and budgeting tools. It also suggests promoting community-based initiatives to encourage knowledge sharing among women entrepreneurs. The study advises increasing access to formal savings accounts and creating savings groups for saving. Regarding investments, it recommends training women in investment strategies and improving access to investment capital through microfinance and other programs, along with networking opportunities to connect with potential investors and partners.

Key words: Budgeting, investing, saving, women entrepreneurs, financial literacy

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Improving rural families' welfare situation and living standards is often the focus of international organisations. Uganda Vision 2040 points out Financial Literacy (FL) as the biggest impediment to access to finance, subsequently affecting the economy's competitiveness. This study explores the effect of financial literacy on household income among small-scale women entrepreneurs in Bwera Sub-County, Kasese District. This study aims at understanding the effectiveness of financial literacy on household incomes.

This Chapter covers the background to the problems, problem statement, objectives of the study, research questions, scope of the study, justification of research, and significance of the study.

1.1 Background to the Study

Globally, enhancing income opportunities for rural households is essential for helping them lift themselves out of poverty and driving economic development (Twumasi et al., 2022). Thus, Sustainable Development Goal 1 (SDG 1) promotes poverty reduction, serving as a foundation for achieving sustainable development worldwide (Onah et al., 2024). SDG 1, which aims to "end poverty in all its forms everywhere," highlights the urgency of addressing poverty as a fundamental human rights issue and a barrier to achieving broader development objectives (United Nations, 2015). Therefore, nations must strive to implement strategies for improving household incomes among their citizens (Ahamad & Narayana, 2023).

Women's economic empowerment refers to the ability of women to enjoy their right to control and benefit from their resources, assets, income and their own time, as well as the ability to manage risk and improve their economic status and well-being (Bhosle et al., 2020). However, women entrepreneurs face many barriers and challenges that limit their economic empowerment, such as lack of financial and human capital, gender-based discrimination and violence, social and cultural norms, legal and institutional constraints, and environmental and market risks (Efroymson & Jones, 2018).

In Africa, poverty remains a persistent and complex challenge (Adams, 2024). Equatorial Guinea currently holds the unfortunate distinction of having the highest poverty rate in Africa and the world, with a staggering rate of 76.80%. The country faces significant challenges in ensuring the well-being of its population. South Sudan is ranked 2nd globally and 1st within the East African Community, with a poverty rate of 76.4%. Uganda has a poverty rate of 21.4% and is ranked 82nd. According to the World Bank, approximately 9.2% of the world's population, or around 689 million people, lived in extreme poverty in 2020, defined as surviving on less than \$1.90 daily (World Bank, 2020).

According to the Uganda Bureau of Statistics (UBOS), the national poverty rate in 2019/20 was approximately 30%, reflecting a notable decrease from the international poverty rate of about 42%. Despite this, many households, especially the poorest and those in rural areas, struggled with rising prices, limiting their access to essential food products. Less than half of the population could afford sufficient amounts of essential items like sugar, cooking oil, and rice. Weather shocks, food inflation, and other factors are likely to hinder the positive effects of anticipated economic growth in 2023 and 2024 (UBOS, 2023).

However, despite the high poverty levels, Uganda has the highest proportion of women business owners in the Middle East and Africa, at 39.1%. This is attributed to a high level of societal acceptance and regard for risk-taking, innovation, individuality, and creativity in entrepreneurship (Mastercard, 2020). However, women-owned businesses in Uganda face serious challenges, such as lack of access to finance and high illiteracy levels, which continue to make their growth difficult (Kamukama, 2020). According to Nyandieka, (2022), women-owned enterprises in Uganda are also significantly affected by difficulties in accessing finance, land, and electricity, as well as the costs associated with business registration.

In response to these challenges, the Ugandan government has implemented several educational programs to improve literacy and ensure education for all. Initiatives like Universal Primary Education (UPE), Universal Secondary Education (USE), vocational and tertiary education, and Functional Adult Literacy have significantly increased school enrolment. For example, net enrolment at the primary level tripled from 2.3 million children in 1997 to 7.5 million in 2004, and exceeded 7.6 million in 2005/2006, achieving a net enrolment ratio of 86% (UNHS, 2006). These

efforts are aimed at addressing the educational barriers faced by many, including those affecting women entrepreneurs.

Assessing and improving household income have been topics of interest for many researchers worldwide, who have studied the relationship between variables such as mobile money, remittances, income diversification, social capital, international trade, financial inclusion, financial literacy, and household welfare. Notable studies include Munyegera and Matsumoto (2016); Khan and Morrissey (2023); Tekana and Oladele (2011); Adeoti et al. (2010); Marchand (2017); Mwisomba and Kiilu (2002); Phoumin and Kimura (2019); Aidoo et al. (2022); Taft et al. (2013); Chegini et al. (2021), among others. However, most of the studies in this field were conducted in the context of a developed country with economies that have developed and well-functioning financial systems. Less attention has been given to exploring the relationship between financial literacy and household income in the context of a district in a developing country, a gap that the current study intends to close concerning the Kasese district in Uganda.

Finally, this study was anchored on the Public Goods Theory of Financial Inclusion and the networking theory. The Public Goods Theory of Financial Inclusion theory argues that delivering formal financial services to the entire population and ensuring unrestricted access to finance should be treated as a public good (Ozili, 2020). Furthermore, Entrepreneurial networking theory provided concepts and constructs for examining the influence of entrepreneurial networking on the growth of SMEs. The theory provides an alternative to organize entrepreneurship activities outside the firms' boundaries. According to networking theory, an entrepreneur occupies a key position in a network. Bwisa (2011) believes that an entrepreneur's pivotal position in entrepreneurial networking provides greater opportunities to govern networking materials and members that affect business success.

1.2 Statement of the problem.

Increasing household income and, more generally, alleviation of poverty, nowadays, is one of the main objectives of economic development in the world (Chegini et al., 2021). Over the years, the Government of Uganda has introduced several household welfare improvement programs such as

the rural farmers scheme in the early 1990s, entandikwa in the run-up to 1996, bona bagaggawale in 2007, to the current emyooga which was introduced in October 2020 (Busiku, 2021).

However, despite these government interventions, the welfare of many households in Uganda remains low. It has been noted that 41% of the population lives on less than \$1.90 a day. The situation is particularly challenging for women entrepreneurs, who earn 30% less in profits compared to men and face gender-specific barriers, such as limited access to capital and segregation into lower-value sectors (Puerto, 2022). Additionally, women traders often have poor saving habits (Nakato, 2021). According to a Mastercard (2020) report, 61% of women-led small businesses in Uganda failed to generate income even as lockdown measures were eased in 2020. Furthermore, ActionAid Uganda (2022) revealed that women in small businesses face a higher burden of business licensing due to their enterprises' informal, small, and physically demanding nature. Consequently, the low household income levels among women entrepreneurs in Kasese may be linked to limited financial literacy. This study aims to investigate the role of financial literacy on household income, focusing on small-scale women entrepreneurs in Bwera Sub-County, Kasese District.

1.3 Objectives of the Study

1.3.1 General Objectives

To investigate the effectiveness of financial literacy on household incomes among small-scale women entrepreneurs in Kasese district.

1.3.2 Specific Objectives

The following specific objectives guided the study.

- i. To assess the effect of budgeting on household incomes of small-scale women entrepreneurs in Kasese district
- ii. To examine the effect of saving on household incomes of small-scale women entrepreneurs in Kasese district
- iii. To analyse the effect of investing on the household incomes of small-scale women entrepreneurs in Kasese district

1.4 Research questions

The following research questions guided the study

- i. What is the effect of budgeting on the household incomes of small-scale women entrepreneurs in the Kasese district?
- ii. What is the effect of saving on the household incomes of small-scale women entrepreneurs in the Kasese district?
- iii. What is the effect of investing on the household incomes of small-scale women entrepreneurs in the Kasese district?

1.5 Scope of the study

This sub-section is divided into three perspectives, namely geographical, content and time scope, as explained below

Geographically, the study was conducted in Bwera Sub-County, Kasese District. It focused on all female members of the Bwera Sub-County Traders' Association. This location was chosen due to numerous reports indicating that women entrepreneurs in the area continue to face unequal access to development assets, poor saving practices, and barriers to securing decent employment and entrepreneurial opportunities (Nakato, 2021).

Content scope: The study looked at financial literacy among women entrepreneurs, assessing how it affects their household income. The study assessed the effect of budgeting saving, and investing on the improvement of household incomes of small-scale women entrepreneurs in Kasese district

The study's time scope: the study was cross-sectional in nature and data was collected for two months from October to December 2024. During this time, significant changes were introduced in the financial sector, including the emphasis on using the National Identification Number (NIN) to obtain loans—a requirement that many people may not have been familiar with (Bank of Uganda, 2023).

1.6 Justification of the study

The study is justified because many women-operated businesses are constrained by a lack of appropriate or adequate financing and a poor saving culture. The ability to effectively finance women-led enterprises through financial literacy contributes to financial inclusion and, ultimately,

to their household income. Poor financial literacy poses a big challenge to many of the women entrepreneurs seeking to obtain financing from various financial institutions since some end up misusing it. Most women-operated businesses continue to perform below average, irrespective of the efforts put in place and personal finances invested in such businesses. Such challenges come amidst efforts by different development agencies in the country, like the Ministry of Gender and the Ministry of Finance, to ensure that financial inclusion is achieved, especially among women-owned businesses. Therefore, there is a great need to examine the effect of financial literacy on household income among small-scale women entrepreneurs in Bwera Sub-County, Kasese District.

1.7 Significance of the study

The results of this study are expected to be of value to the following stakeholders:

Financial institutions: The findings of the study will inform the employees of the financial institution's core challenges that are being faced in the banking sector related to challenges faced by women entrepreneurs trying to access financial support with the regulatory requirements that prevent them from accessing financial support.

Policymakers: The findings will provide valuable insights into how financial literacy affects household incomes and the unique hurdles that women entrepreneurs confront. This data can help guide the creation of specific policies and actions to improve financial education and support for small enterprises.

Researchers: The issues raised in this study will stimulate debate in the banking industry, encouraging researchers to conduct more research. Thus, it will lead to various research in this subject area. Therefore, the findings of this study will form a basis for further research for those interested in finding out more about financial literacy and how it impacts household income of women entrepreneurs.

Community Leaders and NGOs: The study will offer evidence-based recommendations for community leaders and non-governmental organisations supporting economic development and gender equality. It will highlight effective strategies for improving financial literacy and addressing barriers to economic opportunities for women.

Women Entrepreneurs: The findings will provide women entrepreneurs with insights into how enhancing their financial literacy can positively impact their household incomes and business growth. It will also help them understand the specific challenges they face and how to overcome them.

1.8 Operational definitions

Household income is defined as the total amount of income available for final consumption expenditure and other household expenditures that are not generally obligatory and for saving

Financial literacy is the knowledge, skills, and confidence to manage money effectively. It allows individuals to access a variety of quality and affordable financial services suited to their needs, thereby achieving financial inclusion

Budgeting refers to the act of preparing a budget or the activities of predicting and qualifying future requirements for finance

Saving refers to putting aside part of the income received especially in banks and other financial assets

Investment is defined as: An activity carried out by both natural persons and legal entities (juridical person), in an effort to increase and or maintain the value of capital, both in the form of cash (cash money), equipment, immovable assets, intellectual property rights, and expertise

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

A literature review examines all relevant data sources related to a specific research topic (Brewer, 2014). The literature review aims to explore, identify, assess, and interpret existing research on a particular phenomenon, addressing various research questions within the appropriate context (Santana & Purbadharmaja, 2021).

2.1 Theoretical Review

This study was anchored on Human Capital Development Theory.

2.2.1 Human Capital Development Theory

Human Capital Theory has its roots in the seventeenth century. According to Erasmus (2021), the concept of human capital can be traced back to the emergence of classical economics in 1776, which eventually developed into a scientific theory. Becker (1964) and Schultz (1961) are widely recognized as the pioneers of the Human Capital Development Theory. Schultz's (1961) theory identified human capital as a crucial factor for national economic development in today's economy. With the rise of human capital as an educational field, some researchers attempted to explain how human capital could contribute to sociopolitical expansion and freedom (Lazerson, 2004). On the other hand, Becker's (2012) work helped shape modern beliefs. The basic premise of human capital development theory is that investing in human capital will increase its value and, as a result, produce higher fiscal outputs.

The theory has been criticized because its legitimacy is sometimes difficult to confirm and is paradoxical. Historically, economic strength heavily relied on significant physical assets like land, factories, and equipment. Labor was a necessary component but increases in the value of commerce came from investments in capital equipment. Regardless of the criticisms, contemporary economists appear to agree that investing in education and health care is the solution to improving human capital and, ultimately, increasing the country's economic output (Tselios et al., 2017).

Human capital development is critical for economic transformation (Atiku & Lawal, 2022). The quality of human capital in any nation reflects that nation's developmental process because technological advancements are occurring at a rapid pace, and countries worldwide that do not want to fall behind must prepare for the challenges of new technologies. The presence of these new technologies has created a demand for human capital development through training and retraining individuals in new skills in existing and new occupational areas, allowing people to fit into today's and tomorrow's work environments (Njoku & Onyegbula, 2017).

Schultz (1994) expanded on the theory's applicability, claiming that its usefulness is more pronounced in changing situations, requiring workers to constantly adapt to new ideologies and work mechanisms. Furthermore, the theory contributes to a broader perspective on human behaviour based on the economic self-interest of individuals operating in freely competitive markets. This study is thus based on the premise that the human capital development theory encourages investment in human capital and that this type of investment results in higher outputs, including increased employee commitment. This theory is still valued for explaining social-economic phenomena like investing in financial literacy to increase household income.

Human Capital Development Theory emphasises investing in people's skills, education, and knowledge to increase their productivity and overall economic contributions. When people have access to education and training, they can improve their abilities, resulting in more job options, higher income, and increased innovation (Kijjambu et al., 2024). On an individual level, this promotes personal development and economic stability. A trained workforce promotes neighbourhood economic development, produces jobs, and improves social results. On a national scale, human capital development promotes national progress by increasing worker productivity, encouraging entrepreneurship, and driving competitiveness in the global market (Atiku & Lawal, 2022).

2.2 Empirical Review

The literature review is guided by the specific objectives of the study

2.2.1 The effect of budgeting on household incomes of small-scale women entrepreneurs

Mulani et al. (2019) carried out an empirical study to investigate how budgeting influences the performance of small and medium-sized enterprises (SMEs) in India. Using questionnaires and statistical tools, they thoroughly analyzed and addressed their research questions. The study drew its sample from 168 Indian SMEs located across three districts: Solapur, Pune, and Mumbai. The results revealed that the clarity of budgetary objectives had a substantial impact on SME performance, with well-defined goals leading to better outcomes. However, a notable limitation of the research is its focus on the Indian context, which differs from that of Kenya.

Okelo et al. (2019) investigated the relationship between fiscal deficits and economic growth in Kenya. The study employed both exploratory and causal research designs, using time-series data spanning 38 years from 1970 to 2007. The findings demonstrated a positive relationship between budget deficits and economic growth. Additionally, the study recommended ensuring prudent financial management and enhancing revenue collection by relevant authorities, while also emphasizing the need for controlling and regulating borrowing. A key limitation of this research lies in its methodology, as it utilized exploratory and causal designs, which differ from the current study's reliance on descriptive and correlational research methods.

Ambetsa (2018) conducted an empirical investigation into budgeting control practices among commercial airlines operating at Wilson Airport in Nairobi. The study highlighted key challenges, such as inadequate budget evaluations, insufficient involvement in the budgeting process, and a lack of top management support. Ambetsa concluded that budgets are utilized by airlines for various functions, including planning, execution, and performance evaluation. While all businesses create budgets, the approaches differ—some follow formal, systematic methods, while others employ a more informal process. The research emphasized that the critical factor lies in the effectiveness of budget preparation rather than merely having a budget in place. However, a notable limitation of the study is its focus on commercial airlines, which have operational dynamics distinct from small businesses, such as those funded by Women Entrepreneurs (WE).

Adetunji (2021) conducted a study in Osun State, Nigeria, to explore how financial literacy skills influence the survival of Small and Medium Enterprises (SMEs). The research included 980 SMEs

categorized into micro, small, and medium enterprises. The findings revealed that financial decision-making, money management, budgeting skills, saving habits, access to credit/loans, and investment knowledge were significantly linked to the survival of SMEs. However, the country's economic conditions negatively impacted entrepreneurs' financial decisions and saving culture. While money management, budgeting skills, investment knowledge, and credit/loan accessibility positively contributed to SME survival, financial decision-making and saving habits showed no significant impact. These factors are crucial for the sustainability of SMEs in Osun State, Nigeria (John, 2022).

Shah and Ali (2022) emphasised that financial literacy is vital in advancing financial inclusion. Their research revealed a direct relationship between the two, where lower financial literacy corresponds to reduced levels of financial inclusion. As financial literacy improves, individuals can make informed financial decisions, compare products effectively, and access financial services more easily. Moreover, enhanced financial literacy increases demand for formal financial products, such as debit cards, while driving interest in certain informal products. However, reliance on high-cost informal solutions, like payday loans, declines as financial literacy rises, showcasing a shift toward more sustainable financial choices (Christopher, 2021).

Key challenges to women's empowerment include insufficient financial support and inappropriate funding for activities. Women often face limited access to credit sources for expanding their initiatives, poorly trained facilitators for community projects, and disruptions caused by political interests that interfere with women's group leadership. These challenges are compounded by influence from community political forces (Moindi, 2012). To address these issues, it is recommended that economic empowerment efforts focus on increasing women's access to resources and opportunities such as jobs, financial services, property ownership, skill development, and market information. Women should also be encouraged to engage in entrepreneurial activities to gain a stronger role in economic decision-making. By exercising control over financial matters, women can optimize their own welfare and that of their households (Shetty & Hans, 2018).

The OECD (2017) expressed concern over the low levels of financial literacy worldwide, noting that only 48% of individuals could answer 70% of financial knowledge questions accurately. The report highlighted that individuals with higher financial literacy scores were more likely to demonstrate positive savings behavior and use formal financial products. While simpler financial products such as personal credit and mortgages have gained traction, more complex products like life insurance, pensions, and stocks remain inaccessible to less financially literate households. These households struggle with the complexities and expertise required to understand such products (as cited by Devlin, 2001).

Financial literacy is a key element of consumer protection. Despite efforts to increase transparency, the intricate nature of financial information often results in a knowledge gap between financial providers and consumers. Financial literacy empowers individuals to make informed financial decisions, effectively manage their money, and understand the importance of saving, investment, and prudent borrowing. Research indicates that individuals with lower financial literacy tend to encounter difficulties managing debt, save less, use expensive credit options, and fail to plan for their financial future (Deepak & Kumar, 2015).

Vijay and Senthil (2023) outlined several factors influencing the use of financial services, including challenges related to operational implementation, affordability, and financial literacy (as cited by Singh, 2021). They argued that financial inclusion is shaped by how financial services are utilized ("usage") and stressed that enhancing financial literacy is necessary to improve financial access and support better business performance (as cited by Anshika & Singla, 2022).

Sarpong and Nketiah-Amponsah (2022a) discovered that various components of financial literacy collectively explain about 11.2% of the variance in financial inclusion. Their study emphasized the significant impact of financial service usage on inclusive growth in Sub-Saharan Africa. Policymakers are encouraged to develop sustainable and inclusive financial systems that distribute growth benefits equitably. Similarly, Afolabi (2020) found that measures such as rural loans and increased bank branches positively influence inclusive growth. These studies advocate for enhanced financial services to support rural communities and foster economic progress.

Policymakers, financial inclusion advocates, and researchers are urged to delve deeper into the individual contributions of different financial literacy components.

2.2.2 The effect of saving on household incomes of small-scale Women Entrepreneurs

Women's economic empowerment in rural areas continues to face challenges, primarily due to limited access to savings and credit facilities. This financial gap significantly hampers their participation and hinders economic growth in these areas (Hunt et al., 2022; Steyn et al., 2020). People's attitudes toward savings improve when focused on achieving specific goals, such as funding education, growing family businesses, acquiring vocational skills, purchasing income-generating assets like livestock, buying a home, or managing health emergencies (Bjorvatn & Tungodden, 2018). Successfully reaching these goals builds confidence in saving for future needs and strengthens financial independence, employment opportunities, and overall economic empowerment (Jennings et al., 2016). To enhance savings in developing countries, especially among individuals and groups, safe and accessible saving platforms, such as savings clubs or mobile money solutions, should be promoted. Additionally, integrating ICT skills can improve financial accessibility and resolve challenges faced by people with disabilities (PWDs) (Sandnes, 2020; Manyerere, 2021).

Savings and Credit Cooperative Organizations (SACCOs) are vital in communities with limited access to formal financial services. They provide simple savings mechanisms, loan facilities, and social insurance for members. Members contribute weekly savings through share purchases and receive fair profits based on their contributions at the end of each business cycle. This promotes financial independence, self-reliance, and boosts self-esteem, especially among older adults. SACCOs also offer self-insurance schemes through social funds that provide grants to members facing emergencies or calamities (NAD et al., 2017). Safeguarding deposits and managing credit responsibly are key features of SACCO models, as outlined in their operational manuals (FEDOMA, 2016; NUDIPU et al., 2016).

The life-cycle hypothesis suggests that individuals' savings behaviors vary according to their age and life stages, with middle-aged individuals typically saving the most (Aidoo-Mensah, 2018). Socio-psychological theories of saving (Cohen, 1994; Duesenberry, 1949; Katona, 1975) argue

that savings are influenced by social and economic factors, such as motives, aspirations, and expectations (Aidoo-Mensah, 2018). Institutional Theory highlights the role of structured programs in encouraging savings. Five factors—access, information, incentives, facilitation, and expectations—play a crucial role in saving among low-income households. Barriers such as poor access to facilities and lack of financial literacy hinder savings. Incentives, like favorable interest rates, and clear saving goals drive higher savings. Education is also significant, as individuals with higher education levels tend to save more. Differences in employment status, urban versus rural living, and asset ownership further impact saving behaviors. Evidence shows that low-income households can save, especially when support programs and institutions are available. Policymakers should develop inclusive savings programs to address gaps in institutionalized saving mechanisms (Aidoo-Mensah, 2018; Curley et al., 2009).

Savings represent the portion of income set aside for future use, whether for investment or consumption (Kimunga, 2021). Domestic savings, particularly at the household level, have played a significant role in transforming economies and promoting sustained growth. The inability to save hampers investment, as the rate of savings often dictates the rate of investment. This, in turn, impacts economic empowerment, financial independence, and employment opportunities (Aidoo-Mensah, 2018). In Kampala, Uganda, many PWDs rely on their accumulated savings to start income-generating activities (IGAs) or small businesses, contributing to economic development and empowerment (Kimunga, 2021; Namatovu et al., 2012). Savings are critical for starting and sustaining businesses. In Kenya, studies have shown that clients prefer using savings or microfinance loans for business expansion (62%), education (40%), or addressing business risks (26%). Savings, particularly for rural dwellers and PWDs, enable asset accumulation, which loans typically do not support. However, savings services can sometimes be riskier and more expensive than other financing options (Kimunga, 2021).

Savings have a profound impact on the household incomes of small-scale women entrepreneurs by enhancing their financial stability and investment capacity. Research shows that when women consistently save, they are better equipped to handle unforeseen expenses, ensuring business continuity and growth (Kumar et al., 2020). Savings also provide essential capital for reinvestment, allowing women to expand their businesses and improve the quality of their products. Over time,

accumulated savings increase women's bargaining power within their households and communities, granting them greater autonomy in decision-making and overall empowerment (Mersland, 2015). Promoting a savings culture among small-scale women entrepreneurs boosts household income, fosters economic growth, and supports gender equality initiatives (Handicap International, 2016).

2.2.3 The effect of investing on the household incomes of small-scale women entrepreneurs

Kappal and Rastogi (2020) explored the investment behavior and decision-making processes of women entrepreneurs. The study revealed that these entrepreneurs view investments as long-term tools, exhibiting a risk-averse and conservative approach. Although they are inclined to take risks in their business ventures, they remain cautious regarding investment decisions. This low-risk behavior is primarily due to limited time and insufficient knowledge about various financial products. The research suggested increased familiarity with investment options could encourage women entrepreneurs to take greater risks. Furthermore, the study found that many women entrepreneurs mimic their parents' investment behaviors, a pattern also identified in the works of Hsu et al. (2018) and Verheul et al. (2021). These findings highlight the need for targeted financial education to enable women entrepreneurs to make informed and confident investment choices.

Investments play an essential role in boosting the household incomes of small-scale women entrepreneurs by offering avenues for wealth creation and business expansion. Research by Kumar et al. (2020) demonstrated that women entrepreneurs actively engaging in investment activities significantly enhance their financial resources, directly improving household income. Investment in diverse assets such as stocks, real estate, or business ventures provides these entrepreneurs with additional income streams, reducing financial vulnerabilities.

Financial literacy equips individuals with the knowledge and skills to assess financial products and investments, benefitting both consumers and the economy. It empowers individuals to make well-informed decisions about financial tools suited to their needs. From a regulatory perspective, financial literacy minimizes the necessity for stringent consumer protection measures by bridging information gaps between financial providers and consumers (Deepak & Kumar, 2015).

Investing also supports business growth, enabling entrepreneurs to hire more staff, boost production, and improve product quality. These improvements lead to increased sales and profits, ultimately strengthening household income. Mersland (2015) found that women who invest not only experience financial benefits but also gain confidence and enhanced financial literacy, enabling them to make better financial decisions for the future.

The benefits of investing extend beyond financial gains, positively impacting families and communities. Profits reinvested by women entrepreneurs often go towards critical needs such as education, healthcare, and other household priorities, thereby improving overall family welfare (Handicap International, 2016). Promoting investment opportunities for small-scale women entrepreneurs is vital for advancing economic empowerment and achieving broader social and developmental goals.

Geetha and Vimala (2024) argue that enhanced household savings can substantially contribute to wealth accumulation and subsequent investment. They highlight that increased household investment can drive GDP growth, create employment, and generate government revenue. Savings are essential for capital accumulation, forming the basis for investments (Uma et al., 2022). Additionally, household savings and investments can decrease reliance on foreign capital (Arok, 2019; Zubaidi et al., 2022). By leveraging domestic savings effectively, exposure to external economic shocks and instabilities can be mitigated.

2.3 Chapter Summary

In Chapter Two of this report, the literature review begins with an introduction to the study's fundamental concepts, followed by an exploration of how various scholars have defined the relevant study variables. It then reviews the theoretical framework, examining the connection between theories and the study's relationships. The chapter concludes with an empirical review that identifies research gaps and strengths and discusses the study's objectives.

Limited research that directly connects financial literacy to household incomes, specifically in the Kasese district. Most studies have focused on these factors related to broader social or national welfare, revealing a significant gap in literature. Additionally, research on household welfare

within developing African countries is scarce, further highlighting this gap. Consequently, this study explores the relationship between financial literacy and household income among SME women entrepreneurs in Kasese.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the research methodology that was used in conducting the study. It entails the research design and approaches, the population study, the sampling design, the sample size, data sources, data collection instruments, data validity and reliability, data processing and analysis, and ethical considerations of the study.

3.2 Research design and approach

The study adopted an explanatory research Design, which involves the analysis of the relationships between variables. According to Menesha and Mwanaumo, (2023) An explanatory research design helps to observe the underlying situations for a phenomenon that cannot be observed directly. It allows the researcher to gain an analytical understanding of any situation and can also be used to anticipate future outcomes (Kothari, 2004).

The study employed a mixed methods approach to offer a thorough understanding by using both qualitative and quantitative data, thus overcoming the limitations associated with each method. According to Hayes (2015), triangulation of these methods helps mitigate the weaknesses of one approach by cross-verifying findings with another, enhancing the consistency and generalizability of the research results. Mixed methods are preferred to highlight issues of need (quantitative data) and to give voice to these issues (qualitative data). In this current study, a mixed methods approach is taken to best understand the relationship between financial literacy and household income, to capture the strengths of both qualitative and quantitative methodologies (Creswell, 2003). Capturing women's budgeting, saving, and investing skills, along with the district leadership's financial literacy initiatives and how they affect the household incomes of women traders, led the researcher to examine these topics from different angles (qualitative and quantitative). Therefore, quantitative and qualitative approaches were used in a sequential study with two distinct phases.

3.4 Study population

The target population consists of 196 respondents. For the quantitative data, the study considered 186 female Bwera Sub-County Traders' Association members, Kasese District while 10 district leaders were considered for qualitative study. According to official documents from the association, this is the number of female traders in the trade association in Bwera Sub-County in Kasese. This population is considered due to the problem of household incomes despite the initiatives for financial literacy. However, the researcher collected qualitative data from 5 staff members at the district level and 5 at the sub-county for better data triangulation.

The study was conducted in Bwera Sub-County, Kasese District. It focused on all female members of the Bwera Sub-County Traders' Association. This location was chosen due to numerous reports (MGLSD, 2022) indicating that women entrepreneurs in the area continue to face unequal access to development assets, poor saving practices, and barriers to securing decent employment and entrepreneurial opportunities (Nakato, 2021).

3.5 Sample size

Orodho (2012) defined sampling as selecting a given number of subjects from a given population to represent the entire population, and all statements made about the sample must hold to the population.

The study used a sample size of 125 female members of the Bwera Sub-County Traders' Association, Kasese District, determined by using Krejcie & Morgan's (1970) table for sample size determination for a given population estimated from 186 population of female traders. All 10 Kasese district and Bwera Subcounty leaders were purposively considered for the interviews.

Table 3. 1: Sample size

Population category	Population	Sample	Sampling Method
Female Entrepreneurs	186	125	Simple random sampling
Kasese district Leaders	5	5	Census sampling
Bwera Subcounty Leaders	5	5	Census sampling
Total	196	135	

3.6 Sampling Techniques

The study used both simple random sampling and census sampling. Simple random sampling was used to select the female members of the Bwera Sub-County Traders' Association, Kasese District. The census sampling technique was utilized to obtain the Kasese leaders in the district with specific knowledge of financial literacy adoption. The simple sampling technique was utilized in the quantitative approach because it ensures that everyone in the population has an equal chance of being included (Bhardwaj, 2019).

3.7 Data types and sources

The study used both primary and secondary data. Primary data was collected through a questionnaire survey, and interviews that were conducted.

3.7.1 Primary source

Primary data are data the researcher personally collected through experiments, surveys, and other research methods (Flaherty et al., 2015). Interviews were used to gather qualitative data, whereas questionnaires were used to gather quantitative data.

3.7.2 Secondary source

In contrast, secondary data are gathered from published books, articles, and journals on financial literacy and household welfare (Nguyen, 2019). These consist of a review of the relevant literature from earlier studies, books, journals, newspaper articles, and the internet.

3.8 Data collection methods and tools

To obtain sufficient data about the study variables, data were sourced from both primary and secondary sources. Two methods were used, including the questionnaire survey and interviewing

3.8.1 Questionnaire survey method

The study utilized a questionnaire survey method of data collection. A questionnaire is a set of questions given to respondents to gather statistics about a particular subject. Questionnaires can help generalize entire populations or specific groups of people when they are thoughtfully designed and implemented (Grassini & Laumann, 2020). The female members of the Bwera Sub-County

Traders' Association, Kasese District, were randomly selected for the quantitative study and filled out the questionnaires. This approach is suitable for the study because it is a useful way to quickly gather various data from many people (Odongo et al., 2016). The 5-point Likert scale questionnaire ranging from 1 (strongly disagree) to 5 (strongly agree) was administered to respondents because it is comparatively easier to understand by the respondents and it is a very simple scale and identifies a neutral standpoint (Darnton, 2023).

3.8.2 Interview method

The study utilized face-to-face interviews to supplement the quantitative data because an interpretative (qualitative) approach was used in addition to the quantitative approach used for the investigation. The interview method is when a researcher asks a respondent question about a specific topic based on a predetermined interview outline, using tools to record the conversation and learn about the relative social situation (Zhao, 2022). Furthermore, the interview method enables the researcher to elicit additional information and clarification while capturing the interviewees' facial expressions. In addition, the interview method allows the researcher to probe for additional information and clarification and capture the interviewees' facial expressions. It also allows the research team to revisit some of the issues overlooked in previous instruments but still considered important for the study (Negash, 2019; Yunus, Idris, Rahman & Lai, 2017). Kasese district leaders were purposefully selected because they have hands-on information and experience in financial literacy and Household income.

3.8.3 Data collection procedure

After the study instrument had been approved, the researcher obtained an introductory letter from the University. The letters helped the researcher seek permission from the female members of the Bwera Sub-County Traders' Association, Kasese District, to allow them to participate in the study and explain the research's objectives. The research questionnaires were distributed to the intended respondents with the approval of Kasese District. After two weeks, the completed questionnaires were collected from the field. Primary data was collected sequentially using the mixed research approach. For example, after analyzing the quantitative data, an interview guide was used to capture in-depth qualitative data to supplement and explain data collected via the questionnaire.

In addition, respondents were informed of the study and its objectives physically, through emails, or phone calls. They were then asked whether they preferred filling out the online or manual questionnaire. A link to the online questionnaire was sent to all respondents who preferred the online questionnaire, while hard copies of the questionnaire were personally delivered to those who preferred the manual questionnaire. The filled-out manual questionnaires were collected from the respondents at the end of the two weeks.

3.9 Data quality

To ensure the quality of research, researchers must ensure the reliability and validity of the collected data. The study's reliability and validity are explained below:

3.9.1 Data validity

Validity is defined as the ability of the research instrument to measure what it was supposed to measure, thereby increasing the quality of the study findings (Heale & Twycross, 2015).

To ensure the validity of the research instrument (questionnaire), a pretest of the tool was carried out with three district leaders in Mukono. These leaders helped establish whether the items in the questionnaire and interview guide were essential. The results from the pretest were used to modify the questions in the data collection tool, ensuring the dependability of the instrument.

The interview guide was validated with the help of the supervisor. He reviewed the instrument and made comments on the questions in the interview guide. Questions found to be vague, as suggested by the supervisor, were rephrased or dropped, thereby removing ambiguity in the data collection tool. This ensured that the validity of the research instruments was upheld.

According to Lowe (2019), the pilot study test involved seeking respondents' opinions on the questions' meaning, clarity, and relevance to the studied constructs, and modifications were made where necessary.

Table 3. 2: Content validity Results

Variables	Number of items	Content validity Index
Budgeting	6	.712
Saving	6	.785
Investing	7	.710
Household income	8	.725

Source: Primary data (2024)

3.9.2 Data reliability

Reliability was defined by Golafshani (2003) as the degree to which a measurement tool can consistently yield the same result over a specified amount of time. It suggests that the device can be used again to produce comparable outcomes. According to Taherdoost (2019), reliability refers to the extent to which the results can be reproduced when the research is repeated under the same conditions. The results were consistent when the research instrument was used several times with similar respondents. The reliability of the questionnaire in this study was measured using the Cronbach's alpha test. The Cronbach's alpha coefficient had to exceed the minimum score of 0.7 for all the variables in the questionnaire to be considered sufficiently reliable.

To ensure the validity of the research instrument (questionnaire), a pilot test was conducted by administering questionnaires to 25 female traders purposely selected from Mukono Kame Market. According to Fink and Koch (2010), the minimum number of respondents for piloting a research instrument in a quantitative study is 20% of the sample size. These respondents did not participate in the final study.

Table 3. 3: Reliability Results

Variables	Number of items	Cronbach Alpha
Budgeting	6	.851
Saving	6	.700
Investing	7	.800
Household income	8	.805

Source: Primary data (2024)

3.10 Data analysis

3.10.1 Quantitative data analysis

Data analysis is a practice in which raw data is ordered and organized so that valuable information can be extracted from it (Mugenda & Mugenda, 2008). The quantitative data collected from the field was edited to remove errors made during data collection. Edited data was coded and entered into the computer for analysis using the Statistical Package for Social Sciences (SPSS) version 23. Quantitative data was analyzed using descriptive statistics such as frequency and percentage, as well as mean and standard deviation.

Descriptive statistical analysis determined the relationship between financial literacy and household incomes. The data were interpreted using descriptive statistics, such as percentages, mean, and standard deviation. Furthermore, inferential analysis, such as correlation and multiple regression analysis, was used to test the hypothesis.

Correlation analysis determined the relationship between independent and dependent variables. Correlation analysis is the data analysis method used to determine the direction and strength of the existing relationship between independent and dependent variables (Pallant, 2010; Goes and Simon, 2012). Multiple regression analysis was used to explain the relationship between the variables. Regression analysis was preferred in this study because it enabled the researcher to determine the significance of the effect between the variables and indicate their relative strength (Deng, 2018).

3.10.1 Qualitative data analysis

After gathering the data, the researcher was ready to interpret it qualitatively. The researcher examined every assertion, viewpoint, narrative, and description made by significant informants (Fellows & Liu, 2021). ATLAS-ti, a qualitative research tool, was used to edit, code, create themes, and analyze the field notes as part of the data analysis. In order to code and produce themes and patterns that were significant for the qualitative analysis, the researcher edited, condensed, and cleaned up all the field notes taken during interviews with key informants after data collection. The key themes from the participants' responses were considered during the software analysis (Silverman, 2020).

From the qualitative data, the researcher recognized, examined, and interpreted all patterns related to the literal meanings (Rodríguez-Dorans & Jacobs, 2020). To increase the study's validity, all data from interviewees and a review of the supporting documentation were triangulated during the analysis. The study selected and used outstanding relevant quotations, sentences, statements, and expressions to reflect the participants' actual feelings without changing the meaning.

3.11 Measurement of Variables

Understanding the study's variables and indicators allows the researcher to quantitatively measure them to test the developed hypothesis (Justine, 2020). The variables in this study included financial literacy, which was measured through budgeting, saving, and investing (Okombo, 2015). A five-point Likert scale was employed, ranging from 1 (strongly disagree) to 5 (strongly agree), to rank the various statements in the questionnaire for respondents to score (Azman et al., 2019). Budgeting was measured in terms of budget variance, written budget preparation, and resource allocation, with the six (6) questionnaire items adapted from Mahacek et al. (2019); Household income was measured by nature of life necessities/basic needs and household expenditure with 13 questionnaire items adapted from Wamalwa (2022). Furthermore, Savings was measured through key indicators, including regular income allocation, goal setting, and progress tracking. Investing was measured through several critical components assessing respondents' investment knowledge and behaviours with 6 questionnaire items adapted from Mahacek et al. (2019).

3.12 Ethical considerations

Ethical considerations in research aim to safeguard the study subjects (Fahie, 2014).

Ethical dimensions in the study were primarily guided by the works of Pallant (2020) and McCombes (2019). The study took into consideration anonymity and confidentiality while carrying out data collection. Respondents' consent was sought, and a rapport was built from the outset to establish the willing participants. In this regard, all the willing participants, except those outside the study area, were given a chance to participate, and those with no interest were not forced to participate as they would have provided unreliable data due to bias. The researcher considered copyrights by adhering to intellectual property rights and protocols, and the cited information was referenced and acknowledged to avoid plagiarism.

Letter of introduction-A letter of introduction, introducing the researcher, was obtained from the college. This letter was used to request permission from the Kasese District authorities where the study was conducted. After obtaining permission, questionnaires were distributed to the respondents and interviews were conducted.

Anonymity was exercised where responses were reported without respondent's identifiers. Also, respondents had a right to conceal information about themselves that they feel would be sensitive and private (Akaranga & Makau, 2016).

Confidentiality: Confidentiality was applied to protect the participant's information. All the data collected was treated with total discretion (Akaranga & Makau, 2016). All information provided by the respondents was used for academic purposes only. The participants' data was not exposed to any other subjects or shared with other respondents.

Respondents were asked to fill out a consent form before responding to the questionnaire, allowing them to accept or refuse participation in the study. Only those who filled in the form were willing to participate, and they were allowed to withdraw from the study at any time they wished, although this was not encouraged. Thus, no one was coerced to participate in the study..

With plagiarism, the researcher must ensure that any work's authors are cited. All the ideas, processes, results, and even words of other authors used in this study were acknowledged.

3.13 Limitations of the study

One significant limitation of this study was sampling bias, as the selection of participants may not have fully represented the entire population of female traders. To mitigate this, the researcher used stratified sampling to ensure diverse representation across demographics and trading sectors. Additionally, data reliability was a concern, particularly regarding self-reported information on sensitive topics. To address this, data was triangulated with secondary sources, or multiple respondents were included for cross-verification.

Another issue was the subjectivity in responses, where respondents may have provided socially desirable answers rather than honest feedback. To encourage honesty, the researcher assured

respondents of confidentiality and anonymity. Furthermore, the study's findings may have had limited generalizability, applying only to the specific context of the study area. The researcher clearly defined the context and acknowledged this limitation when discussing generalizability.

Temporal limitations also arose, as the study captured only a snapshot in time, potentially missing trends or changes. To enhance the study's depth, the researcher incorporated a longitudinal aspect or compared findings with previous studies for context. Additionally, there was a risk of researcher bias, where the researcher's perspectives could have inadvertently influenced data collection and interpretation. Multiple researchers or assistants were used for data collection to mitigate this, with regular reviews conducted to reduce bias.

Access to data was another challenge, as some records were not readily available or were incomplete. Building relationships with relevant organizations beforehand facilitated access to necessary documents. Moreover, cultural sensitivity impacted how respondents perceived and answered questions about stigma or sensitive issues. Conducting a pilot study helped refine questions to ensure they were culturally appropriate.

The limited timeframe for data collection restricted the exploration of all relevant issues, prompting the researcher to prioritize key research questions and adopt strategic data collection methods. Relying on research assistants introduced variability in how questions were posed or understood; therefore, comprehensive training for assistants was provided to ensure consistency.

Finally, respondents, particularly district leaders, may be resistant to engagement or honest feedback. To encourage participation, the researcher will schedule interviews at the respondents' convenience and clearly explain the significance of the study. By anticipating these limitations and implementing appropriate strategies, the researcher can enhance the study's robustness and validity.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS

4.1 Introduction

This chapter presents the analysis, interpretation and presentation of study findings. It is organized along the demographic data of the respondents, descriptive statistics and the main study objectives. It presents data on the response rate, the descriptive statistics and the findings on the objectives. The study also presents interpretations to the study findings as well as examining their potential implications in the context of this study. The study was guided by the following objectives; to assess the effect of budgeting on household incomes of small-scale women entrepreneurs in Kasese district, to examine the effect of saving on household incomes of small-scale women entrepreneurs in Kasese district and to analyse the effect of investing on the household incomes of small-scale women entrepreneurs in Kasese district.

4.2 Response rate

Response rate refers to the portion of respondents who participated in the study out of the selected sample size. In this study, 98 completed questionnaires were obtained from a selected sample of 125 respondents. The computed response rate of 78.4 percent shows that the results were not affected by non-response bias, given that it is well above the threshold value of 50 per cent, as recommended by Lindner and Wingenbach (2002). This high response rate is attributed to firstly, the study utilized both online and physical questionnaires, making it convenient for respondents to participate; secondly, a pilot study was conducted before the main survey, and research assistants received training on how to administer the questionnaires; and thirdly, the study allowed a two-month period for data collection, providing respondents with ample time to complete the questionnaires

4.3 Descriptive Statistics

This section presents the demographic characteristics and their descriptive statistics. It highlights how respondents were distributed by age, marital status, level of education, source of income, experience, average monthly income and annual credit level. In order to show how the various

study factors, differ among the various categories, the respondents' background information is crucial. The distribution of scores for the demographic variables is presented in Table 4.1 below;

Table 4. 1:Demographic characteristics of the respondents

Item	Classification	Frequency	Percent
Age	20-29	27	27.6
	30-39	33	33.7
	40-49	29	29.6
	50-above	9	9.2
	Total	98	100
Education level	Certificate	24	24.5
	Degree	6	6.1
	Diploma	38	38.8
	Primary	2	2
	Secondary	28	28.6
	Total	98	100
Marital status	Divorced	5	5.1
	Married	56	57.1
	Single	4	4.1
	Widowed	33	33.7
	Total	98	100
Monthly Income	100,000 and 200,000	23	23.5
	200,000 and 300,000	58	59.2
	300,000 and 400,000	4	4.1
	Above 400,000	2	2.0
	Less than 100,000	11	11.2
	Total	98	100
Experience	1-3	23	23.5
	10-above	33	33.7
	4-6	27	27.6
	7-9	15	15.3
	Total	98	100.0
Annual Average Credit level	Less than 250,000	47	48.0
	250,000and 500,000	31	31.6
	500,000 and 750,000	11	11.2
	750,000 and 1,000,000	8	8.2
	Above 1,000,000	1	1.0
	Total	98	100.0

Source: primary data (2024)

4.3.1 Age

The study sought to understand the representation of different age groups and their varying viewpoints. Based on the findings of the study, most of the respondents fall within the 30-39 age group bracket with 33.7%, followed by the 20-29 age group with 27.6%, while those 50 years and above recorded the least with 9.2%. The results have also indicated that most respondents' views are those of fairly young to middle-aged women entrepreneurs; this could mean active involvement in entrepreneurial activities within the district. Younger and middle-aged persons are usually more open to embracing modern entrepreneurship practices, technologies, and innovative business strategies. The relatively low representation of older entrepreneurs could indicate that this age group encounters more difficulties in adopting these new practices, either due to technology adoption barriers or a different approach to business management.

4.3.2 Education level

The respondents' educational levels, as shown in Table 4.1, shows that most of the respondents have attained a diploma level of education, 38.8%; secondary, 28.6%; and certificate, 24.5%. A lesser proportion holds a degree, 6.1%, and primary education, 2%. Therefore, respondents mainly fall in the foundational to intermediate level of education, as quite a good number have pursued their secondary and diploma levels of education. It only shows that a relatively lower percentage of respondents have obtained a degree or primary education, indicating that most of the entrepreneurs have some sort of formal education that could possibly affect their capability to manage and expand their businesses but may face some challenges to access higher education or even advanced entrepreneurial training.

4.3.3 Experience

Furthermore, the study investigated the respondents' experience and how this affects their business performance. Table 4.1 shows a large portion of the respondents (33.7%) have more than 10 years of experience in entrepreneurship, followed by 27.6% with 4-6 years of experience. A smaller percentage has 1-3 years (23.5%) or 7-9 years (15.3%) of experience. The varied experience levels suggest that the sample includes both seasoned entrepreneurs and newer participants, providing a broad perspective on the financial management practices of small-scale women entrepreneurs at different stages of their business development.

4.3.4 Marital status

The marital status of the respondents discloses that a majority are married 57.1%, followed by widowed women with 33.7%. A small percentage is divorced at 5.1% or single at 4.1%. This very high proportion of married women indicates that family dynamics probably have a great bearing on financial decisions among such entrepreneurs. The financial challenges and priorities of married women, in particular, in managing household incomes, may differ from those of single or divorced women; thus, understanding marital status as a factor in financial behaviour is important.

4.3.5 Monthly income

The majority of respondents (59.2%) earn between 200,000 and 300,000 UGX per month, with 23.5% earning between 100,000 and 200,000 UGX. Fewer respondents report higher incomes, with just 2% earning above 400,000 UGX and 4.1% earning between 300,000 and 400,000 UGX. The data suggests that a significant portion of these entrepreneurs have moderate to low monthly incomes, which may influence their ability to save and invest. This income range highlights the financial constraints faced by many small-scale women entrepreneurs in the region.

4.3.6 Annual Average Credit Level:

A greater number of respondents (48%) reported an annual average credit level of below 250,000 UGX, followed by 31.6%, who reported having a level between 250,000 to 500,000 UGX. Very few have higher levels of credit; 11.2% reported between 500,000 to 750,000 UGX, while just 1% have access to more than 1,000,000 UGX in credit. This means that most of the respondents rely on small-scale credit options, which might limit their investment and financial risk management capabilities. This could be one of the limiting factors in the growth and profitability of their businesses.

4.4 Descriptive statistics

Descriptive statistics describe the basic properties of data in a study. They give brief explanations for the sample measurements (Mvududu & Shannon, 2023). Descriptive statistics are useful research tools in a variety of domains, particularly for hypothesis creation, exploratory analysis, and data-driven decision-making. Advances in statistical approaches make data analysis more efficient (Alabi & Bukola, 2023).

In this section, descriptive statistics from the responses in the form of mean and standard deviation were presented. The respondents were requested to rate their opinions on the statements based on the study variables. The responses were measured on a 5-point scale of strongly disagree, disagree, neutral, agreed and strongly agree. Descriptive statistics were run to determine the extent of agreement or disagreement they had on the statement on a five-point Likert scale. Based on the scale adopted, strongly agree (5) and agree (4) indicate the relevance of the statement while not sure (3) disagree (2) and strongly disagree (1) indicate that the statement is insignificant. As such, mean scores that are above 3 indicate that the respondents agreed with the statement, 3 denotes that the respondents are not sure of the statement, and below 3 represents statements that are insignificant. The standard deviation was used to complement mean scores. As a result, the lower the standard deviation the more the significance of the statement.

4.4.1 Budgeting Practices among Women Entrepreneurs in Kasese District

Table 4. 2 Budgeting

Statements relating to Budgeting	F/%	DA	N	A	Total	Mean	Std. Deviation
I have written financial objectives of what I want to achieve in a year for my business.	F %	22 22.5	14 14.3	62 63.2	98 100	3.55	1.219
I prepare a budget for my business.	F %	27 27.6	20 20.4	51 52.1	98 100	3.44	1.301
I prepare a written budget for income	F %	23 23.5	14 14.3	61 62.2	98 100	3.51	1.133
I prepare a written budget for expenditure	F %	22 22.4	21 21.4	55 56.1	98 100	3.44	1.236
I compare my actual results with the budget.	F %	20 20.4	20 20.4	58 59.2	98 100	3.59	1.174
I use the budget to determine whether a business has the resources to acquire extra Assets.	F %	33 33.6	24 24.5	41 41.9	98 100	3.15	1.279

Interpretation of Mean; Mean of above 3.0 = Agreed, Mean Below 3.0 Disagreed and Mean =3.0 were undecided, F= frequency

Source: Primary data (2024)

Results on budgeting behavior among women entrepreneurs in the small-scale industry in the Kasese district indicate relatively positive positions in most of their responses on budgeting attributes. Statements like "I have written financial objectives of what I want to achieve in a year for my business" elicited a high mean of 3.55 with $SD=1.219$, implying that most respondents have a well-set financial goals system. This aligns with the broader practice of goal-setting, which is crucial for business success. However, 22.5% of respondents disagreed, suggesting that some entrepreneurs may not prioritize formal financial planning, which could hinder their ability to achieve their financial objectives. The statement "I prepare a budget for my business," obtained a mean of 3.44 ($SD=1.301$) that revealed that 52.1% of respondents prepared budgets, although this was positive regarding the indication of budgeting practice, the standard deviation also showed dispersion in response and that 27.6% of respondents did not agree. The presence of such variation supports that although budgeting may be one of the common practices, it might not always be consistent for all entrepreneurs to adhere to a structured budgeting process.

The statement "I prepare a written budget for income" had a mean of 3.51 ($SD=1.133$), showing that most respondents actually plan their income. This is an important aspect in managing cash flow and financial stability. However, 23.5% disagreed, and this may indicate that not all entrepreneurs may prioritize income planning, which could be averse to their financial management practices.

The statement "I prepare a written budget for expenditure" scored an average of 3.44 ($SD=1.236$), indicating that budgeting for expenditure is practiced, though with some inconsistencies, as reflected by the standard deviation. This therefore means that most respondents, while agreeing that budgeting for expenditure is important, face difficulties in putting this into consistent practice among themselves.

Finally, the statement, "I compare my actual results with the budget," got the highest mean score of 3.59 ($SD=1.174$), showing that most respondents were actually monitoring their financial performance by comparing the actual results to the budgets.

This practice is very important in assessing financial health and making informed business decisions. Overall, while respondents generally engage in budgeting practices, variability indicates

that there are areas where either support, education, or more consistent practices could improve financial management of women entrepreneurs in Kasese district.

4.4.2 Savings Practices among Women Entrepreneurs in Kasese District

Table 4. 3 Savings

Statements relating to Savings	F/%	DA	N	A	Total	Mean	Std. Deviation
I regularly set aside a portion of my income into savings.	F %	29 29.5	19 19.4	50 51	98 100	3.3	1.31
I have specific savings goals for both short-term and long-term needs	F %	23 23.4	17 17.3	58 59.2	98 100	3.55	1.245
I track my progress towards my savings goals regularly	F %	26 26.5	15 15.3	57 58.2	98 100	3.46	1.203
I have an emergency fund that covers at least three months of expenses.	F %	26 26.5	23 23.5	49 50	98 100	3.44	1.277
I prioritise saving before making discretionary purchases	F %	25 25.5	18 18.4	55 56.1	98 100	3.45	1.245
I regularly review and adjust my savings plan to meet my financial goals.	F %	24 24.5	25 25.5	49 50	98 100	3.36	1.195

Interpretation of Mean; Mean of above 3.0 = Agreed, Mean Below 3.0 Disagreed and Mean =3.0 were undecided, F= frequency

Source: Primary data (2024)

The results of the survey on savings practices among women entrepreneurs in Kasese district show a generally positive attitude toward saving, with some room for improvement in certain areas.

First, most of the respondents agree that they save part of their income on a regular basis, with a mean of 3.30 and a standard deviation of 1.31. However, the dispersion in the responses indicates that not all entrepreneurs have a consistent habit of saving, which may mean that some of them experience challenges in saving regularly.

Regarding savings goals, most of the women entrepreneurs reported having specific goals for both short-term and long-term needs, with a mean of 3.55 and a standard deviation of 1.245. This

implies strong planning and being proactive in saving, though variation shows that a few respondents might not have clearly defined savings objectives.

The mean score of 3.46 and standard deviation of 1.203 in regard to tracking progress show that a great number of respondents track the progress toward savings goals on a regular basis. However, variability indicates that some entrepreneurs might not monitor their savings, which will consequently affect their capability of achieving their financial objectives effectively.

In respect to emergency savings, the mean score of 3.44 and standard deviation of 1.277 indicate that most women entrepreneurs have at least a three-month emergency fund. However, the standard deviation shows that some entrepreneurs are not very keen on building up an emergency fund, which might expose them to financial risks due to unforeseen expenses.

A mean of 3.45 and a standard deviation of 1.245 show that most respondents also save first before making discretionary purchases. This is a good financial habit, though some entrepreneurs might be struggling in balancing savings against discretionary spending.

Finally, looking at the review and adjustment of savings plans, the average of 3.36, with a standard deviation of 1.195, infers that large numbers of respondents have reviewed their savings plans, although some might not, which negatively affects sticking to financial goals they have set.

Overall, most of the women entrepreneurs in Kasese district show good savings behavior. However, the variance across these responses suggests areas where extra support, education, or resources may be necessary to better realize consistent and effective ways to save.

4.4.3 Investing Practices among Women Entrepreneurs in Kasese District

Table 4. 4: Investing

Statements relating to Investing	F/%	DA	N	A	Total	Mean	Std. Deviation
I have a clear investment strategy that aligns with my financial goals.	F %	21 21.5	17 17.3	60 61.3	98 100	3.59	1.25
I regularly review and adjust my investment portfolio to maximize returns.	F %	25 25.5	18 18.4	55 56.2	98 100	3.49	1.302
I research and understand the risks associated with my investments.	F %	28 28.5	15 15.3	45 45.9	98 100	3.26	1.349
I diversify my investments to minimize risk.	F %	22 18	22.5 18.4	22 18	98 100	3.57	1.268
I keep up with market trends and economic news that may impact my investments.	F %	28 28.6	12 12.2	58 59.2	98 100	3.5	1.334
I use professional advice or tools to make informed investment decisions.	F %	15 15.3	5 5.1	78 79.6	98 100	3.85	1.213
I regularly contribute to my investment accounts according to my planned strategy	F %	14 14.2	15 15.3	69 70.4	98 100	3.83	1.184

Interpretation of Mean; Mean of above 3.0 = Agreed, Mean Below 3.0 Disagreed and Mean =3.0 were undecided, F= frequency

Source: Primary data (2024)

The results of the survey on investment practices among women entrepreneurs in Kasese district show a generally positive attitude toward investment, with a focus on strategic planning, risk management, and informed decision-making.

The majority of the respondents, 61.3%, agreed that they have a clear investment strategy that aligns with their financial goals, with a mean of 3.59 and a standard deviation of 1.25. This implies that most entrepreneurs place a strong emphasis on having a defined approach to investing, though variation in responses indicates that some may still lack a clearly defined strategy, which could affect their effectiveness in investing.

From the mean score of 3.49 and a standard deviation of 1.302 concerning the regular review of investment portfolios, it is evident that many respondents reviewed and changed their investment portfolios to ensure the maximization of returns. Even though the majority of women entrepreneurs were engaged in portfolio management, variability in the response shows that not all might be consistent in the practice; hence, it could lead to a limitation in optimizing investment outcomes.

Knowing investment risk, the mean of 3.26 and the standard deviation of 1.349 show that even though many respondents are aware of the risks in their investment, quite a significant portion may not do enough research or understand these risks. This therefore means more education or resources on risk management will better aid entrepreneurs to make more sober investment decisions.

The majority of the respondents also indicated that they diversify their investments to minimize risk, with a mean of 3.57 and a standard deviation of 1.268. This reflects a strong awareness of the importance of diversification in managing investment risks, although the variation suggests that some entrepreneurs might not implement diversification strategies consistently.

The mean score of 3.50 and standard deviation of 1.334 regarding keeping updated on market trends and economic news indicate that most women entrepreneurs keep up with the latest information that could affect their investments. This is an encouraging sign of proactive behavior in tracking external factors that may influence investment decisions.

The results also indicate that 79.6% of the respondents seek professional advice or tools to make informed investment decisions, with a mean score of 3.85 and a standard deviation of 1.213. This indicates that a large number of entrepreneurs depend on expert advice or tools to guide their investment decisions, which is a positive indicator of a well-informed investment approach.

Finally, the majority of respondents (70.4%) also regularly contribute to their investment accounts according to their planned strategy, with a mean score of 3.83 and a standard deviation of 1.184. This suggests that women entrepreneurs in the district are committed to following their investment plans and making consistent contributions—a behavior that is key to long-term investment success.

Overall, the results point out that women entrepreneurs within the Kasese district are generally interested in sound investment practices, strategic planning, risk management, and informed decision-making. However, variation in some of the responses shows some areas where more education, resources, and support can help further improve consistency in their investment practices.

4.4.4 Measuring Household income among Women Entrepreneurs in Kasese district

Table 4. 5: Household income

Statements relating to Household income	F/%	DA	N	A	Total	Mean	Std. Deviation
My household income has been increasing over the last three years.	F %	17 17.3	12 12.2	69 70.4	98 100	3.81	1.321
I feel confident in the stability of my household income	F %	22 22.5	9 9.2	67 68.4	98 100	3.74	1.334
I have investments to grow my income in the next three years	F %	23 23.4	15 15.3	60 61.3	98 100	3.58	1.369
My household income is sufficient to meet our basic needs	F %	20 20.4	6 6.1	72 73.5	98 100	3.74	1.311
I have experienced an improvement in my overall quality of life over the past three years	F %	14 14.3	8 8.2	76 77.5	98 100	4.01	1.239
My spending has increased due to changes in household income over the last three years.	F %	29 29.6	10 10.2	59 60.2	98 100	3.42	1.457
I have been able to save money as a result of increased income.	F %	29 29.6	10 10.2	59 60.2	98 100	3.49	1.423
I have been living a financially stable life for the last 3 years	F %	32 32.7	17 17.3	49 50	98 100	3.29	1.4

Interpretation of Mean; Mean of above 3.0 = Agreed, Mean Below 3.0 Disagreed and Mean =3.0 were undecided, F= frequency

Source: Primary data (2024)

The results on measuring household income among women entrepreneurs in Kasese district show generally positive perceptions of income growth, financial stability, and improvement in the quality of life, though there is some variation across the different statements.

The majority of the respondents (70.4%) agreed that their household income has been increasing over the last three years, with a mean score of 3.81 and a standard deviation of 1.321. This suggests that women entrepreneurs in the district have a strong feeling of growth in their incomes, meaning thereby that their enterprises have contributed to improving the financial well-being of their households. However, the standard deviation indicates that these perceptions are not without some variation, which means not all respondents had the same experience of increased income.

The mean score of 3.74 and the standard deviation of 1.334 regarding the confidence in stability of household income show that most respondents feel assured that their household income is stable. This is a very positive indicator of financial security, though the relatively higher variation does imply that, even so, a minority question the sustainability of their incomes.

About future income growth through investment: 61.3% agreed that they have investments planned to grow their income in the next three years, with a mean score of 3.58 and a standard deviation of 1.369. This would suggest that most women entrepreneurs are forward-looking, considering future financial growth, but the dispersion indicates that investment plans are not equally considered by all, possibly due to differences in financial strategies or available resources.

They agreed that the income their household received is enough to meet the basic needs at 73.5%, mean 3.74, and standard deviation of 1.311. From this result, it shows that a majority of women entrepreneurs in the district could make both ends meet at their households; though there could still be some women struggling to have their needs met from the income as depicted by the standard deviation.

One of the striking aspects is the high level of agreement, 77.5%, that respondents have seen an improvement in their quality of life over the last three years, with a mean of 4.01 and a standard deviation of 1.239. This indicates a positive impact of income growth on the general well-being of many women entrepreneurs, translating to a better quality of life for their families.

The statement regarding increased spending because of changes in household income during the last three years showed a mean of 3.42 with a standard deviation of 1.457, where 60.2% agreed. That means increased income has been associated with higher spending, but from the relatively

high standard deviation, it is seen that the extent of increased spending differs significantly among the respondents.

Regarding saving as a result of increased incomes, 60.2% agreed to this, with an average of 3.49 and a standard deviation of 1.423. This means that for most women entrepreneurs, they have been able to save due to their increased incomes, though again, the standard deviation indicates that some were not able to save.

Finally, on the question of financial stability over the last three years, 50% agreed, with a mean of 3.29 and a standard deviation of 1.4. This suggests that many women entrepreneurs feel financially stable, but a noticeable proportion may not feel as secure, as reflected by the variation in responses.

4.5 Relationship between Variables

4.5.1 Correlation analysis of the study variables

Bivariate analysis refers to analyzing pairs of variables using correlation or cross-tabulation (Scannella & Polizzi, 2021) Correlation analysis refers to two or more relevant variables, and the purpose is to measure the degree of how closely related the two variable factors are. Correlation does not equal causation and is also not a simple instantiate dependency. The field of correlation analysis covers almost all aspects we usually face.

The correlation analysis results are as shown in Table 4.6. Correlation analysis was carried out with the aim of measuring the possibility of any existing linear relationship between financial literacy construct of budgeting, saving and investing and household income through determining and interpreting the magnitude and direction of the resulting statistic. This was done using the Pearson Correlation coefficient (Hair et al., 2013; Field, 2009). The resulting relationships are shown in the Table 4.6.

Table 4. 6: Correlations Results

<u>Correlations</u>				
Variables	1	2	3	4
Household income (1)	1			
Budgeting (2)	.449**	1		
Saving (3)	.341**	.666**	1	
Investing (4)	.658**	.647**	.553**	1

** Correlation is significant at the 0.01 level and * Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data (2024)

The results revealed a significant positive correlation ($r=.449^{**}$, $p<0.05$) between Budgeting and Household income. The result suggests that there is a 44.9 per cent chance that household income among women entrepreneurs will increase with an increase in their budgeting practices. The results discovered a positive relationship ($r=.341^{**}$, $p<0.05$) between saving and household income growth. The result means that there is a 34.1 per cent chance that household income growth will increase with an increase in saving habits among women entrepreneurs. Furthermore, the study revealed that ($r= .658^{**}$, $p<0.01$) investing is correlated to household income growth, with a 65.8% chance that household income will also increase when investment increases.

From the interview with some of the district leaders, Participant 1 said

As district leaders, we've observed that financial management practices, especially budgeting, directly impact household income in our community. We find the study's result of increased budgeting skills of women entrepreneurs are associated with improved household income to be quite agreeable, as that's what we see at the grassroots level. If one plans and allocates resources appropriately, then one is apt to have stability, and such stability extends to households. What we need to prioritize to enhance economic growth within families are financial literacy programs that put an emphasis on budgeting.

In a related interview participant 2 said

Investment is a key driver of growth for both business and household incomes. We've seen instances where women entrepreneurs reinvest their profits in expanding their businesses or building their skills, which lead to better financial

outcomes for the household. We continue to underscore the need for calculated risk-taking in investment as such efforts bear direct, positive impacts on both their business and household financial health

4.6 Regression analysis

Regression analysis refers to the idea that two data sets are related and that, if one data set changes, the other data set will follow suit. Regression analysis is used in a variety of applications, including sales forecasting, developing new products and services, predicting future market trends, and more (Scannella & Polizzi, 2021).

Regression analysis was executed to reveal the magnitude by which predictor variables of financial literacy, predict household income growth among women traders in Kasese district. Prior to running regressions, tests of multiple regression were undertaken to ensure that robust regression results are obtained (Tabachnick & Fidell, 2001). The test results showed that the data were linear, normally distributed, homoscedastic and there was no multicollinearity.

Table 4. 7 ; Regression Analysis results

	Coefficients ^a						
	B	SE	Beta	t	p	Tolerance	VIF
(Constant)	.909	.366		2.483	.014		
Independent variables							
Budgeting	.428	.087	.449	4.922	.000	.933	1.071
Saving	.382	.108	.341	3.549	.001	.768	1.302
Investing	.678	.079	.658	8.570	.000	.797	1.254
Model summary							
R^2				.437			
Adjusted R^2				.419			
ANOVA							
F-values				F (3,94) = 73.450			
P-values				0.000			

a. Dependent Variable: Household income

p= Null hypothesis probability, B unstandardized beta, SE –Standard Error P-value (Probability which supports the null hypothesis) With P-value less 0.05 taken to be significant

Table 4.7, above, shows unstandardized beta (B-values), standardized beta (Beta-values), R-squared, degrees of freedom, F-values, and the significance values (P-values) used to interpret the results.

The main objective of the study, which sought to establish the effect of financial literacy operationalized in terms of budgeting, saving, and investing on household income, is summarized in Table 4.7.

4.6.1 Results on the effect of budgeting practices on household income.

The results in Table 4.7 indicate that budgeting has a positive and significant effect on household income ($\beta = 0.428$, $p = 0.000 < 0.05$). This implies that for every one-unit increase in budgeting practices among women entrepreneurs in small-scale businesses in Bwera Sub- County, their household income increases by 0.428 units, with other factors held constant. This finding reveals that budgeting is a positive predictor of household income. The findings suggest that when women entrepreneurs in Kasese District improve budgeting practices, including revenue forecasting, expense categorization, setting priorities, cash flow management, and the use of simple tools, it can lead to an increase in their household income.

4.6.2 Results on the effect of Saving practices on household income.

Furthermore, the findings in Table 4.7 show that saving has a positive and significant effect on household income ($\beta = 0.382$, $p = 0.001 < 0.05$). This implies that for every one-unit increase in saving among women entrepreneurs in small-scale businesses in Bwera Sub-County, their household income increases by 0.382 units, with other factors held constant. This result reveals that saving is a positive predictor of household income. The findings propose that when women entrepreneurs in Kasese District improve their savings in terms of Amounts saved, savings Frequency, Savings Instruments such as bank accounts and improving their savings Behavior, it can result in an increase in their household income.

4.6.3 Results on the effect of investing on household income.

The results presented in Table 4.7 indicate that investing has a positive and significant impact on household income ($\beta = 0.678$, $p = 0.000 < 0.05$). This suggests that for each one-unit increase in

investing among women entrepreneurs in small-scale businesses in Bwera Sub-County, their household income rises by 0.678 units, assuming other factors remain constant. These findings highlight that investing is a significant predictor of household income. It implies that if women entrepreneurs in Kasese District enhance their investing practices—such as increasing the amounts invested, investing more frequently, seeking investment knowledge and awareness, and improving their planning for their investment—they could see an increase in their household income

The findings also indicate that the percentage variance in the financial literacy construct explaining changes in household income is 43.7% ($R^2 = 0.437$, $p = 0.000$). This statistic measures the strength of the relationship between the modelled independent variables and household income. The obtained statistic exceeds the commonly accepted average of 10% in social research, indicating high predictive power. Additionally, it is not excessively high (above 80%), which reduces concerns about multicollinearity among the explanatory variables (Ozili, 2023) Frost (2019) supports the argument that a high r-square is okay in behavioural studies since it's possible to model all variables affecting the dependent variables.

From the interviews, participant 3 said

District leadership plays an important role in increasing financial literacy, and the findings of this study support that. We understand that budgeting, saving, and investing are critical for business growth and the well-being of families. As leaders, we are committed to offering financial education programs and policies that empower women to make healthy financial decisions. This will help them build their enterprises and, consequently, enhance their families' financial stability.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

5.0 Introduction

This chapter summarises major findings, conclusions, discussions and recommendations. The study investigated the effectiveness of financial literacy on household incomes among small-scale women entrepreneurs in Kasese district. The study had a good response rate to work with as indicated by 78.4% of the questionnaires that were filled and returned. This chapter concludes the research by providing a summary and recommendations based on the findings. It discusses the implications of the results and proposes potential avenues for future research. Additionally, it compares the study's findings with those of other researchers as outlined in the literature review.

5.1 Summary of Findings

The section summarises the findings based on the research objectives that guided the study.

5.1.1 The effect of budgeting on household incomes of small-scale women entrepreneurs in Kasese district

The study discovered a significant effect of budgeting ($B=0.428$, $p=0.000$) on household incomes of small-scale women entrepreneurs in Kasese District. This implies that budgeting is a predictor of household welfare among residents of Kasese District, with a one-unit increase in budgeting leading to a 0.428-unit increase in household income.

The finding, however, indicates that better budgeting practices can potentially enhance the households' financial stability and, consequently, their economic well-being directly. Small-scale women entrepreneurs who plan and allocate appropriate finances will optimise the returns for reinvestment into higher growth opportunities, thus protecting better living standards and a high level of economic resilience among the family members. The strong statistical significance, with $p=0.000$, shows a very low probability that this result is due to chance and indicates the importance of budgeting as a tool for economic improvement in this community.

5.1.2 The effect of saving on household incomes of small-scale women entrepreneurs in Kasese district.

The study revealed a significant effect of saving ($B=0.382$, $p=0.000$) on the household incomes of small-scale women entrepreneurs in the Kasese District. This implies that saving is a predictor of household welfare among women entrepreneurs of Kasese District, with a one-unit increase in saving leading to a 0.382-unit increase in household income.

This research emphasises the importance of saving for household financial stability and economic well-being. Women entrepreneurs can increase their overall financial stability by setting aside a percentage of their revenue regularly. The great statistical significance ($p=0.000$) emphasizes the trustworthiness of this conclusion, suggesting that increasing saving practices could significantly improve the economic resilience and prosperity of families in Kasese District.

5.1.3 The effect of investing on household incomes of small-scale women entrepreneurs in Kasese district.

The study discovered a significant effect of investing ($B=0.678$, $p=0.000$) on the household incomes of small-scale women entrepreneurs in the Kasese District. This implies that investing is a predictor of household welfare among women entrepreneurs of Kasese District, with a one-unit increase in investing leading to a 0.678-unit increase in household income.

The finding demonstrates the significant impact that investing may have on household financial security and economic development. Women entrepreneurs can dramatically increase their income by investing in productive companies, allowing for higher living standards and more prospects for growth. The great statistical significance ($p=0.000$) highlights the durability of this conclusion, implying that increasing investing habits among women entrepreneurs could lead to substantial economic benefits for families in the region.

5.2 Discussion the Key Results

This section discusses findings based on the objectives of the study.

5.2.1 The effect of budgeting on household incomes of small-scale women entrepreneurs in Kasese district

The study discovered a significant effect of budgeting on the household incomes of small-scale women entrepreneurs in the Kasese District. The findings are consistent with different scholars such as Mbogo et al. (2021), Kamau and Mungai (2020), Sebastian, (2018) and Matsoso et al. (2021).

The study examined the effect of budgeting practices, including planning for cash flows (BP), controlling cash flows (BC), resources allocation (BRA), activity coordination (AC), and monitoring financial position (MFP), on the Financial Performance (FPM) of Manufacturing Small and Medium Enterprises in Nairobi County, Kenya. Mbogo et al. (2021) found that budgeting practices positively and significantly influence manufacturing SME's financial performance. The findings of this study suggest that the financial performance of a manufacturing SME can be improved by deploying strategic action in budgeting practices in the form of planning for cash flows (BP), controlling cash flows (BC), resources allocation (BRA), activity coordination (AC) and monitoring financial position (MFP). This is consistent with the current budgeting practices found to be important among women entrepreneurs in Kasese district if they are to improve their household income.

In the related study about the effect of cash budgeting practices on the profitability of Small and Medium-sized Enterprises in Nyeri County, Kenya. Kamau and Mungai (2020) found the coefficient for cash budgeting ($\beta=0.601$, $p=0.021$) shows that cash budgeting has a statistically significant effect on profitability, with one unit increase in cash budgeting leading to 0.601 units profitability of Small and Medium-sized Enterprises in Nyeri County, Kenya, the current study found a comparable results of a one-unit increase in budgeting leading to a 0.428-unit increase in household income. This could be attributed to the similarity in analysis were both the current and the Kamau and Mungai (2020)'s study used parametric methods of Pearson correlation analysis and linear regression. In addition, it is recommended that the government through her agencies such as the National Chamber of Commerce and Industry and the Small and Medium Enterprise Authority consider financial literacy training for SMEs to enlighten them on best practices in business management especially matters related to cash budgeting

Furthermore, accompanied by good financial knowledge, skills, and attitudes, financial behavior is the ultimate step to making responsible and informed financial decisions. Clark et al. (2020) believed that financial behavior plays a decisive role in the face of the vast array of product choices and financial information available in today's market. To have a more accurate and comprehensive understanding of the meaning of financial literacy, several scholars, based on the collection and aggregation of relevant literature, have argued that financial literacy involves the knowledge, skills, attitudes, and behaviors necessary to achieve financial well-being.

According to Matsoso et al. (2021), the fundamental cause could be that managerial control reduces a firm's total expenses to a minimum, resulting in increased profit. It is also interesting to note that formal budget planning and formal budgetary control exhibit distinct patterns in terms of their impact on financial performance. Formal budgeting planning has a greater impact on the increase of sales for manufacturing enterprises than formal budgetary supervision. However, its impact on profit growth becomes relatively small, whereas formal budgetary control, in contrast, has a large effect on profit growth in manufacturing enterprises.

Furthermore, Matsoso et al. (2021)'s evaluated budgeting and budgetary controls among small and medium-sized enterprises (SMEs) in a developing economy. The study found that effective budgeting is more likely when key SME stakeholders have a positive view of budgeting and budgetary controls. It also revealed that the level of education of SME operators influences their perception of budgeting, with more educated respondents recognising the importance of robust budgeting systems. Although the study focused on manufacturing SMEs, it suggests that the manufacturing budget is the least utilised budgeting system among these organisations.

5.2.2 The effect of saving on household incomes of small-scale women entrepreneurs in Kasese district

The study revealed a significant positive effect of saving practices on household incomes of small-scale women entrepreneurs in Kasese District. The findings are consistent with different scholars

such as Daher et al. (2022), Ahmed et al. (2024), Alshebami and Al Marri (2022) and Ribaj and Mexhuani (2021).

Ribaj and Mexhuani (2021) assessed the correlation between savings and economic growth has been the subject of research for some well-known economists. The study used data used was from 2010 to 2017 and has been analyzed using the augmented Dickey-Fuller tests, Johansen cointegration tests, and Ganger causality test. The study revealed confirms that countries whose national savings rate is high are not dependent on foreign direct investment; consequently, the risk arising from volatile foreign direct investment decreases significantly. This concurs with the results of the current study which indicates that saving has a significant effect on household incomes of small-scale women entrepreneurs in Kasese district. In a related finding Koomson et al. (2023) found a positive effect of MoMo adoption on digital savings implying that owners of MoMo accounts now have alternative avenues to accumulate savings rather than having to rely on conventional channels that are associated with rigidities. The positive association between MoMo adoption and access to digital credit is a welcome development considering the widely documented existence of constraints in the conventional credit market due to the rigorous evaluation procedures involved.

Alshebami and Al Marri (2022) examined saving behavior as a mediator in the relationship between financial literacy and entrepreneurial intention. The study found there is no direct relationship between financial literacy and entrepreneurial intent. However, it has been reported that saving behavior can mediate between financial literacy and entrepreneurial intent. In a similar study Daher et al. (2022), revealed changes in several domains of women's lives (economic, personal and relational), emphasizing that these programmes enable them to think about the future, expand their social support networks, and become entrepreneurs. The concluded that savings interventions have considerable advantage over microcredit programmes for facilitating female empowerment and that the merits of these interventions go far beyond financial inclusion with significant impacts on women's psychosocial well-being and broader empowerment.

Ahmed et al. (2024) conducted a study on the influence of small and medium-scale enterprises (SMEs) on the empowerment of women in Oyo State. The majority of respondents indicated that their involvement in SMEs had a positive effect on their personal savings and financial stability. They also believed that government policies and support systems would effectively promote their savings through SMEs in the area. The study found that SMEs contribute to the improvement of financial literacy, enabling women to utilize their savings for specific purposes such as education, healthcare, or investments. Respondents agreed that participating in SMEs had economically and socially empowered them.

However, Ahmed et al. (2024) found that some respondents experienced economic challenges and a decline in their financial situation. Additionally, a significant proportion of participants earned their money from salaries and wages and had observed an improvement in their living conditions. The study underscored the essential role of SMEs in advancing women's empowerment in Oyo State. To maximise the benefits of SME involvement, it is important to provide further support and create an enabling environment for these businesses. This includes offering financial resources, specialised training programs, improved market access, and regulations supporting SMEs' growth and sustainability. Consequently, this will enhance the positive impact of SMEs on women's empowerment in the region.

5.2.3 The effect of investing on household incomes of small-scale women entrepreneurs in Kasese district

The study found a significant positive effect of investing practices on household incomes of small-scale women entrepreneurs in Kasese District. The findings are consistent with different scholars such as Kappal and Rastogi (2020), Chakrabarty and Mukherjee (2022) and Sharma and Kota, (2019)

Chakrabarty and Mukherjee (2022) noted that financial literacy matters towards improvement of welfare. To reiterate, one link from financial literacy to economic welfare is through better production and/or employment opportunities, leading to higher income and, thus, change in pattern of consumption expenditure. There can be other channels through which this transmission may happen. For example, financial inclusion has been shown to affect saving and borrowing behavior,

which can improve consumption smoothing, possibly leading to widening of the consumption basket. In a related study, Jiang and Liu (2022) found that financial inclusion significantly reduces the probability of poverty and vulnerability of households and has a more significant impact on vulnerable groups such as rural and urban low-income people. Further, financial Inclusion has a more significant effect on poor families that do not receive government support for poverty alleviation and can complement co-insurance mechanisms to help families better cope with vulnerabilities caused by synergistic community shocks. Finally, promoting entrepreneurship and improving risk management capabilities are the main channels of financial literacy.

Woldemichael et al. (2023) examined households' resilience to climate change and food insecurity in Ethiopia. The study was conducted in the Wolaita zone of the Southern Nations, Nationalities and Peoples Region (SNNPR). The study found that non-PSNP households have higher monthly per capita food expenditure than PSNP members, with a difference of 30%, indicating that they have better access to economic resources and opportunities. Additionally, non-PSNP households have higher resilience scores than PSNP members, with a difference of almost 0.1 point. The findings suggested that improving resilience through interventions such as asset-building, livelihood diversification, or social protection may have positive spillover effects on household food security and nutrition outcomes if targeted properly. The study also revealed important insights into the characteristics of households in the study area, including the prevalence of poverty and vulnerability, limited opportunities for non-farm employment, and high illiteracy rates, which have implications for policies aimed at reducing poverty and promoting sustainable livelihoods in rural areas of Ethiopia (Gjini & Koprencka, 2018).

Nguyen et al. (2023) investigated whether income diversification moderates the relationship between Intellectual Capital and bank performance in Vietnamese commercial banks period 2007–2020 using the system generalized method of moments (GMM).” The results indicated that the value-added intellectual coefficient (VAIC) and its components (“human capital efficiency (HCE), “capital employed efficiency (CEE), and “structural capital efficiency (SCE)) have positive effects on bank performance. Secondly, the study examined that income diversification (ID) has a negative and considerable impact on bank performance.

Kappal and Rastogi (2020), investigated the new kind of investors– women entrepreneurs to find out the factors that drive their investment behaviour and investment decisions. The study revealed that women entrepreneurs consider investment as a long-term instrument are risk averse and quite conservative. They are willing to take risks in business but not for making investment decisions. The reasons for this low-risk behaviour include lack of time to understand investments and lack of knowledge about various products. The research asserts that if they spend time to be informed about the nuances of investment instruments, they are likely to take risks for their investments as well.

In the same way, Chakrabarty and Mukherjee (2022) elaborated on the contribution of strategic investments to increasing business performance and household welfare of women-led enterprises. Sharma and Kota (2019) also pointed out that investment in business activities not only generates income for them but is also one of the channels toward economic empowerment and living standards improvement of female entrepreneurs. Collectively, these studies support the notion that targeted investment practices are crucial for fostering economic resilience and growth among women entrepreneurs, ultimately contributing to the overall welfare of their households

5.3 Conclusions

In the view of the above findings, the following conclusions are made in line with the study objectives.

5.3.1 The effect of budgeting on household incomes of small-scale women entrepreneurs in Kasese district

The study, therefore, established that budgeting had a significant influence on the level of household incomes generated by small-scale women entrepreneurs in Kasese District. Good budgeting ensures that entrepreneurs manage their finances effectively and come up with a relatively better income level to raise household welfare. Through effective planning for expenditures and savings, one is able to maximize profits, reduce stress on households, and invest in economic opportunities that contribute toward stability and growth. The findings point out the role of financial literacy and targeted support programs that could help women entrepreneurs to implement robust budgeting systems, hence contributing to their overall financial well-being and empowerment.

Secondly, the study has implications for the broader socio-economic effects of good budgeting practices. Empowering women entrepreneurs with budgeting skills affects not only the households but also brings positive ripples in the local economy. Empowered women are more likely to reinvest in their community, contribute to local business development, and participate in community development initiatives. The critical role of financial education and support programs in promoting sustainable economic growth and improving the quality of life for residents in Kasese District is further evidenced by this. The findings recommend continued advocacy for budgeting to remain a core tool of economic empowerment and resilience for MSE women entrepreneurs.

5.3.2 The effect of Saving on household incomes of small-scale women entrepreneurs in Kasese district

The study concluded that saving significantly impacts household incomes among small-scale women entrepreneurs in Kasese District. Effective saving practices allow these entrepreneurs to accumulate financial reserves, leading to improved income levels and enhanced household welfare. By systematically setting aside a portion of their earnings, women entrepreneurs can create a financial buffer that helps them manage unexpected expenses and invest in income-generating opportunities. The findings bring forth the importance of financial literacy and, consequently, programs of support directed at assisting women entrepreneurs in the habit of saving, hence contributing to their overall financial stability and empowerment.

Besides, the study has implications for the wider socio-economic importance of good saving habits. By equipping women entrepreneurs with the knowledge and tools to save effectively, not only are their households benefitted, but the local economy also sees positive ripple effects. Women who are financially secure are more likely to invest in their communities, support local businesses, and contribute to community development initiatives. The latter underscores the importance of programs related to financial education and support in contributing to more sustainable economic growth and improvements in quality of life among residents in Kasese District. Results attest to the need to maintain savings as a core conduit to economic empowerment and shock absorptive capacity among female entrepreneurs.

5.3.3 The effect of investing on household incomes of small-scale women entrepreneurs in Kasese district

The study found a significant positive effect of investing practices on household incomes of small-scale women entrepreneurs in Kasese District.

The study found that investing practices have a positive effect on the household incomes of small-scale women entrepreneurs in Kasese District. By undertaking strategic investments, these women entrepreneurs increased their household incomes substantially. Investment in assets such as equipment, inventory, and other income-generating opportunities had provided a means for sustainable growth and financial security. The findings point to the importance of financial literacy and the provision of resources that would put women entrepreneurs in a position to make informed investment decisions, hence enhancing their economic resilience and contributing to the overall welfare of their families.

The study also shows the wider ramifications of encouraging investment practices among small-scale women entrepreneurs. Increased household incomes through strategic investments improve the quality of life not only for these entrepreneurs and their families but also stimulate economic activity within the community. Women entrepreneurs who invest in their businesses and other ventures are more likely to create job opportunities, support local suppliers, and contribute to the dynamism of the local economy. Therefore, investment education and support initiatives are important drivers of economic empowerment and the development of a vibrant entrepreneurial ecosystem in Kasese District. The findings call for sustained efforts in the provision of targeted financial and educational support to enhance the positive impact of investing on household incomes and community development.

5.4 Recommendations

From the findings, the researcher puts forward recommendations to be taken by the Government of Uganda, NGOs, and the Local Government of Kasese District.

5.4.1 Budgeting Recommendations

The study recommends that financial literacy programs should be undertaken for small-scale women entrepreneurs in regard to budgeting practices. The aspects of such a program entail financial planning, tracking, and utilization, as well as methods of saving.

The study recommends that district leadership should provide support mechanisms, such as workshops and mentorship programs, to the women entrepreneurs to help them develop and maintain strong budgeting systems. This includes the provision of budgeting tools and software and personalized financial advisory services.

The study recommends that the government of Uganda, district leadership, and non-governmental organizations should carry out community-based initiatives to encourage women entrepreneurs by sharing best practices, success stories, and challenges related to budgeting. This peer support network will enhance knowledge sharing and collective empowerment.

5.4.2 Recommendations on Saving

The study recommends that women entrepreneurs should increase access to formal savings accounts by partnering with financial institutions to provide special savings products designed specifically for them. Simplified account opening procedures and lower fees can incentivize more women to save.

The researcher encourages women entrepreneurs to form savings groups and cooperatives. The members support each other in saving more, and they can extend services to include loans, investments, and other financial facilities.

The study recommends that district leadership include savings education in training programs for women entrepreneurs. This education should emphasize regular savings, goal setting, and the benefits accruing from creating a buffer against contingencies.

5.4.3 Recommendations on Investment

The stakeholders such as NGOs in Kasese should train women in investment strategies, risk management, and portfolio diversification, among other aspects. Again, access to investment advice and resources will better equip women entrepreneurs to make more informed decisions.

The Government of Uganda through the district leadership should design programs that will promote and enhance access to investment capital for women entrepreneurs. The package may include microfinance loans, grants, and venture capital, among others, but these should be done in ways that suit small-scale businesses.

The district should create networking opportunities for women entrepreneurs to interact and connect with other potential investors, mentors, and also business partners, which may expose them to a wider view of investment avenues and alliances.

5.5 Contribution of the study

The study contributes to the literature on household income in a district of a developing country by exploring the relationships between financial literacy, in terms of budgeting, saving and household income, and household welfare. It provides empirical evidence on the effectiveness of the country's financial literacy policy in alignment with national development goals and proposes strategies for enhancing household welfare. Additionally, the study advances the Public Goods Theory of financial inclusion by suggesting that delivering formal financial services to the entire population and ensuring unrestricted access to finance should be considered a public good.

5.6 Areas for Further Study

This study attempted to assess the effect of budgeting and saving on household income. Most importantly, the results provided an understanding of the financial literacy of residents of the Kasese district, which improves their welfare. Future studies should extend the study to other parts of the country for a larger sample size and a more holistic view of the variables. Although this study was cross-sectional in nature, future research should take a longitudinal approach for long-term analysis. Finally, future researchers could use income diversification to moderate the relationship between financial literacy and household income

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APPENDICES

Appendix 1: The Questionnaire

Dear respondent,

I am NORAH ITUNGU, a student pursuing a Master of Arts in Organizational Leadership and Management OF Uganda Christian University, Mukono. As part of the requirement for completion of my Master's Degree Programme, I am required to conduct research, whose topic is; ***“Examining the Impact Of Financial Literacy On Household Incomes: A Case Of Women Entrepreneurs In Small Scale Businesses In Bwera Sub-County, Kasese District”***. This study is for academic study purposes and practice for women empowerment use. The findings will be reported without identifiers. You have been identified as a key respondent and your participation in this study is voluntary. I am kindly requesting you to spare a few minutes of your busy schedule to fill this questionnaire. Your honest and sincere responses/answers are highly appreciated and shall be treated with outmost confidentiality.

Note also that this questionnaire has four sections A, B, C, and D; and responding to it will not take you more than fifteen minutes. Should you require any additional information or wish to receive the findings of the study please contact me on; Tel: 0772564673; Email: **norahitungu40@gmail.com**

Thank you.

Section A

Demographic characteristics

Please Tick (✓) in the appropriate box and where applicable write your response on the spaces provided.

1. Gender:

Male	Female

2. Age

18 – 29	30-39	40-49	50 and above

3. Marital status

Single	Engaged	Married	Divorced/separated	Widowed

4. Level of education

Primary	Secondary	Certificate	Diploma	Degree	Others; specify

5. How long have you been a in this Association?

Less than 1 year to 1 yr	1– 2 years	2 – 5 years	6 – 9 years	Above 10

6. What is your average monthly income? (shs)

Less than 100,000	100,000 and 200,000	200,000 and 300,000	300,000 and 400,000	Above 400,000

7. What is your average annual credit level?

Less than 250,000	250,000and 500,000	500,000 and 750,000	750,000 and 1,000,000	Above 1,000,000

Section B: Financial literacy

Sections B, & C, focus your responses towards the stated study statements and your response will be guided as below; Strongly Disagree (SD) =1, Disagree (D) =2, Not sure (NS) =3, Agree (A) = 4, Strongly Agree (SA) = 5. Please indicate by ticking in the most appropriate box to what extent you agree/disagree to the given statements below;

Code	Budgeting	SD	D	NS	A	SA
B1	I have written financial objectives of what I want to achieve in a year for my business.	1	2	3	4	5
B2	I prepare a budget for my business.					
B3	I prepare a written budget for income					
B4	I prepare a written budget for expenditure					
B5	I compare my actual results with the budget.					
B6	I use the budget to determine whether a business has the resources to acquire extra Assets.					
Code	Savings	SD	D	NS	A	SA
		1	2	3	4	5
S1	I regularly set aside a portion of my income into savings.					
S2	I have specific savings goals for both short-term and long-term needs					
S3	I track my progress towards my savings goals regularly					
S4	I have an emergency fund that covers at least three months of expenses.					
S5	I prioritise saving before making discretionary purchases					
S6	I regularly review and adjust my savings plan to meet my financial goals.					
Code	Investing	SD	D	NS	A	SA
I1	I have a clear investment strategy that aligns with my financial goals.	1	2	3	4	5
I2	I regularly review and adjust my investment portfolio to maximize returns.					
I3	I research and understand the risks associated with my investments.					
I4	I diversify my investments to minimize risk.					

I5	I keep up with market trends and economic news that may impact my investments.					
I6	I use professional advice or tools to make informed investment decisions.					
I7	I regularly contribute to my investment accounts according to my planned strategy					

Section C: Household income.

Code	: Household income	SD	D	NS	A	SA
HI1	My household income has been increasing over the last three years.	1	2	3	4	5
HI2	I feel confident in the stability of my household income					
HI3	I have investments to grow my income in the next three years					
HI4	My household income is sufficient to meet our basic needs					
HI5	I have experienced an improvement in my overall quality of life over the past three years					
HI6	My spending has increased due to changes in household income over the last three years.					
HI7	I have been able to save money as a result of increased income.					
HI8	I have been living a financially stable life for the last 3 years					

The End!

Appendix 2: The Interview Guide

Dear respondent,

I am NORAH ITUNGU, a student pursuing a Master of Arts In Organizational Leadership and Management OF Uganda Christian University, Mukono. As part of the requirement for completion of my Master’s Degree Programme, I am required to conduct research, whose topic is; “Examining the Impact Of Financial Literacy On Household Incomes: A Case Of Women Entrepreneurs In Small Scale Businesses In Bwera Sub-County, Kasese District”. This study is for academic study purposes and practice for women empowerment use. The findings will be reported without identifiers. You have been identified as a key respondent and your participation in this study is voluntary. I kindly request you to spare a few minutes of your busy schedule to fill this questionnaire. Your honest and sincere responses/answers are highly appreciated and shall be treated with the utmost confidentiality.

Note: The interview mode will be tailored to individual participants, given their schedules and locations, such as face-to-face, over-the-phone, or shared Word document responses via email. **Note** also that this interview guide has **six questions**, and responding to them will not take more than fifteen minutes. Should you require any additional information or wish to receive the findings of the study, please contact me on; Tel: 0772564673; Email: norahitungu40@gmail.com

Thank you.

Interview guiding questions

- 1) In your opinion, have the financial literacy programs in the subcounty been successful in economically empowering you? If so, what do you consider to be the program's greatest achievements?
- 2) What do you identify as the greatest failures, gaps, barriers, or challenges of the model/program?
- 3) What best practices or key lessons have been documented or learned from the implementation of the program by the implementing partners?
- 4) To ensure scalability, how can the program be expanded to benefit all women traders in Kasese?

- 5) What main strategies has the district used to improve the livelihoods of women traders in Kasese?
- 6) How effective has the district been in enhancing the financial literacy of women traders in Kasese?

The End.

Thank you for your time.

Appendix 3: Krejcie and Morgan table of 1970

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

Appendix 4: Reliability Statistics results

Reliability Statistics

Cronbach's Alpha	N of Items
.800	7

Reliability Statistics

Cronbach's Alpha	N of Items
.805	8

Reliability Statistics

Cronbach's Alpha	N of Items
.851	6

Reliability Statistics

Cronbach's Alpha	N of Items
.700	6