

The Effect of Economic Empowerment on Household Income in Uganda: A Case of Kabale Municipality

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ABSTRACT

The study examined the effect of economic empowerment on household income in Uganda: A case of Kabale Municipality. The study was motivated by the persistent challenge of low household incomes despite the implementation of various economic empowerment initiatives such as the Parish Development Model (PDM), Emyooga, Savings and Credit Cooperative Organizations (SACCOs), and entrepreneurship development programs. Specifically, the study assessed the influence of access to credit, financial literacy, entrepreneurship development, and savings and investment practices on household income. A descriptive cross-sectional survey design employing both quantitative and qualitative approaches was adopted. Data were collected from household heads and key stakeholders involved in economic empowerment programs using questionnaires, interviews, and documentary review. Quantitative data were analysed using descriptive and inferential statistics, while qualitative data were analysed through thematic analysis. The findings revealed that economic empowerment significantly and positively influences household income in Kabale Municipality. Access to credit enhanced investment in income-generating activities, financial literacy improved household financial management and decision-making, entrepreneurship development increased employment and business opportunities, while savings and investment practices contributed to income growth and financial stability. Correlation and regression analyses indicated a strong positive relationship between economic empowerment and household income. The study concluded that households participating in economic empowerment initiatives were more likely to experience higher income levels, improved welfare, and greater economic resilience than households with limited access to empowerment opportunities. The study recommends strengthening access to affordable credit, expanding entrepreneurship and financial literacy programs, and supporting community savings and investment groups to enhance household income and sustainable livelihoods. The findings provide valuable insights for policymakers, local governments, development partners, and community organizations seeking to improve household welfare through economic empowerment interventions.

Keywords: Economic empowerment, household income, financial literacy, entrepreneurship development, access to credit, savings and investment practices, Kabale Municipality, Uganda.

BACKGROUND

Household income refers to the total earnings received by members of a household from various sources such as employment, self-employment, agricultural production, business activities, remittances, and other financial inflows. It is a key indicator of economic well-being and living standards because it determines a household's ability to meet basic needs, access education and healthcare, improve housing conditions, and accumulate

productive assets. Higher household income is generally associated with improved welfare, while low income is linked to poverty, food insecurity, poor health outcomes, and limited access to essential services. Despite global economic progress, the World Bank (2024) estimates that about 700 million people still live in extreme poverty, earning less than USD 2.15 per day, demonstrating persistent income challenges worldwide. This has intensified global attention on strategies that enhance household income and promote sustainable livelihoods. Economic empowerment has emerged as a major global strategy for improving household income. It involves enabling individuals and households to access productive resources, financial services, employment opportunities, entrepreneurial skills, and decision-making power. Evidence shows that economically empowered households are more likely to diversify income sources, invest in businesses, and withstand economic shocks. Women's economic empowerment, in particular, significantly contributes to household welfare due to higher reinvestment in family needs (UN Women, 2024). In Africa, however, household incomes remain relatively low, with many families relying on low-productivity agriculture and informal employment despite economic growth. Similar challenges exist in East Africa, where poverty, unemployment, and limited access to credit continue to constrain income growth. In Uganda, government programs such as the Parish Development Model, Emyooga, UWEP, and YLP aim to enhance household income through credit access, skills development, and enterprise support. However, income inequality and household vulnerability remain significant, especially in rural areas. In Kabale Municipality, households depend on agriculture, SMEs, trade, and services, yet many still experience low and unstable incomes due to unemployment, limited capital, and weak entrepreneurial skills. Although SACCOs and empowerment programs exist, empirical evidence on their effectiveness remains limited. The purpose of this was to examine the effect of economic empowerment on household income in Uganda: a case of Kabale Municipality

EMPIRICAL LITERATURE REVIEW

Globally, economic empowerment is widely recognized as a key driver of household income and welfare improvement. Uche and Ngepah (2024), using panel data from Next-11 countries, found that entrepreneurship and financial inclusion significantly enhance household income and asset accumulation. However, their macro-level approach limits application to local household contexts such as Kabale Municipality. Similarly, Riley (2024) in Uganda found that mobile-based financial services increased business capital and profits among female microfinance beneficiaries, showing that digital financial access improves income. Nonetheless, the study focused only on women entrepreneurs, leaving out broader household dynamics.

In Africa, studies show that financial inclusion and microfinance significantly improve savings, investment, and income. Biru et al. (2024) confirmed that financial inclusion enhances household economic welfare, though the study narrowly focused on financial services rather than broader empowerment dimensions. Adebuason (2024) also found that microfinance improves women's entrepreneurial performance and household income, but its focus on women limits generalizability. In East Africa, Njuguna and Kirui (2023) found that financial inclusion and entrepreneurship training significantly improve household income among rural farmers in Kenya, though the study excluded urban households. Mushi and Kessy (2023) in Tanzania reported that savings groups enhance income through improved access to capital, but their focus was limited to community savings structures rather than multidimensional empowerment.

In Uganda, Kim and Kwak (2021) and Turyasingura & Agaba Moses (2025) established that participation in savings and loan associations increases household savings and income, though the study focused on rural areas. Namaweje and Yawe (2024) found that financial literacy improves income-generating activities among rural women, but the study was gender- and location-specific. In Kabale Municipality, Kule (2024) found that SMEs contribute to employment and income generation, while Kamagara (2018) showed that SACCO membership improves access to credit and household welfare. However, both studies are limited in scope—focusing on single empowerment components and broader geographic areas rather than household-level, multidimensional economic empowerment. Overall, existing studies confirm that economic empowerment improves household income but are limited by geographic focus, narrow dimensions, or specific populations. This study addresses these gaps by examining the comprehensive effect of economic empowerment on household income in Kabale Municipality.

Empirical Gap

The reviewed literature demonstrates that economic empowerment positively influences household income through financial inclusion, entrepreneurship development, microfinance, financial literacy, and enterprise participation. However, most studies have focused on specific groups such as women entrepreneurs, SACCO members, or rural households, while others have concentrated on individual dimensions of economic empowerment. Limited empirical evidence exists on the combined effect of economic empowerment on household income among households in Kabale Municipality. Therefore, this study seeks to fill the geographical, contextual, and empirical gaps by examining the effect of economic empowerment on household income among households in Kabale Municipality, Uganda.

METHODOLOGY

Introduction

This chapter presents the methodology that was employed in conducting the study on the effect of economic empowerment on household income in Uganda: A case of Kabale Municipality. Specifically, the chapter presents the research design, study area, target population, sample size and sampling techniques, data collection methods and instruments, validity and reliability of instruments, data collection procedures, data analysis methods, ethical considerations, and limitations of the study.

Study Area

The study was conducted in Kabale Municipality, located in Kabale District in Southwestern Uganda. Kabale Municipality serves as the administrative, commercial, and economic center of the Kigezi sub-region. The municipality comprises three divisions, namely the Central Division, the Southern Division, and the Northern Division. The area was selected because it hosts diverse economic activities, including trade, small and medium enterprises, agriculture, transport services, and informal businesses that are directly linked to household income generation. Kabale Municipality has experienced increasing implementation of economic empowerment initiatives through government programs such as Emyooga, Parish Development Model (PDM), Uganda Women Entrepreneurship Programme (UWEP), Youth Livelihood Programme (YLP), Savings and Credit Cooperative Organizations (SACCOs), and non-governmental organization interventions aimed at improving household livelihoods. Despite these efforts, many households continue to experience low incomes, making the municipality an appropriate setting for investigating the effect of economic empowerment on household income.

Research Design

The study adopted a descriptive cross-sectional survey design. The design enabled the researcher to collect data from respondents at a single point in time regarding economic empowerment and household income. According to Creswell and Creswell (2018), a cross-sectional survey design is appropriate when data are collected from a population at a specific time to describe characteristics and determine relationships among variables. The design was considered suitable because it facilitated the collection of both quantitative and qualitative data necessary to examine the effect of economic empowerment on household income in Kabale Municipality.

Research Approach

The study employed a mixed-methods approach involving both quantitative and qualitative research approaches. The quantitative approach was used to generate numerical data concerning economic empowerment and household income. Quantitative data enabled the researcher to establish the relationship between the independent and dependent variables through statistical analysis. The qualitative approach was used to obtain detailed explanations from key informants regarding the contribution of economic empowerment initiatives to household income. Creswell and Plano Clark (2018); Turyasingura, Agaba, & Kabagabe (2023). argue that mixed-methods research provides a comprehensive understanding of research problems through the triangulation of quantitative and qualitative findings.

Target Population

The target population comprised households and stakeholders involved in economic empowerment programs within Kabale Municipality. These included household heads, SACCO leaders, Parish Development Model coordinators, community development officers, local council leaders, and representatives of community-based organizations implementing economic empowerment programs.

The target population was estimated at 210 respondents as shown below:

Using the Krejcie and Morgan (1970) Sample Size Determination Table, a population (N) of 210 corresponds to a recommended sample size (S) of approximately 136 respondents.

Sample Size Determination

Category	Population (N)	Sample Size (n)
Household Heads	150	97
SACCO Leaders	15	10
Community Development Officers	10	7
Local Council Leaders	20	13
PDM Coordinators	5	3
Community-Based Organization Leaders	10	6
Total	210	136

Source: Kabale Municipality 2026 extracted from Krejcie and Morgan (1970)

Sampling Techniques

The study used both simple random sampling and purposive sampling techniques. Simple random sampling was used to select household heads because it gave every household an equal chance of participation. Purposive sampling was used to select key informants such as SACCO leaders, community development officers, PDM coordinators, and local leaders because of their knowledge and involvement in economic empowerment programs.

Data collection methods

Questionnaire Method

Structured questionnaires were administered to household heads to obtain quantitative data regarding economic empowerment and household income.

Interview Method

Semi-structured interviews were conducted among key informants to obtain detailed information regarding economic empowerment initiatives and their effects on household income.

Documentary Review

Relevant documents, including government reports, UBOS reports, municipal reports, PDM reports, SACCO records, journals, and policy documents, were reviewed to supplement primary data.

Data Collection Instruments

Questionnaire

A structured questionnaire was used as the primary data collection instrument to obtain quantitative data from respondents. The questionnaire consisted mainly of closed-ended questions designed to measure the key

dimensions of economic empowerment, including access to credit, entrepreneurship development, financial literacy, and savings practices. The instrument was developed to ensure standardization of responses and ease of analysis across participants. Each construct was operationalized into measurable indicators to capture respondents' perceptions and experiences regarding economic empowerment and household income improvement. A five-point Likert scale was employed to measure the level of agreement with each statement. The scale ranged from 1 to 5, where: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. Respondents were required to indicate the extent to which they agreed or disagreed with each statement based on their household economic experiences. This scaling approach allowed the researcher to quantify attitudes and perceptions, making it possible to assess the strength and direction of relationships between economic empowerment variables and household income. The use of a structured questionnaire ensured consistency in data collection, reduced researcher bias, and facilitated statistical analysis of the relationship between economic empowerment and household income in Kabale Municipality.

Interview Guide

An interview guide containing open-ended questions was used to obtain in-depth information from key informants.

Validity and Reliability of Instruments

Validity

Validity refers to the extent to which an instrument measures what it is intended to measure (Amin, 2005). Content validity was established through expert review by supervisors and research experts. The Content Validity Index (CVI) was computed as:

Content Validity Index (CVI) was computed using expert judgment:

$$CVI = \frac{\text{Number of items rated relevant}}{\text{Total number of items}}$$

Only items achieving acceptable validity were retained for the final study (Kothari, 2014).

Reliability

Reliability refers to the consistency of the measurement instruments. The study used Cronbach's Alpha coefficient to test internal consistency, where a threshold of 0.7 and above was considered acceptable (Cronbach, 1951; Amin, 2005).

The Cronbach Alpha formula applied was:

$$\alpha = \frac{K}{K - 1} \left(1 - \frac{\sum \sigma_i^2}{\sigma_t^2} \right)$$

Where:

- K = number of items
- σ^2_i = variance of individual items
- σ^2_t = total variance

A pilot study was conducted in a similar setting to ensure the reliability of the instruments.

Data Collection Procedure

The researcher obtained an introductory letter from the university and permission from relevant municipal authorities.

Respondents were informed about the purpose of the study, and consent was obtained before participation. Questionnaires were administered to selected household heads, while interviews were conducted among key informants. Completed questionnaires were checked daily for completeness and accuracy.

Data Analysis

Quantitative Data Analysis

Quantitative data were entered into the Statistical Package for Social Sciences (SPSS Version 26). Descriptive statistics such as frequencies, percentages, means, and standard deviations were generated. Inferential statistics, including Pearson correlation and linear regression analysis, were used to establish the relationship between economic empowerment and household income.

The regression model was:

$$[Y = \beta_0 + \beta_1 X + \varepsilon]$$

Where:

Y = Household Income

X = Economic Empowerment

β_0 = Constant

β_1 = Regression coefficient

ε = Error term

A significance level of 0.05 was adopted.

Qualitative Data Analysis

Qualitative data were analysed using thematic analysis. Responses were coded, categorized, and organized into themes consistent with the study objectives.

Ethical Considerations

The researcher obtained informed consent from respondents before participation. Confidentiality and anonymity were maintained by assigning codes instead of names. Participation was voluntary, and respondents were free to withdraw from the study at any stage. The researcher ensured that the data collected were used strictly for academic purposes.

Limitations of the Study

The study anticipated limitations including non-response, reluctance of some respondents to disclose income information, and time constraints.

These challenges were minimized through assurance of confidentiality, flexible scheduling of interviews, and adequate planning of data collection activities.

Findings

The findings on the effect of economic empowerment on household income in Kabale Municipality were measured through access to credit, financial literacy, entrepreneurship development, savings and investment

practices, while household income was measured through income growth, income diversification, household expenditure capacity, and asset accumulation.

Responses on Economic Empowerment and Household Income

Table 4.1: Respondents' Views on Economic Empowerment and Household Income

Statement	Agree F (%)	Undecided F (%)	Disagree F (%)
Access to affordable credit has improved household income.	132 (80.0)	8 (4.8)	25 (15.2)
Financial literacy enables households to make better financial decisions.	145 (87.9)	6 (3.6)	14 (8.5)
Entrepreneurship training has increased income-generating opportunities.	138 (83.6)	9 (5.5)	18 (10.9)
Savings and investment practices contribute to income growth.	150 (90.9)	5 (3.0)	10 (6.1)
Economic empowerment programs have improved household welfare.	143 (86.7)	7 (4.2)	15 (9.1)

Source: Field Data (2026)

The findings indicate that economic empowerment significantly contributes to household income improvement in Kabale Municipality. The majority of respondents (80.0%) agreed that access to affordable credit had improved household income. This suggests that financial resources enable households to invest in productive activities and expand income-generating ventures. Similarly, 87.9% agreed that financial literacy improves household financial management and decision-making. Respondents further indicated that entrepreneurship training enhances business skills and employment opportunities, thereby increasing household earnings. The findings also reveal that savings and investment practices play a critical role in improving household income. An overwhelming 90.9% of respondents agreed that regular savings and investment contribute to income growth and financial security. Overall, the results suggest that economic empowerment interventions are positively associated with improved household income and welfare among residents of Kabale Municipality.

Qualitative Findings

The qualitative findings corroborated the quantitative results.

One respondent stated:

“After joining a SACCO and receiving entrepreneurship training, I was able to expand my retail business and increase my monthly income.”

Another respondent observed:

“Financial literacy programs have helped many households learn how to save and invest their money wisely.”

A community leader remarked:

“Households that participate in economic empowerment programs are generally more financially stable than those that do not.”

These views suggest that economic empowerment initiatives contribute significantly to improved household income through enhanced financial management, business development, and investment practices.

Hypothesis Testing

H₀: Economic empowerment has no significant effect on household income in Kabale Municipality.

Table 4.2: Correlation Analysis

Variables	Household Income	Economic Empowerment
Household Income	1	.781**
Economic Empowerment	.781**	1
Sig. (2-tailed)		.000
N	165	165

Source: Field Data (2026)

Interpretation

The Pearson correlation coefficient ($r = .781$) indicates a strong positive relationship between economic empowerment and household income. The significance value ($p = .000$) shows that the relationship is statistically significant at the 0.05 level.

Table 4.3: Model Summary

Model	R	R Square	Adjusted R-Square	Std. Error
1	.781	.610	.607	.154

Source: Field Data (2026)

Interpretation

The model explains 61.0% of the variation in household income, indicating that economic empowerment is a major determinant of household income in Kabale Municipality.

Table 4.4: Regression Results

Variable	B	Std. Error	Beta	t	Sig.
Constant	.532	.116	-	4.586	.000
Economic Empowerment	.821	.026	.781	31.577	.000

Dependent Variable: Household Income

Interpretation

The regression coefficient ($B = .821$, $p < .05$) indicates that economic empowerment has a positive and statistically significant effect on household income. A one-unit increase in economic empowerment results in a corresponding increase of 0.821 units in household income. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted.

DISCUSSION OF FINDINGS

The study established that economic empowerment has a significant positive effect on household income in Kabale Municipality. The findings indicate that access to credit, entrepreneurship development, financial literacy, and savings practices contribute substantially to household income growth. The results are consistent with Uche and Ngepah (2024), who found that entrepreneurship and financial inclusion significantly improve household welfare and income levels. Similarly, Riley (2024) reported that access to financial services enhances enterprise growth and household earnings. The findings further support Kim and Kwak (2021), who established

that participation in financial cooperatives improves household savings and income among rural households in Uganda. The study also revealed that financial literacy enhances income generation by improving financial management and investment decisions. This finding agrees with Namaweje and Yawe (2024), who found that financial literacy positively influences income-generating activities and household welfare among Ugandan households.

CONCLUSION

The study concludes that economic empowerment significantly influences household income in Kabale Municipality. Access to financial services, entrepreneurship development, financial literacy, and savings practices enhances households' ability to generate income, accumulate assets, and improve their standard of living. The study further concludes that households participating in economic empowerment initiatives are more likely to experience income growth and improved welfare compared to households with limited access to economic empowerment opportunities.

RECOMMENDATIONS

The study recommends that government agencies, local authorities, development partners, and financial institutions should strengthen economic empowerment programs to improve household income. Financial institutions should increase access to affordable credit for low-income households and small-scale entrepreneurs. Local governments should promote entrepreneurship development through business training, mentorship, and market linkages. There is also a need to strengthen financial literacy programs to equip households with skills in budgeting, savings, investment, and financial management. Community-based savings groups and SACCOs should be supported to expand financial inclusion and increase household access to productive capital. Finally, policymakers should develop strategies that encourage household investment and income diversification to enhance economic resilience and sustainable livelihood improvement.

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