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Budgeting and Household Income Among Small-Scale Women Entrepreneurs in Bwera Sub-County, Kasese District, Uganda

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ABSTRACT: This study examined the relationship between budgeting and household income among small-scale women entrepreneurs in Bwera Sub-County, Kasese District, Uganda. Although budgeting enables entrepreneurs to plan income and expenditure, allocate resources, and monitor financial performance, its relationship with household income requires context-specific empirical investigation. The study adopted a cross-sectional explanatory design using a mixed-methods approach. The target population comprised 186 female members of the Bwera Sub-County Traders' Association. Of the 125 women entrepreneurs selected for the questionnaire survey, 98 completed questionnaires were analysed, while interviews with local government officials provided additional qualitative data. Data were analysed using descriptive statistics, Pearson's correlation, and multiple regression. The results revealed a moderate positive and statistically significant correlation between budgeting and household income ($r=.449$, $p<.001$). In a regression model incorporating budgeting, saving, and investing, budgeting remained a positive and statistically significant predictor of household income ($B=.428$, $SE=.087$, $\beta=.449$, $t=4.922$, $p<.001$). The overall model explained 43.7% of the variation in household income ($R^2=.437$, adjusted $R^2=.419$). These findings indicate that budgeting practices, including preparing written budgets and comparing actual results with planned budgets, are associated with household income among the women entrepreneurs surveyed. The study highlights the value of practical budgeting education and tailored financial-management support for women-owned small enterprises, while recognising that the cross-sectional design does not establish causality.

KEYWORDS: Budgeting, household income, women entrepreneurs, small-scale enterprises, financial management, Uganda.

1. INTRODUCTION

Small-scale enterprises provide important livelihoods for women in Uganda, yet their ability to sustain both business operations and household needs may be constrained by limited capital and competing financial responsibilities (Copley et al., 2021). Effective financial management is therefore important, particularly where business earnings also support daily household expenditure. Budgeting can help entrepreneurs set financial priorities, plan expenditure, monitor cash flows, and compare actual performance with planned targets. These practices form part of broader financial capability, which includes the knowledge, attitudes, and behaviours needed to make informed financial decisions (OECD, 2023).

Evidence from Kenya suggests that budgeting practices are associated with small-enterprise performance. For example, Kamau and Mungai (2020) found a positive relationship between cash budgeting and profitability among small and medium-sized enterprises in Nyeri Town Sub-County. However, business profitability and household income are related but distinct outcomes: business earnings may be reinvested, retained, or used to meet household expenses. Consequently, evidence on profitability alone does not fully explain whether budgeting is associated with the income available to support household welfare. Moreover, although budgeting may improve financial planning, its benefits can be influenced by resource constraints and the competing demands faced by women entrepreneurs (Copley et al., 2021).

In Bwera Sub-County, Kasese District, small-scale women entrepreneurs must manage business expenses alongside household financial needs. Yet, context-specific evidence on the relationship between their budgeting practices and household income remains important for understanding how financial planning relates to their economic circumstances. This study therefore examined budgeting and household income among small-scale women entrepreneurs in Bwera Sub-County, focusing on their budgeting practices and the relationship between budgeting and household income while accounting for saving and investment in the regression model.

2. LITERATURE REVIEW

Budgeting is an important financial planning practice through which individuals and enterprises estimate income, plan expenditure, allocate resources, and monitor financial performance. For small-scale entrepreneurs, these activities can help organise business expenses and manage competing financial obligations. Financial capability also involves financial knowledge, attitudes, and behaviours that support informed decisions about money (Organisation for Economic Co-operation and Development [OECD], 2023). However, the practical value of budgeting depends on its consistent application and the resources available to implement financial plans. Adomako et al. (2022), in their systematic review, found that financial literacy is relevant to enterprise financial access and performance, although insufficient funding can constrain business growth and survival.

Budgeting may contribute to household income by helping entrepreneurs monitor cash flows, control expenditure, and identify resources available for business operations and household needs. Nevertheless, household financial outcomes are shaped by more than budgeting alone. Koomson et al. (2023), using evidence from a randomised controlled trial in Ghana, found that financial literacy training improved household asset accumulation, with notable effects on productive durable assets and outcomes among female beneficiaries. Although asset accumulation is not equivalent to household income, the findings illustrate the wider relevance of financial decision-making to household economic circumstances. In Uganda, women entrepreneurs also face constraints related to access to productive resources and the conditions in which their businesses operate, which may affect their ability to translate financial planning into improved economic outcomes (Copley et al., 2021).

Evidence from small enterprises in Kenya provides a more direct basis for examining budgeting. Kamau and Mungai (2020) investigated cash budgeting practices and profitability among small and medium-sized enterprises in Nyeri Town Sub-County and reported a positive, statistically significant relationship between cash budgeting and profitability ($\beta = .601$, $p = .021$). This finding suggests that budgeting can be relevant to enterprise financial performance. However, profitability and household income are distinct outcomes. Business profits may be reinvested, retained for future operations, or used to meet household expenses; consequently, a positive relationship between budgeting and profitability does not necessarily establish a corresponding relationship with household income. Evidence focusing specifically on household outcomes is therefore needed to complement studies of enterprise performance.

In the present study, responses from 98 women entrepreneurs in Bwera Sub-County showed that comparing actual results with planned budgets had a mean score of 3.59 (SD = 1.174). Preparing written income budgets recorded a mean of 3.51, while preparing business and expenditure budgets each recorded a mean of 3.44. These findings indicate that respondents reported engaging in budgeting practices, although the variation in scores suggests differences in their application. The study further established a positive correlation between budgeting and household income ($r = .449$, $p < .001$). Budgeting also remained statistically significant in the regression model that included saving and investing. These are findings from the present study, rather than results drawn from external literature.

The literature highlights the importance of distinguishing enterprise performance from household economic outcomes. Although research has examined budgeting in relation to business profitability and financial literacy in relation to household assets, these outcomes do not fully answer whether budgeting is associated with household income among small-scale women entrepreneurs. This study addresses that context-specific question by examining budgeting practices in Bwera Sub-County and assessing their relationship with household income, including the contribution of budgeting when saving and investing are considered in the regression model. Because the study is observational, the findings are interpreted as associations rather than proof of causation.

3. CONCEPTUAL / THEORETICAL FRAMEWORK

This study is informed by the human capital perspective, which emphasises the contribution of acquired knowledge and skills to productive capacity and economic decision-making. Schultz (1961) argued that investment in human capabilities can enhance productivity and economic development. Applied to small-scale entrepreneurship, this perspective suggests that financial management skills may help entrepreneurs plan expenditure, allocate limited resources, and monitor business finances. Budgeting is therefore considered a financial management practice that may be associated with household income outcomes.

Budgeting is the independent variable, while household income is the dependent variable. Budgeting is measured through setting financial objectives, preparing business budgets, preparing written income and expenditure budgets, and comparing actual financial results with planned budgets. Household income is assessed using respondents' reported perceptions of income growth and stability, their ability to meet basic needs, and related household financial outcomes.

The framework proposes that more consistent budgeting practices are positively associated with household income because they may support financial planning, expenditure control, and the allocation of resources between business activities and household needs. However, this relationship may also reflect other financial practices. Accordingly, saving and investing are included as

additional predictors in the regression model to determine whether budgeting remains statistically significant after accounting for these practices.

The conceptual relationship is expressed as: Budgeting practices → Household income

Saving and investing are included as additional predictors in the multivariable regression model rather than as components of budgeting. Since the study uses a cross-sectional design, the framework examines statistical associations and does not establish that budgeting causes changes in household income.

4. RESEARCH METHODOLOGY

The study adopted a cross-sectional explanatory research design and a mixed-methods approach to examine the relationship between budgeting and household income among small-scale women entrepreneurs. Quantitative data were collected using structured questionnaires, while qualitative data were obtained through interviews with local government officials to provide additional context. Data collection took place between October and December 2024 in Bwera Sub-County, Kasese District, western Uganda.

The quantitative target population comprised 186 female members of the Bwera Sub-County Traders' Association. Using the sampling approach reported in the original study, 125 women entrepreneurs were selected through simple random sampling. Of these, 98 completed questionnaires were analysed, representing a response rate of 78.4%. The qualitative component involved purposively selected local government officials at district and sub-county levels who were considered knowledgeable about local financial literacy initiatives. The original report indicates that five officials from each administrative level were considered for interviews.

Quantitative data were collected using a structured questionnaire with items measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Budgeting indicators included setting financial objectives, preparing business budgets, preparing written income and expenditure budgets, and comparing actual results with planned budgets. Household income was assessed using respondents' reported perceptions of income growth and stability, ability to meet basic household needs, and related household financial outcomes. The budgeting scale recorded a Cronbach's alpha of .851, indicating satisfactory internal consistency.

Quantitative data were analysed using the Statistical Package for the Social Sciences (SPSS), version 27. Frequencies, percentages, means, and standard deviations summarised respondents' characteristics and budgeting practices. Pearson's correlation coefficient assessed the direction and strength of the relationship between budgeting and household income. Multiple regression analysis examined whether budgeting remained a statistically significant predictor of household income when saving and investing were included in the model. Statistical significance was assessed at the 5% level, and SPSS values reported as .000 were interpreted as $p < .001$.

Ethical considerations included voluntary participation, informed explanation of the study, confidentiality, and responsible handling of respondents' information. The precise institutional ethics approval and administrative authorisation details should be confirmed from the original research documentation before publication.

5. RESULTS

5.1 Budgeting Practices among Women Entrepreneurs

The descriptive results showed that respondents reported engaging in budgeting practices, although the frequency or consistency of these practices varied.

Table 1: Selected budgeting practices among women entrepreneurs

Budgeting practice	Mean	Standard deviation
Comparing actual results with the budget	3.59	1.174
Preparing a written budget for income	3.51	1.133
Preparing a budget for the business	3.44	1.301
Preparing a written budget for expenditure	3.44	1.236

Source: Primary data, 2024

Comparing actual results with planned budgets recorded the highest mean score ((M = 3.59, SD = 1.174)), followed by preparing written income budgets ((M = 3.51, SD = 1.133)). Preparing business and written expenditure budgets each recorded a mean of 3.44. The standard deviations indicate variation in respondents' reported practices. Overall, the findings suggest that budgeting was practised among the women entrepreneurs, although not uniformly. The relationship between budgeting and household income was examined separately using correlation and regression analyses.

5.2 Relationship between Budgeting and Household Income

Pearson's correlation analysis indicated a positive and statistically significant relationship between budgeting and household income.

Table 2: Correlation between budgeting and household income

Variables	Pearson's (r)	Significance
Budgeting and household income	0.449	(p < .001)

Source: Primary data, 2024

The correlation coefficient ((r = .449, p < .001)) indicates a moderate positive association between budgeting and reported household income outcomes. Respondents reporting stronger budgeting practices also tended to report more favourable household income outcomes. The result supports an association between the two variables but does not establish that budgeting caused household income to increase. The coefficient should not be interpreted as a 44.9% increase in income.

5.3 Regression Results for Budgeting and Household Income

Multiple regression analysis was conducted to examine the association between budgeting and household income while accounting for saving and investing.

Table 3: Regression results for budgeting and household income

Statistic	Result
Unstandardised coefficient (B)	0.428
Standard error (SE)	0.087
Standardised coefficient (β)	0.449
t-statistic	4.922
Significance	(p < .001)
Model (R^2)	0.437
Adjusted (R^2)	0.419
Model (F)-statistic	24.32
Model significance	(p < .001)

Source: Primary data, 2024

The reported budgeting coefficient was positive and statistically significant (B = .428, SE = .087, β = .449, t = 4.922, p < .001). This suggests that budgeting was positively associated with household income after accounting for saving and investing. The unstandardised coefficient represents the expected change in the household income score for a one-unit increase in the budgeting score, holding the other predictors constant; it does not represent a monetary increase.

The reported model explained 43.7% of the variation in the household income measure (R^2 = .437), with an adjusted R^2 of .419. The reported overall model test was statistically significant, (F(3, 94) = 24.32, p < .001). The R^2 represents the explanatory contribution of the predictors collectively and should not be attributed to budgeting alone.

6. DISCUSSION

The findings revealed a positive and statistically significant relationship between budgeting and household income among small-scale women entrepreneurs in Bwera Sub-County (r = .449, p < .001). Budgeting also remained a significant predictor of household income when saving and investing were included in the regression model. This suggests that budgeting practices are associated with more favourable household income outcomes, even after accounting for these other financial practices.

One possible explanation is that budgeting helps entrepreneurs plan expenditure, prioritise financial obligations, and monitor the use of limited resources. Preparing budgets and comparing actual results with planned expenditure may enable women entrepreneurs to identify financial shortfalls and make more informed decisions about business and household spending. These

practices are consistent with broader financial capability principles, which emphasise the role of financial behaviour in managing money and making informed financial decisions (Organisation for Economic Co-operation and Development [OECD], 2023). However, the extent to which budgeting translates into improved household outcomes may depend on the resources available and the economic conditions under which businesses operate.

The descriptive findings provide further insight into budgeting practices among respondents. Comparing actual results with planned budgets recorded the highest mean score (M = 3.59), followed by preparing written income budgets (M = 3.51). These results suggest that respondents engaged in both financial planning and monitoring, although variation in their responses indicates that these practices were not applied uniformly. This variation highlights the importance of considering not only whether entrepreneurs prepare budgets but also whether they regularly review and use them to guide financial decisions.

The findings are broadly consistent with Kamau and Mungai (2020), who reported a positive and statistically significant relationship between cash budgeting and profitability among small and medium-sized enterprises in Kenya. Similarly, Adomako et al. (2022) identified financial literacy as an important area in research on entrepreneurial financial access and performance. Together, these studies support the relevance of financial management to enterprise outcomes. However, the present study extends this discussion to household income among women entrepreneurs in Uganda. Unlike enterprise profitability, household income reflects the financial resources available to meet household needs, making it important to examine the two outcomes separately.

The regression results further suggest that budgeting was independently associated with household income within the specified model, which also included saving and investing. Nevertheless, the reported (R^2 = .437) represents the combined explanatory contribution of all three predictors rather than budgeting alone. The result should therefore not be interpreted as evidence that budgeting independently explains 43.7% of the variation in household income.

These findings should be interpreted in light of the study's methodological limitations. The cross-sectional design does not establish causality, and the possibility of reverse association cannot be excluded: entrepreneurs with more stable incomes may have greater capacity to prepare and follow budgets. Furthermore, household income was assessed through respondents' reported perceptions of income-related outcomes rather than verified monetary records. Factors such as business size, market demand, access to finance, and household responsibilities may also influence income. Consequently, the findings demonstrate an association within the study sample rather than a definitive causal effect.

Overall, this study provides context-specific evidence that budgeting practices are positively associated with household income outcomes among small-scale women entrepreneurs in Bwera Sub-County. By focusing on household income rather than enterprise profitability alone, it highlights the relevance of examining how financial management practices relate to the economic circumstances of women entrepreneurs and their households.

7. CONCLUSION

This study examined the relationship between budgeting and household income among small-scale women entrepreneurs in Bwera Sub-County, Kasese District. The findings revealed a moderate, positive, and statistically significant relationship between budgeting and household income ($r=.449$, $p<.001$). Regression results further showed that budgeting was a positive and statistically significant predictor of household income ($B=.428$, $SE=.087$, $\beta=.449$, $t=4.922$, $p<.001$). The overall model, which included budgeting, saving, and investing, explained 43.7% of the variation in household income ($R^2=.437$), adjusted $R^2=.419$, $F=24.32$, $p<.001$).

Descriptive findings indicated that respondents reported engaging in budgeting practices, particularly comparing actual business results with planned budgets and preparing written income budgets. However, differences in responses suggest that budgeting practices were not equally consistent among the women entrepreneurs surveyed.

The study provides context-specific evidence of the importance of budgeting within small-scale women-owned enterprises in Uganda. The findings support strengthening practical budgeting skills as part of enterprise development and financial literacy initiatives. Nevertheless, household income is influenced by several business, economic, and household factors. Because the study used a cross-sectional design, the results demonstrate statistical association rather than causation.

8. RECOMMENDATIONS

First, organisations supporting women-owned enterprises should strengthen practical budgeting training. Training should focus on preparing written business budgets, forecasting income and expenditure, setting financial targets, and comparing actual results with planned budgets. Practical exercises based on common small-business transactions could help entrepreneurs apply these skills in their daily operations.

Second, local government authorities and business associations should integrate budgeting support into existing enterprise-development and financial-literacy programmes. Follow-up mentoring could help women entrepreneurs review their budgets regularly, identify financial shortfalls, and use budget information to guide business decisions.

Third, women entrepreneurs should be encouraged to maintain simple and consistent financial records that distinguish business transactions from household expenditure. These records can help them assess business performance, monitor cash flows, and determine the resources available to meet household needs. Regular budget reviews would also enable them to adjust their plans when income or expenditure changes.

Fourth, financial institutions and enterprise-support organisations should complement their financial products with accessible financial-management guidance. Such support should be appropriate to the scale and operating conditions of small women-owned businesses, emphasising practical budgeting and record-keeping rather than unnecessarily complex accounting procedures.

Finally, future research should use longitudinal designs and, where feasible, objectively recorded household-income data to examine changes in budgeting practices and income outcomes over time. Further studies should also investigate whether the budgeting–income relationship varies by business size, sector, access to credit, education, and household responsibilities. This could provide a clearer understanding of the circumstances in which budgeting support may be most beneficial to women entrepreneurs.

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