

**FACTORS AFFECTING ESTABLISHMENT OF HOUSEHOLD
ENTERPRISES IN UGANDA**

BY

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DECLARATION

I, Owere Andrew, hereby declare that this dissertation titled **“FACTORS AFFECTING ESTABLISHMENT OF HOUSEHOLD ENTERPRISES IN UGANDA”** is my original work and has never been presented for a degree award in any other University.

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APPROVAL

This report by OWERE ANDREW titled “**FACTORS AFFECTING ESTABLISHMENT OF HOUSEHOLD ENTERPRISES IN UGANDA**” was prepared under our supervision and is now ready for submission to the graduate school with our approval.

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Signature Date/ /

Dr. MAX AJANGA (Deceased)

DEDICATION

This research project work is dedicated in memory of my late parents and my supportive wife, who has been unwavering in support throughout my academic journey.

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LIST OF ABBREVIATIONS

ASCA	Accumulative Savings and Credit Associations
MSEs	Micro and Small Enterprises
NAADS	National Agricultural Advisory Services
NUSAF	Northern Uganda Social Action Fund
OWC	Operation Wealth Creation
PDM	Parish Development Model
ROSCA	Rotating Savings and Credit Association
SACCO	Savings and Credit Cooperative Organization
SCG	Senior Citizen Grant
UBOS	Uganda Bureau of Statistics
UNHS	Uganda National Household Survey
UWEP	Uganda Women Entrepreneurship Program
VSLA	Village Savings and Loan Association

ABSTRACT

The study investigated the factors affecting the establishment of household enterprises in Uganda. The specific objectives of the study were to examine the effect of Socio-demographic and Socio-economic characteristics on establishment of household enterprises in Uganda. The study used data from the Uganda National Household Survey 2019/2020. The study estimated the logit model that was identified as the most appropriate model. The key findings from the study were establishment of household enterprises in Uganda was positively and significantly influenced by Rural/Urban location of household head, Access to informal financial services, and household income while on the other hand, household enterprise establishment was negatively and significantly influenced by Post secondary education, Senior Citizen Grant (SCG) and Age of household head. The policy recommendations from the study were that government should integrate conditional elements into the Senior Citizen Grant, that can harness the positive behavioural incentives as identified by Blattman et al. (2014) of requiring recipients to participate in business training or use the funds for specific entrepreneurial activities. This approach will aim at encouraging beneficiaries to reduce their reliance on the grants, thereby promoting sustainable economic growth among senior citizens. Secondly increase funding of informal financial institutions like Rotating Savings and Credit Associations (ROSCA's), Accumulative Savings and Credit Associations (ASCA's), Village Savings and Loans Associations (VSLA's) that would provide financial resources to aspiring entrepreneurs at household level.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

According to the Uganda National Household Survey (UNHS) conducted in 2019/2020, a household enterprise is defined as an enterprise managed by more than one household member, regardless of whether it operates within the household premises or elsewhere. This includes enterprises jointly operated by two or more households on a partnership basis. It encompasses a wide range of enterprises, from small street corner stalls to major factories. Household enterprises are considered a vital component of rural development and poverty reduction. They play a significant role in rural economies, both in agriculture and non-agricultural sectors, providing income to households throughout the year, including the off-season. Moreover, these enterprises contribute to economic growth and higher incomes not only at the household level but also at the community, town, and city levels.

Despite the expectation that household enterprises may become less important as countries modernize and commercialize their agricultural and non-agricultural sectors, they are still considered economically and socially significant during key transformation phases. The historical experience of economic development suggests that household enterprises continue to play a crucial role, even as countries reach higher income levels. Given that household enterprises are recognized as an important and dynamic sector that contributes to rural livelihoods, poverty reduction, and overall economic progress in Uganda producing goods and services that are used by both households and businesses (Kamara et al. 2019).

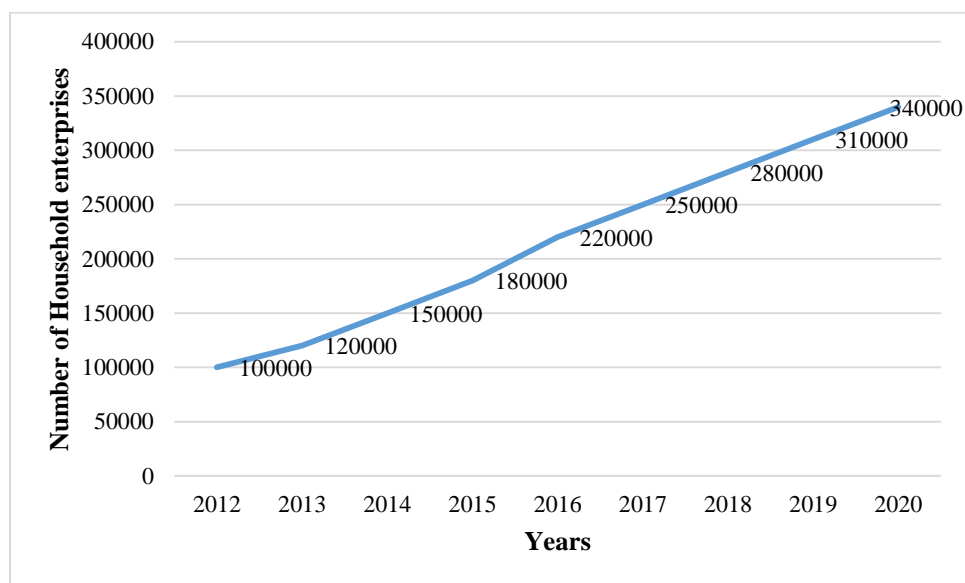
Ssewanyana (2021), defined Household enterprises as economic activities that are undertaken by members of a household to produce goods and services for sale or for own consumption. Household enterprises are an important source of income for many households in Uganda, and they also play a role in poverty reduction and economic development.

Kibirige and Nyanzi (2019), undertook a study to examine the relationship between entrepreneurship and economic growth in Uganda, with a specific focus on micro and small

enterprises, including household enterprises. The study aimed at understanding the role of entrepreneurship in driving economic development in the country and explored the factors that influence the growth and performance of these enterprises like entrepreneurship training programs,

access to markets, and networking opportunities. Establishments of micro and small enterprises are important contributors to economic growth in Uganda as they create an enabling environment that stimulates economic activities, create employment opportunities, and foster innovation and productivity.

Figure 1.1: Household Enterprises establishment over years



Source: UBOS Statistical Abstract 2021

Figure 1.1 reflects the growth trend of household enterprises establishment in Uganda. This trend was attributed by a number of factors categorised as socio-demographic and Socio-economic characteristics. The socio-demographic characteristics include factors such as Age of Households head, Gender of Households head, Education level of Household head, Households Size and Rural Urban location of household. While socio-economic characteristics are attributed to Household assets, access to government programs, participation in formal and informal groups and Access to formal credit.

Ssentamu (2015), argued that access to credit from commercial banks is essential for the ongoing and sustainable growth and profitability of household enterprises in Uganda. He supports his argument with evidence from a study of household enterprises in Uganda. The study found that households with access to credit from commercial banks were more likely to

have larger and more profitable enterprises than households without access to credit. The National Small Business Survey of Uganda (2015) emphasized the vital role played by Micro, Small, and Medium Enterprises (MSMEs) within the Ugandan economy. These enterprises constitute over 90% of the total businesses in Uganda and provide employment for more than 70% of the workforce. Despite their inclination towards acquiring loans, as demonstrated by over 40% having applied for loans previously and a third of them expressing intentions to apply within the next year, a significant portion of MSMEs faced challenges in obtaining these loans. Both on a national and international level, the availability of credit stands as a pivotal factor influencing the growth and sustainability of Household Enterprises. Numerous factors contributed to constraints faced by MSMEs in Uganda, including restricted access to finance due to lack of collateral, elevated credit costs, and perceived lending risks. Moreover, MSMEs encountered difficulties in accessing markets due to factors such as inadequate market information, high transportation costs, and competition from larger corporations. The absence of essential business development services, including training, mentoring, and technical assistance, further hindered their capacity to enhance their skills, expand their businesses, and augment their sales, among other obstacles.

Banerjee and Duflo (2014), upheld that enterprises need more funding despite the slow growth in countries with underdeveloped financial markets and argued that the traditional approach to fighting poverty, which focuses on providing aid to poor people, is not effective. Instead, Banerjee and Duflo (2014) argued that we need to focus on providing poor people with the tools and resources they need to lift themselves out of poverty.

Despite the commonly held belief that household enterprises primarily operates locally, are family-oriented, risk-averse, and lack professionalization, they face similar challenges on an international scale (De Massis, et al. 2018) such as limited access to formal finance, inadequate infrastructure, and regulatory constraints. Advocation for policy interventions and support mechanisms will facilitate the growth and sustainability of household enterprises. These included improving access to finance, providing entrepreneurial education, and training, and creating an enabling environment that fosters entrepreneurial activity.

It is against this background that the researcher wishes to understand the factors affecting establishment of household enterprises in Uganda.

1.2 Statement of Research Problem

In Uganda, small enterprises play a pivotal role in augmenting household income and employment prospects. However, the successful establishment and sustainability of these ventures encounter persistent challenges. Despite government initiatives such as Entandikwa, Bonabagawale, Operation Wealth Creation, and now the Parish Development Model, alongside microfinance institution support, the journey towards creating enduring household enterprises is hindered by obstacles to longevity and viability. Many household enterprises either remain unrealized or falter shortly after initiation, hindering the realization of sustained economic benefits for households.

According to the Uganda National Household Survey 2016/2017, only 3.2% of households in Uganda were engaged in non-crop farm household enterprises, predominantly operating on a small scale and informally. The Uganda Demographic and Health Survey 2016 also revealed that only 9.6% of women were engaged in non-agricultural self-employment.

Namatovu et al. (2019) found that there is a significant research gap in understanding the establishment phase of household enterprises in Uganda. Their study "Global Entrepreneurship Monitor Uganda Report," primarily highlighted how existing research and data collection have concentrated on business performance and growth stages. They noted a lack of detailed analysis on the factors and challenges that entrepreneurs face during the initial establishment phase of their enterprises. This gap suggests a need for more focused studies on the early stages of enterprise creation to inform better policy and support mechanisms for aspiring entrepreneurs.

Serunjogi et al. (2020) have underscored the critical need for amalgamating multiple interventions and bolstering coordination among governmental programs to cultivate a conducive environment for enterprise establishment. This entails enhancing financial access, providing comprehensive business development services, fostering robust market connections, improving infrastructure, and addressing gender specific challenges.

In light of these challenges and research gaps, this study aims to investigate the factors influencing the establishment of household enterprises in Uganda.

1.3 Objectives of the Study

The main purpose of the study was to examine factors affecting establishment of household enterprises in Uganda.

1.3.1 Specific Objectives of the Study

To achieve the aim of this study, the following are the specific objectives that was investigated:

- i. To examine the effect of Socio-demographic characteristics on establishment of household enterprises in Uganda
- ii. To examine the effect of Socio-economic characteristics on establishment of household enterprises in Uganda.

1.4 Research Hypotheses

- i. Socio-demographic characteristics have no significant effect on household enterprise establishment.
- ii. Socio-economic characteristics have no significant effect on household enterprise establishment.

1.5 Scope of the Study

The study centered its attention on comprehending the elements that influence the establishment of household enterprises in Uganda, with a specific emphasis on the nuanced components that encompass both Socio-demographic and socio-economic characteristics. The researcher strongly believes that with a broader country wide scope depicted in the UNHS 2019/2020 coverage, gave the overall representativeness of the results.

1.6 Significance of the Study

The study will add knowledge on the existing bigger knowledge and encourage policy makers to revisit the policies on the factors affecting enterprise establishment in Uganda.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter constitutes the theoretical review of the existing literature, a detailed review of empirical studies organized in the themes of enterprise establishment in consideration of Socio-demographic and Socio-economic characteristics.

2.1 Theoretical Review

In understanding establishment of Household enterprises, two theories were put in context, and they included:

2.1.1 Resource Based Theory

Resource-Based Theory (RBT) provides a framework for understanding how internal resources and capabilities of an organization, in this case, household enterprises, contribute to their competitive advantage and performance. Applied to the establishment of household enterprises, RBT posits that the availability, quality, and strategic deployment of resources are critical determinants of enterprise success. These resources can include tangible assets like financial capital, physical infrastructure, and technological equipment, as well as intangible assets such as human capital, knowledge, skills, and social networks.

In the context of household enterprises, RBT suggests that enterprises with superior access to and utilization of resources are better positioned to establish and sustain their operations. For instance, households with sufficient financial capital can invest in starting a business, purchasing necessary equipment, and covering initial operational costs. Similarly, households with skilled labor or access to training and education can leverage these human capital resources to innovate, adapt to market changes, and compete effectively. Social capital, represented by networks and relationships within communities or industry sectors, can also provide valuable resources such as market information, mentorship, and access to business opportunities. Therefore, according to RBT, the strategic management and accumulation of resources within households are pivotal in influencing their ability to establish and successfully operate enterprises, thereby contributing to their economic well-being and sustainability.

Resource Based Theory suggests that the availability and allocation of resources within households and the broader economic environment influence the likelihood of household

enterprise establishment. In the context of the study by Ullah et al. (2021) titled "The Role of Household Resources in Entrepreneurial Activities, Evidence from Developing Countries," the researchers investigated the impact of various household resources on entrepreneurial activities in developing countries. The study found that different types of resources positively influenced household enterprise establishment. Firstly, access to financial capital is a critical resource for establishing and sustaining a household enterprise. It enables entrepreneurs to invest in equipment, inventory, marketing and other essential resources. The study revealed that households with greater financial capital had a higher probability of establishing enterprises due to their ability to fund initial start-up costs and ongoing operational expenses. Secondly, Ownership of productive physical assets such as land, machinery or infrastructure, can provide a strong foundation for enterprise establishment. These assets can be used as collateral for loans, facilitate production processes and enhance productivity in which households with significant physical assets were more likely to establish enterprises because they had the necessary infrastructure and resources to support entrepreneurial activities. Thirdly, Social networks resources play a vital role in enterprise establishment by providing access to information, resources, and markets. The study likely found that households with extensive social networks such as strong community ties, business contacts, or membership in social groups, had an advantage in starting and growing enterprises. These networks can offer support, mentorship and potential business opportunities, which contribute to the success of household enterprises. Lastly, Access to markets and customers is a crucial resource for enterprise establishment. The study further highlighted that households with better market access such as proximity to urban centres, transportation networks, or existing market linkages, had a higher probability of establishing enterprises. Enhanced market access enables entrepreneurs to reach a larger customer base, sell their products or services more effectively, and expand their businesses.

Acs and Szerb (2017), discussed the role of household enterprises and their contribution to economic growth and societal progress, emphasizing the importance of understanding the dynamics of household enterprises within the broader context of entrepreneurship and development. It was argued that household enterprises play a crucial role in fostering economic growth, particularly in developing countries and emerging economies highlighting that these enterprises often serve as the foundation of entrepreneurial activity, providing individuals with opportunities for income generation, self-employment, and poverty reduction. Household enterprises are characterized by their small-scale nature, localized

operations, and reliance on family members for labor and management. Acs and Szerb (2017), emphasized that household enterprises have the potential to contribute significantly to socio-economic development by not only creating employment opportunities but also foster innovation, resilience, and entrepreneurial skills within communities. Given that, household enterprises are often more flexible and responsive to local market conditions, contributing to the overall economic resilience of communities and regions.

By examining the role of household resources in entrepreneurial activities, the study contributed to the understanding of how resource-based factors influence the establishment of household enterprises in developing countries. It highlights the importance of resource acquisition, allocation, and utilization in driving entrepreneurial behaviour and success.

2.1.2 Entrepreneurship Orientation Theory

Entrepreneurial Orientation (EO) Theory posits that certain entrepreneurial behaviors and strategies significantly influence the establishment and performance of businesses, including household enterprises. EO is characterized by five key dimensions that includes innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy. Innovativeness refers to the willingness to support new ideas, experimentation, and creative processes that can lead to new products or services. For household enterprises, this dimension is critical as it allows them to differentiate themselves in the market, develop unique offerings, and cater to niche markets, thereby building a loyal customer base. Risk-taking involves the propensity to engage in ventures with uncertain outcomes, which is essential for household enterprises to explore new opportunities and expand their operations despite limited resources. This willingness to take calculated risks can lead to significant rewards, enabling household enterprises to grow and thrive in competitive environments.

Proactiveness is another vital dimension, emphasizing the anticipation and acting on future market needs. Proactive household enterprises can predict market trends and position themselves advantageously, allowing them to capitalize on emerging opportunities before their competitors do. Competitive aggressiveness, characterized by a firm's intensity in outperforming rivals and capturing market share, enables household enterprises to adopt strategies such as aggressive pricing or enhanced marketing efforts to establish a strong market presence. Lastly, autonomy, the independent action of individuals or teams in bringing ideas to fruition, allows household enterprises to make swift decisions and adapt

quickly to market changes. This flexibility and adaptability are crucial for household enterprises, as they often operate with fewer bureaucratic constraints compared to larger firms. Together, these dimensions of EO empower household enterprises to navigate the challenges of the market, innovate, and sustain growth effectively.

Díaz and Rodríguez (2003) conducted an in-depth study on the influence of Entrepreneurial Orientation (EO) on family owned businesses in Spain, revealing several crucial insights. Their study focused on how EO dimensions such as innovativeness, risk taking, and proactiveness affect the overall performance and longevity of family businesses. They found that family owned enterprises that actively embrace these entrepreneurial characteristics tend to perform significantly better than those that do not. Innovativeness, in particular, was highlighted as a key driver of success, enabling these businesses to introduce new products and services, adopt advanced technologies, and stay ahead of market trends. By fostering a culture of innovation, family businesses can differentiate themselves from competitors and create unique value propositions that attract and retain customers.

Moreover, Díaz and Rodríguez (2003) emphasized the importance of risk taking and proactiveness in family owned businesses. Their study showed that family enterprises that are willing to take calculated risks are better positioned to capitalize on new opportunities and navigate economic uncertainties. Proactiveness, or the tendency to anticipate and act on future market needs, was also linked to higher performance levels. The study noted that proactive family businesses are more adept at identifying emerging trends, responding to customer demands, and making strategic decisions that drive growth. Additionally, the study underscored the role of family dynamics in fostering an entrepreneurial spirit. Strong family ties and a shared vision can enhance commitment and support for entrepreneurial initiatives, leading to a more resilient and adaptive business. Overall, Díaz and Rodríguez's findings highlight that a robust EO not only contributes to the immediate success of family owned businesses but also ensures their long term sustainability in a competitive market.

In the above respective studies, Ullah et al. (2021) on Resource-Based Theory (RBT) and Díaz and Rodríguez (2003) on Entrepreneurial Orientation (EO) Theory identified several limitations and research gaps relevant to the establishment of household enterprises. Ullah et al. highlighted that RBT often overlooks the dynamic and complex nature of resource interactions within small and household enterprises, focusing instead on static resource

endowments. This presents a gap in understanding how resources evolve and interact over time to impact household enterprise success. Díaz and Rodríguez, while emphasizing the positive impact of EO on family-owned businesses, noted limitations in their study regarding the broader applicability of their findings across different cultural and economic contexts. Additionally, their research did not extensively explore the interplay between EO dimensions and other external factors, such as market volatility and regulatory changes, which can significantly influence household enterprises. Both studies suggest a need for further research to integrate these dynamic and contextual factors, providing a more comprehensive understanding of how EO and resource management practices collectively affect the establishment and sustainability of household enterprises.

2.2. Empirical Literature Review.

This is a chronological lay out of the factors associated with establishment of household enterprises that has been categorized into two forms that is Socio-demographic and Socio-economic characteristics.

2.2.1 Socio-Demographic Characteristics and Enterprise Establishment

The characteristics under the socio-demographic include:

2.2.1.1 Age of Household Head

There are different opinions on the age of individual household heads on establishing an enterprise and being self employed. According to Wang et al. (2023), the idea that household head's ability to start and run an enterprise will depend on how much financial and human capital they have at hand that can be viewed as, a person who grows older, the desire and capacity to establish an enterprise keep arising. This could be due to a combination of factors such as accumulated experience, networks, and resources over time, as well as a shift in priorities or opportunities as individuals progress through different stages of their lives.

The businesses and networking the older people engage with enhanced skills in establishing or engaging into entrepreneurship undertakings counts. By starting their own businesses, this would entail being self-employed which eventually gives one more choice over how quickly they work and may be an alternative for people growing older in age (Ssewanyana and Nnabugwu, 2018). However, it can be assumed that self-employment is considered as an alternative option despite the risk involved (Asongu et al. 2021) and longer hours of work is not exceptional, it can be considered that for the elderly persons, self-employment could

perhaps not only be the best alternative but to be able to survive and meet their daily needs, there is need to invest in the earned incomes during their formal employment so as to establish an enterprise given the experience and exposure in the day today life.

2.2.1.2 Gender of Household Head

Gender is believed to play a critical role in establishing the level of business performance (Qureshi and Lahore, 2012), undertook a study on factors affecting small business performance in Punjab-Pakistan with regards to gender based analysis and a concluded that the percentage of gender owning their own businesses has increased and still expanding during the past years.

According to Obaa and Hasama (2020), they stated that men in Uganda generally have more access to resources such as land, capital, and networks, which are crucial for starting and sustaining household enterprises. Unequal distribution of resources between genders creates an advantage for male headed households in entrepreneurial activities. Women are now engaged in jobs that men do equally rather than the traditional and cultural notion that women have the full responsibility of any form of housework and agriculture activities. With the strong social ties and internal motivation, women are believed to be good entrepreneurs as long as they have a backing from the household members in addition to business trainings undertaken (Lee and Stearns, 2012).

According to Kafuma and Niringiye (2013), in their study revealed that male dominated sectors, such as agriculture and trade, offer more opportunities for enterprise establishment in Uganda. Male headed households tend to engage in these sectors, benefiting from their inherent advantages and preferences in accessing market opportunities as opposed to the female gender.

2.2.1.3 Household Size

Richard and Martha (2023) stated that for a household to be engaged into a business venture, the Household should be manageable in size to cater for its own day today expenses. Small household size would mean low costs incurred in the day today expenses and be able to save more, so as to start a business to keep the household moving on. The money saved over a period would then be investment into an establishment of an enterprise that would improve on the Household welfare.

Nalule (2021) stated that household size is key in resource mobilization and income diversification. Larger households can pool their financial resources and invest in different economic activities, reducing risk, collective decision making, risk sharing, social capital and income diversification hence increasing the likelihood of successfully establishing household enterprises. In addition, Kiirya et al. (2019), studied the role of household size in risk sharing and coping mechanisms. In Uganda, where access to formal social safety nets may be limited, larger households can rely on their collective resources and labour to establish and sustain household enterprises, thereby increasing their likelihood of engagement in entrepreneurship.

2.2.1.4 Rural Urban Location of Household Head

Adelaja et al. (2018) identified the determinants of household enterprises in the Sub-Saharan Africa region. The study utilized data from the Demographic and Health Surveys (DHS) to explore the factors influencing the establishment and operation of household enterprises. Several key insights were provided that included Socio-demographic characteristics that played a significant role in the likelihood of engaging in entrepreneurship and these included household size, education levels of household members, and access to credit are found to be important determinants. Larger households are more likely to engage in entrepreneurship, while higher levels of education and access to credit increase the likelihood of household enterprises. Secondly, the study emphasized the significance of geographical location in influencing household enterprises. Rural households are more likely to engage in entrepreneurship compared to urban households. This suggests that rural areas present more opportunities and incentives for households to establish enterprises, possibly due to limited employment opportunities in rural areas and the need to generate income and livelihoods.

Odongo et al. (2020), explored the role of rural-urban linkages in promoting rural entrepreneurship in Uganda. The study investigated how interactions and connections between rural and urban areas can contribute to the development of rural entrepreneurship and economic growth. Further results showed that the importance of rural-urban linkages foster knowledge transfer and the diffusion of entrepreneurial skills in that individuals who have access to urban centers and engage in activities such as education, training, or employment in urban areas are more likely to acquire entrepreneurial knowledge and skills that can be applied in rural entrepreneurship. Secondly, emphasis was on the role of social networks and information sharing in promoting rural entrepreneurship. It indicated that individuals who have social connections with urban entrepreneurs or participate in informal

networks are more likely to engage in entrepreneurial activities in rural settings. These social networks provide access to resources, information and market opportunities that can support the establishment and growth of rural enterprises.

Asiimwe et al. (2018) stated that limited access to formal financial services in rural areas leads to a higher reliance on household enterprises for income generation. Rural households often face challenges in accessing formal credit, prompting them to establish enterprises using their own resources and informal financial networks. Ntayi et al. (2019) stated that agricultural activities, which are predominant in rural areas, provide the foundation for many household enterprises in Uganda. Rural households often leverage their agricultural resources such as land and livestock, to establish enterprises related to food processing, agribusiness, and other agricultural value chains.

2.2.1.5 Education Level of Household Head

Kunc (2019) focused on the relationship between social capital and entrepreneurship with a specific focus on the establishment and success of household enterprises where it was stated that there is a positive and significant relationship between social capital and entrepreneurship. Higher levels of social capital, including participation in formal and informal groups, are associated with increased entrepreneurial activity and success. Also, the social networks help in fostering entrepreneurship. Entrepreneurs who have access to diverse and extensive social networks are more likely to receive support, resources, and information that contribute to the establishment and growth of household enterprises.

Alemu et al. (2017), in their study found that primary education positively influences the likelihood of engaging in household enterprises in Uganda since education provides individuals with the necessary cognitive and socio-economic capabilities to identify business opportunities, acquire resources, and navigate the challenges of entrepreneurship.

Kedir et al. (2012) further found out that individuals with primary education in Uganda were more likely to engage in self-employment and household enterprise activities given that primary education equips individuals with basic skills, knowledge, and confidence necessary for entrepreneurial activities.

Furthermore, Kasekende et al. (2012) in their study stated that primary education improves individuals access to information, which is vital for entrepreneurship. Individuals with primary education have a better understanding of market trends, customer preferences, and business management practices, enabling them to establish and run successful household enterprises.

2.2.2 Socio-Economic and Enterprise Establishment

Socio-economic are financial attributes that a firm or household uses to demonstrate its capacity to offset its responsibilities. The attributes for consideration included:

2.2.2.1 Household Asset

Eberhardt and Vollrath (2018) undertook a study on a comprehensive review of factors influencing African economic development including household assets. The results highlighted the significance of household assets as a key determinant of economic growth and development in Africa. Households with Assets have a high chance of accessing credit and this allowed households to invest in productive assets, start businesses, and participate in economic activities. Household assets play a crucial role in poverty reduction by providing income-generating opportunities and acting as a safety net during economic shocks. Assets, such as livestock, agricultural land, and savings, enable households to diversify their income sources, build resilience, and lift themselves out of poverty. Eberhardt and Vollrath (2018) stated Human capital and education are crucial in driving economic development in Africa. Further examination was made on the relationship between education levels, skills development, and economic outcomes, highlighted the need for investments in education and training. Households with training on entrepreneurship have a high chance of engaging or starting up an enterprise unlike households with no formal training. Among the valuable asset an entrepreneur would have skills attained from a training giving a greener light to an avenue to establishing an enterprise.

According to Bazzi and Sumarto (2019), households heads with more assets have a positive long-term consequence on growth and reduction in poverty as the household heads will be engaged in business related activities. Since these households do anticipate shock in their day today living, assets are acquired to enable them convert to cash or be able to mortgage as collateral in case of financial need from the financial institutions. This would give an opportunity to households especially when in need of starting up a business enterprise, the

more assets a household has the more chances for it to access credit to absorb an economic shock unlike vulnerable households that are unable to improve their incomes or increase asset stocks often get caught in an “asset poverty trap.”

2.2.2.2 Access to use of Informal Financial Institutions

Mukasa et al. (2022), revealed that the availability of informal financial services, including mechanisms like rotating savings and credit associations (ROSCAs) and moneylenders, exerts a positive influence on the establishment of household enterprises within Uganda. Their study further indicated that this impact is particularly pronounced for enterprises owned by women. The analysis encompassed a sample of 1,200 household enterprises across Uganda, revealing that households endowed with access to informal financial services displayed a higher likelihood of venturing into household enterprises compared to those lacking such access. These findings underscored the significant role that informal financial services can play in stimulating the establishment of household enterprises in Uganda.

Ntege and Muhanguzi (2021) in their study revealed that informal financial institutions, such as rotating savings and credit associations (ROSCAs) and moneylenders, played a significant role in the growth of micro and small enterprises in Uganda. The study found that the impact of informal financial institutions was stronger for enterprises that are located in rural areas where a sample of 300 micro and small enterprises in Uganda found that enterprises that had access to informal financial institutions were more likely to grow in size and profitability than enterprises that did not have access to informal financial institutions. The study also found that the impact of informal financial institutions was stronger for enterprises that were located in rural areas.

Nansamba and Badiru (2020) stated that access to informal credit is crucial in supporting women entrepreneurs in Uganda. Women often face challenges in accessing formal financial services due to gender biases and limited collateral. Informal credit sources provide an alternative avenue for women to access funds and start their own enterprises. The availability of informal credit particularly designed to address the needs of women entrepreneurs increases their probability of establishing successful household enterprises. In addition, Bagamba and Fjeldstad (2013) further stated that informal credit sources such as rotating savings and credit associations (ROSCAs), Village savings and loan associations (VSLA) in providing financial resources to aspiring entrepreneurs. Access to informal credit enables

households to obtain capital without the need for collateral or extensive documentation, making it more accessible to individuals with limited formal financial options. This increased availability of credit increases the likelihood of establishing a household enterprise.

2.2.2.3 Access to Government Programs

The provision of government programs helps in improving the household welfare. This is achieved when households access finances directly through programs like Operation Wealth Creation (OWC), Senior citizen grant (SCG), Uganda women entrepreneurship programme (UWEP), Youth livelihood programme (YLP), NAADS, NUSAF and currently Parish development model (PDM). These programs are aimed at improving the livelihood at household level. The households eventually upon receipt of the funds are compelled to engage into business activities which attract returns and that leads to establishment of household enterprises. Nagawa et al. (2021) undertook a study on the Effects of the Parish Development Model (PDM) on Household Income and Welfare in Uganda. The findings highlighted that the PDM, which is aimed to improve agricultural productivity, market access, and value chain development at the local level, positively influenced household income and welfare through increased market opportunities and improved agricultural practices. By providing support in areas such as market linkages, value addition, and product development, these programs enable households to access larger markets, secure better prices for their products, and participate more effectively in economic activities, thereby improving household welfare.

According to Mugisha et al. (2020) in their study, examined the impact of Operation Wealth Creation (OWC) on agricultural productivity in Uganda using a difference-in-differences approach. The study revealed that OWC has had a positive impact on agricultural productivity, but the impact has been concentrated in certain areas. Specifically, the study found that OWC has had a positive impact on agricultural productivity in areas with high levels of agricultural potential and where OWC interventions have been well implemented. The study also found that OWC has led to the establishment of household enterprises. This is because OWC has provided farmers with access to resources such as land, credit and training which have enabled households to start their own businesses. In the study by Mugisha et al. (2020) found that OWC has had a positive impact on agricultural productivity and household enterprises in Uganda.

Mukasa et al. (2017) in their study, stated that Senior Citizen Grant (SCG) increased household incomes by an average of 15%. The grant also improved food security, as households that received the grant were more likely to have enough food to eat. The grant also reduced poverty, as the poverty rate among households that received the grant was lower than the poverty rate among households that did not receive the grant. The study also revealed that the SCG had a positive impact on the health and well-being of older people. The grant was associated with a reduction in the number of older people who reported being sick or disabled. The grant was also associated with an increase in the number of older people who reported being able to walk without help.

The study further revealed that the SCG was particularly beneficial for older people who were living in poverty. The grant had a larger impact on the incomes of poor households than on the incomes of non-poor households. The grant also had a larger impact on the food security and health of poor households than on the food security and health of non-poor households.

According to Nakabugo et al. (2016) stated that the Youth livelihood programme (YLP) has been instrumental in creating employment opportunities for young people and stimulating economic growth at the household level. A study undertaken revealed that the program led to the creation of new jobs and increased incomes for youth beneficiaries. The establishment of household enterprises through the YLP has contributed to poverty reduction and improved livelihoods for young entrepreneurs and their families (Nakabugo et al., 2016).

Further, Opolot and Auma (2021) conducted a study on Assessment of the Impact of Uganda Women Entrepreneurship Program on women owned enterprises: A Case Study of Apac District, to evaluate the influence of the Uganda Women Entrepreneurship Program (UWEP) on enterprises owned by women. Their findings highlighted the positive impact of the program's financial resources and training on the growth and profitability of women owned enterprises, consequently leading to improved household welfare. By enhancing access to capital and resources, these programs empower households to establish and expand their businesses, resulting in higher income levels and overall improved well-being.

Empirical study by Namatovu and Kasirye (2020) on the Effect of National Agricultural Advisory Services (NAADS) on Household Income in Uganda: A Matching Approach investigated the impact of the National Agricultural Advisory Services (NAADS) program on household income in Uganda. The study revealed that households that participated in the

program and received training and extension services experienced significant improvements in their agricultural productivity, income levels, and overall welfare. This equips them with the necessary knowledge and skills to start and manage successful enterprises, thus enhancing their income-earning potential and overall household welfare.

In the study by Aloyo et al. (2020) on the impact of cash transfers provided under the Northern Uganda Social Action Fund (NUSAF) program on household welfare and empowerment. The findings revealed that the cash transfers had a significant positive effect on various welfare indicators such as food security, education, healthcare, and asset ownership. As a result, these transfers contributed to poverty reduction and improved overall well-being. Government programs like NUSAF, which target vulnerable populations, play a crucial role in alleviating poverty and providing social protection. Through direct support, including cash transfers, livelihood assistance, and community-driven initiatives, these programs enhance household welfare and strengthen resilience against shocks and vulnerabilities.

2.2.2.4 Access to Formal Credit

According to Ssentamu (2015) also observed that access to credit from commercial banks is essential for the ongoing and sustainable growth and profitability of Household enterprises. However, the number of Households Enterprises who have access to credit facility is determined by interest rate, loan amount and loan period. According to Osei-Assibey (2013) highlighted financial institutions like banks has comparative advantage over other financial service providers. Firstly, banks do provide a longer repayment period for the loans disbursed and this can give households to be able to view banks as an avenue where access to long term credit can be sought hence leading to establishment of an enterprise. Secondly the interest charged by banks stimulates household enterprises to make an extra effort to develop by establishing themselves into business. Given that enterprises run by households at micro level, would necessitate that for any credit service to be accessed, it will be small amounts that are easily accessed and payable within the agreed terms and conditions offered by the formal institutions.

Oseifuah and Bokpin (2020) conducted an in-depth investigation into the determinants of household enterprise establishment, particularly focusing on key factors such as access to finance, human capital, and market conditions. The primary goal of the study was to shed

light on the essential elements that contribute to the successful establishment and sustainability of household enterprises within the contexts of Ghana, Nigeria, and South Africa. By utilizing empirical analysis and drawing from data sourced through surveys and interviews with owners of household enterprises, the study underscored the critical role that access to finance plays as a pivotal determinant of household enterprise establishment. The study delved into the intricate challenges faced by household enterprises when seeking formal and informal financial services and how these challenges impact their capacity to establish and flourish. Additionally, the study placed significant emphasis on the pivotal role of human capital, encompassing education, skills, and practical experience, in steering the establishment of household enterprises. This encompassed an exploration of how the educational background and training of household enterprise owners shaped their business performance and influenced the potential for successful establishment.

Nega and Shimelis (2017), focused on comprehending the factors that exerted an impact on the performance of micro and small enterprises (MSEs) in Ethiopia, encompassing household enterprises. The primary objective of their study was to dissect and analyze the influential determinants that shape the growth and overall performance of MSEs across the country. The study was centered on three pivotal factors: access to credit, entrepreneurship skills, and prevailing market conditions. The study diligently delved into the pivotal role that access to credit plays in propelling the growth trajectory and sustainability of MSEs, highlighting the paramount importance of equipping entrepreneurs with essential skills to drive the performance of these enterprises. The study placed a strong emphasis on the role of entrepreneurial education and training programs in augmenting the overall capabilities of MSEs, including household enterprises, to thrive and flourish.

2.2.2.5 Participation in Formal and Informal Groups

Kunc (2019) in his study focused on the relationship between social capital and entrepreneurship, with a specific focus on the establishment and success of household enterprises where it was stated that there is a positive and significant relationship between social capital and entrepreneurship. Higher levels of social capital, including participation in formal and informal groups, are associated with increased entrepreneurial activity and success. Also, the social networks help in fostering entrepreneurship. Entrepreneurs who have access to diverse and extensive social networks are more likely to receive support, resources,

and information that contribute to the establishment and growth of their household enterprises.

Households can enhance their prospects of establishing enterprises by actively participating in formal and informal groups such as Banks, Microfinance institutions, SACCOs, VSLAs, ROSCAs, and ASCAs. Involvement in these groups enables households to save money and access loanable funds that can be utilized to initiate a business venture. The impact of different financing sources on corporate productivity was examined by Osei-Assibey (2013), exploring the question of whether internal finance from savings and retained earnings or external financing from formal or semi-formal financial institutions yields varying effects. Additionally, Fafchamps et al. (2014) focused on the utilization of formal credit, which includes credit obtained from both formal and informal financial institutions, in contrast to non-repayable grants in cash or kind. The researchers noted that loan financing provides a stronger incentive for enterprises to improve firm performance compared to grants, thus highlighting the significance of understanding how formal finance, if accessible to household enterprises, can influence their overall performance. Households who are registered or subscribe to some of these informal and formal groups, save and in return can access funds in form of loans that is payable over a given period of time.

According to Kobugabe and Rwakihembo (2022), stated that people engaged in other services provided by both the formal and informal groups like financial literacy has a positive relationship between financial literacy (training) and financial inclusion among proprietors of Small Enterprises, which assumes that “financial literacy increases people’s willingness to participate in both the formal and informal financial sectors.” In so doing, those with opportunities to participate can save and get credit which can help in engaging in an enterprise establishment.

2.2.2.6 Household Income

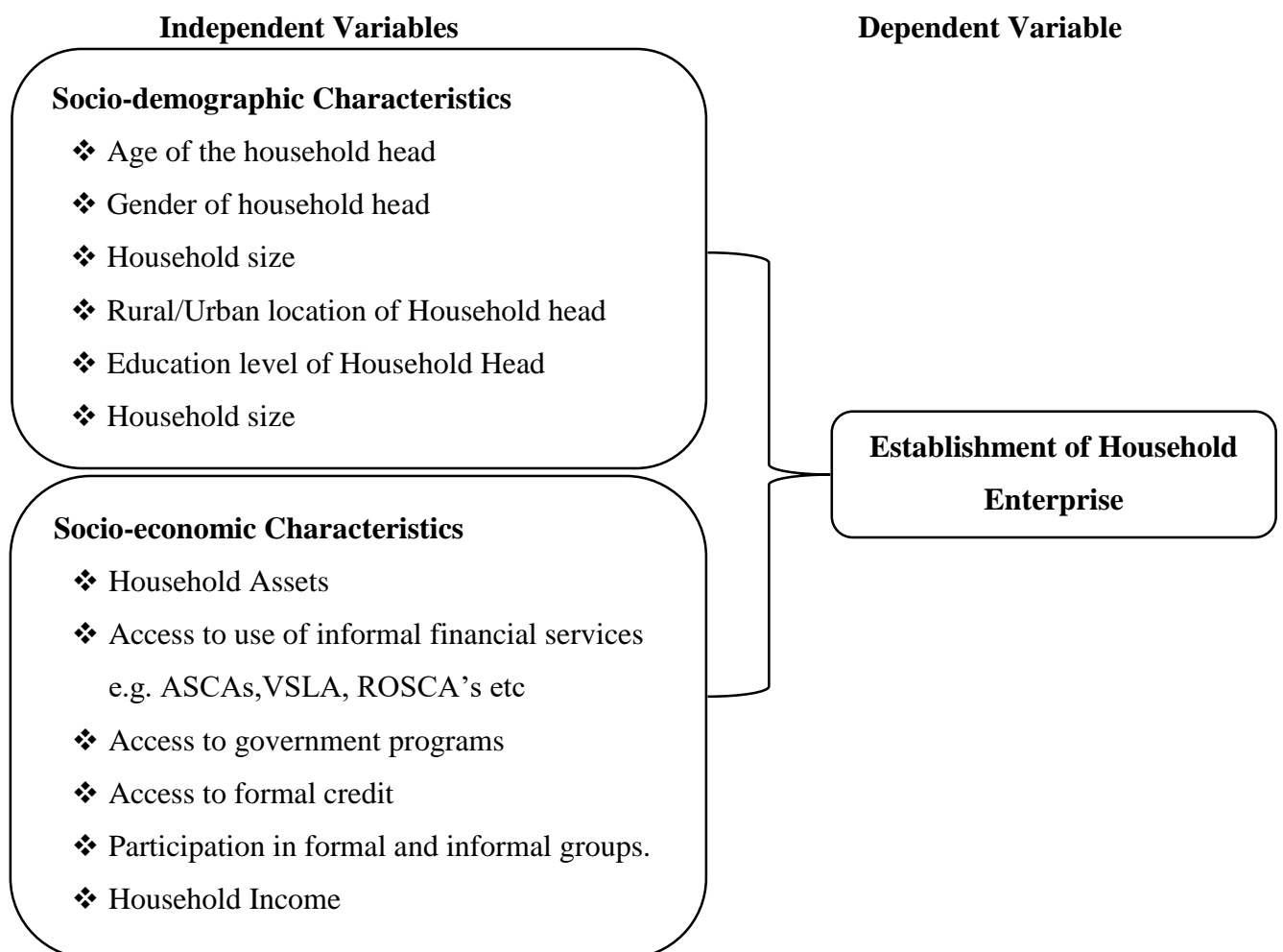
Kasule and Ntege (2021) stated that household income has a positive impact on the establishment of household enterprises in Uganda. From the sample of 1,500 household enterprises in Uganda, households with higher income were more likely to establish a household enterprise than households with lower income. This is because households with higher income have more resources available to them to save, which they can be used to start a business. Additionally, households with higher income may have better access to

information and networks, which can help them to identify and exploit business opportunities.

2.3 Conceptual Framework

A conceptual framework in the context of factors affecting the establishment of household enterprises in Uganda serves as a blueprint or roadmap that helps organize and structure the variables, relationships, and hypotheses relevant to the study. It provides a theoretical foundation that guided the study in understanding how various factors influenced the establishment of household enterprises in Uganda being categorised into two that is Socio-demographic and Socio-economic characteristics as shown in Figure 2.2 below. This helps to identify key determinants, explore causal relationships, and provide insights into effective strategies or interventions that can support the establishment of household enterprises in Uganda.

Figure 2.2: Conceptual Framework for Relationship among Variables.



Source: (Author 's own Conceptualization)

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research design, data types and sources, variable definition and expected signs, model specification, regression analysis and diagnostic tests. In investigating the factors affecting establishments of Household enterprises in Uganda, this study used cross sectional design with data obtained from the Uganda National Household Survey 2019/2020 report from UBOS. Weighted sample was used to determine the nationally represented sample while the marginal effect regression was estimated to determine the most important variable in the regression model.

3.1 Sample Collection

The Uganda National Household Survey (UNHS) 2019/2020, conducted by the Uganda Bureau of Statistics (UBOS), utilized a stratified two stage sampling design to ensure the representativeness and accuracy of the collected data. In the first stage, Enumeration Areas (EAs) were selected using a probability proportional to size (PPS) method, where the size was determined by the number of households recorded in the 2014 Uganda Population and Housing Census. This approach ensured that larger Enumeration Areas (EAs) had a higher probability of selection, allowing for a more balanced representation across different regions and population densities. The EAs were stratified by urban and rural areas within each district, ensuring comprehensive geographic coverage and enabling detailed analysis of regional disparities.

In the second stage, households within the selected EAs were randomly chosen for the survey. A complete listing of households in each selected EA was conducted to create a sampling frame. From this frame, a fixed number of households were systematically sampled using random start points and intervals to achieve the desired sample size. This method ensured that each household had an equal chance of being included, minimizing selection bias. The final sample size was designed to provide reliable estimates at the national and regional levels, covering various socio-economic indicators. Data was collected through face-to-face interviews using structured questionnaires, ensuring consistency and accuracy in the responses. The rigorous sampling methodology adopted by UBOS for the UNHS 2019/2020

provides a robust foundation for analyzing household characteristics, living conditions, and socio-economic factors across Uganda.

3.2 Data Types and Sources

The study used secondary data collected from Uganda National household survey (UNHS) 2019/2020 report from UBOS. The focus of the study was on the informal sector which covered the rural and urban areas of the non crop farming enterprises in the sampled enumeration areas. Using the enumeration areas of the 2019/2020 Uganda National Housing and Population Census spread over the 129 districts of the country at the time, a total of 15,786 were selected that constituted the sampling frame of 13,732 representing a response rate of 90 percent. The probability proportional to size approach was then used to constitute the sample of enumeration areas where the interviews were conducted.

3.3 Variables Selection

Determining variables from the question extracts used in the Uganda National Household Survey (UNHS) 2019/2020 involved a systematic process of identifying and categorizing the relevant data points collected throughout the survey. Each question in the survey was designed to capture specific information about the respondents, which was translated into variables for analysis. The researcher carefully reviewed the survey questionnaire to understand the nature and scope of the questions asked. For instance, questions related to demographic information (such as age of household head, gender of household head, Size of household and education level of household head, Rural or urban location of household head) are straightforward and can be directly converted into variables like 'Age of Household Head,' 'Gender of Household Head,' 'Size of Household,' 'Rural-Urban location of Household head,' 'Educational level of household head,' and.' Similarly, economic questions about income, assets, Household members accessing informal financial services, and Access to government programs, translated into variables such as 'Household Assets,' 'Access to use of informal financial services,' 'Access to use of informal financial services,' 'Access to government programmes,' 'Access to government programmes,' 'Access to formal credit,' 'Participation in formal and informal groups.'

In addition to demographic and economic data, the survey also included questions about participation in various government programs, which can be converted into binary variables (for example, 'Senior Citizen Grant,' 'Operation Wealth Creation,' 'Uganda Women Entrepreneurship program,' 'National Agricultural Advisory Services,' and 'Northern Uganda

Social Action Fund'). Questions about entrepreneurial activities provided insights into the presence and type of household enterprises, motivations for starting these enterprises, and challenges faced, resulting into dependent variable like 'Establishment of Household Enterprise.' By systematically extracting and coding responses from the survey, researchers created a comprehensive dataset with well defined variables ready for statistical analysis. This method ensured that all relevant factors influencing the establishment of household enterprises are captured and analyzed, enabling robust and insightful conclusions to be drawn from the survey data.

3.3.1 Definition of Variables and Signs Expected

In this study the variables are categorized in two forms as follows:

3.3.1.1 Social-Demographic Characteristics

According to Mubiru and Wabwile (2020) socio-demographic characteristics are distinguishing features that determine if a household can be able to start up an enterprise or manage the existing enterprise. These include features like age of the household head, gender of household head, education level of household head, household size and rural urban location of household.

3.3.1.1.1 Age of Household Head

According to Sewanyana and Nnabugwu (2018), found a significant relationship between the age of the household head and the likelihood of establishing micro and small enterprises. Specifically, their findings indicated that middle aged household heads, typically those between 35 and 54 years, are more likely to establish enterprises compared to their younger and older counterparts. This tendency is attributed to the accumulation of financial resources, relevant experience, and social capital that middle-aged individuals possess, which are critical for business initiation and sustainability. The study also highlights that younger household heads often face challenges such as limited access to capital and insufficient experience, while older household heads may encounter issues related to declining health and risk aversion. Thus, the age of the household head plays a crucial role in entrepreneurial activities, with middle-aged individuals being at the optimal stage for starting and running successful household enterprises in Uganda.

3.3.1.1.2 Gender of Household Head

According to Obaa and Hasama (2020), there is a gender disparity in access to resources for starting and sustaining household enterprises in Uganda. Men typically have greater access to resources such as land, capital, and networks, which are essential for entrepreneurial activities. This unequal distribution of resources between genders creates an advantage for male headed households when it comes to engaging in entrepreneurial endeavors.

Kafuma and Niringiye (2013) found that certain sectors in Uganda, such as agriculture and trade, are predominantly dominated by men unlike women and this provides greater opportunities for establishing household enterprises. Male headed households are more likely to engage in these sectors, benefiting from the advantages and preferences they have in accessing market opportunities. This gender disparity in sectoral involvement contributes to the unequal distribution of entrepreneurial activities between male and female headed households.

3.3.1.1.3 Size of Household

According to Kiconco and Ijjo (2020), smaller household sizes may be associated with lower levels of entrepreneurial motivation and risk-taking. While larger households may have more individuals with diverse interests and aspirations, fostering a culture of entrepreneurship and innovation. In contrast, smaller households may face constraints in terms of financial security and risk tolerance, which can dampen the probability of household enterprise establishment. In addition, Nansamba and Badiru (2020) stated that larger household sizes can provide a supportive network for entrepreneurship. In Uganda, extended family systems are common, and larger households often have access to a wider range of skills, knowledge, and social capital. These factors contributed to the establishment and success of household enterprises. Smaller household sizes may lack the benefits of a larger support network, which negatively impacted the probability of starting a household enterprise.

3.3.1.1.4 Rural/Urban Location of Household Head

According to Kiconco and Nakakeeto (2020), Uganda, being an agricultural economy, witnesses the prevalence of agriculture-related activities in rural areas. These activities encompass farming, agribusiness, and food processing. The agricultural sector presents abundant opportunities for rural households to partake in entrepreneurial endeavors and establish enterprises focused on farming, processing, and value addition. Akampumuza and Byamugisha (2018) emphasized the significance of resource availability in rural areas for the

establishment of household enterprises. Rural areas are characterized by the presence of natural resources, agricultural land, and traditional skills that can be utilized for entrepreneurial activities. The availability of these resources serves as a motivating factor for individuals in rural areas to venture into household enterprises and capitalize on the opportunities presented by their local environment.

3.3.1.1.5 Education Level of Household Head

Alemu and Adawo (2017), investigated the relationship between education and household enterprise engagement in Uganda with specific focus on the impact of primary education on the likelihood of individuals establishing household enterprises. The study found that primary education had a positive influence on the probability of engaging in household enterprises. This implies that individuals with at least a primary education were more likely to establish their own enterprises compared to those with higher levels of education or no formal education at all. This was so because primary education equips individuals with foundational knowledge and basic skills that are essential for starting and managing a business. These include numeracy, literacy, and critical thinking skills, which enable individuals to handle basic financial calculations, communicate effectively, and make informed business decisions. Second, primary education provides individuals with a broader perspective and exposure to various subjects and disciplines. This exposure can broaden their understanding of different industries, markets, and opportunities, allowing them to identify potential business ventures and assess their viability. Third, primary education also instills discipline, work ethic, and time management skills, which are crucial for successfully running a household enterprise. These skills enable individuals to effectively manage their time, set goals, prioritize tasks, and overcome challenges, contributing to the overall success of their enterprises.

It is important to note that while primary education was found to have a positive influence on household enterprise engagement, it is not the sole determinant. Other factors such as access to financial resources, market opportunities, and entrepreneurial support also play significant roles in determining the likelihood of establishing household enterprises.

3.3.2.1 Social-Economic Characteristics

The socio-economic variables that affect establishment of household enterprises included:

3.3.2.1.1 Household Asset

According to Kasekende and Wafula (2015), stated that asset ownership had a non-significant effect on the likelihood of households engaging in entrepreneurial activities. This means that

the presence or absence of assets did not significantly influence the decision of households to start or engage in entrepreneurial ventures. Further, Namboga et al. (2018) stated households with greater asset ownership tended to have better-performing enterprises. However, despite the positive correlation, the statistical analysis indicated that the effect of assets on enterprise performance was not statistically significant. This means that the relationship between assets and enterprise performance could be attributed to random variation and may not represent a true causal relationship. The coefficient estimates for assets in the regression analysis were not statistically different from zero, indicating that changes in asset ownership did not have a significant impact on the growth or performance of household enterprises.

3.3.2.1.2 Access to Use Of Informal Financial Institutions

Access to informal financial services significantly contributes to the establishment of household enterprises by providing easier capital accessibility, flexibility in financial arrangements, and leveraging social capital within close-knit communities. It empowers aspiring entrepreneurs, particularly those with limited financial resources, to translate their business ideas into viable ventures and contribute to economic growth and development at the household and community levels. Nansamba and Badiru (2020), stated that access to informal credit is crucial in supporting women entrepreneurs in Uganda. Women often face challenges in accessing formal financial services due to gender biases and limited collateral. Informal credit providers often understand the local context and needs of their clients better. They may cater specifically to underserved segments of the population, such as rural entrepreneurs or women, allowing them to access financial support that is more attuned to their requirements. Further these informal financial provide reciprocity and social support in that borrowers are part of a reciprocal system where members support each other during challenging times. This social safety net can provide a sense of security for entrepreneurs and encourage them to take calculated risks in their business ventures and the expected sign is positive indicating the likelihood of households establishing an enterprise.

Bagamba and Fjeldstad (2013) further stated that informal credit sources, such as savings groups and rotating savings and credit associations (ROSCAs), in providing financial resources to aspiring entrepreneurs. Access to informal credit enables households to obtain capital without the need for collateral or extensive documentation, making it more accessible to individuals with limited formal financial options. This increases the availability of credit, and the expected sign is positive indicating the likelihood of households establishing an enterprise.

3.3.2.1.3 Access to Government Programs

Access to government programs like OWC, Uganda women entrepreneurship programme (UWEP), YLP, NAADS, NUSAF, PDM, as a basis to improve upon the welfare of the household within the community. Such government programs are intended to lessen barriers to accessing financial services and financial exclusion by; building the infrastructure for lending to support growth; create an efficient digital infrastructure; intensify and expand formal savings, investment, and insurance Usage; and with improved financial capabilities, individuals can be empowered and protected. By accessing such programs households can get funds which will make them engaged on economic activities like businesses. In so doing the household will establish enterprises. Opolot and Auma (2021) conducted a study titled Assessment of the Impact of Uganda Women Entrepreneurship Program on women-owned enterprises, a case Study of Apac District to evaluate the influence of the Uganda Women Entrepreneurship Program (UWEP) on enterprises owned by women. The findings highlighted the positive impact of the program's financial resources and training on the growth and profitability of women-owned enterprises, consequently leading to improved household welfare. By enhancing access to capital and resources, these programs empower households to establish and expand their businesses, resulting in higher income levels and overall improved well-being the expected sign is positive indicating that it is more likely to lead to establishment of household enterprise.

Nakiwala and Nyanzi (2018) undertook a study on Youth Livelihood Program and Entrepreneurship Development in Kampala, Uganda. The Youth Livelihood Program is a government initiative in Uganda that aims to address youth unemployment and promote entrepreneurship among young people. It provides financial support and capacity-building training to help young entrepreneurs start and grow their businesses. The program targets vulnerable and unemployed youth, particularly those from low-income backgrounds.

The study revealed improvement in youth employment, income generation, and the development of small-scale household enterprises. This was because the program had a positive impact on the entrepreneurial skills and knowledge of the youth participants. Through the capacity-building training provided by the program, young entrepreneurs gained valuable skills in business management, marketing, financial literacy, and other aspects of running a successful enterprise. Secondly, there was improved access to capital for the young entrepreneurs. Many participants reported that the financial support they received from the

program enabled them to start their businesses or expand existing ones. This access to capital was critical, especially for young people who faced challenges in accessing traditional sources of financing. Thirdly, the programme led to job creation and economic empowerment among the youth in Kampala District. By starting and running their own businesses, the young entrepreneurs not only created employment opportunities for themselves but also for other members of their communities. All this led to the expected sign as positive indicating that it is more likely to lead to the establishment of household enterprise.

According to Nsubuga (2020), his study examined the impact of National Agricultural Advisory services (NAADS) on agricultural productivity in Uganda that revealed that NAADS has had a positive impact on agricultural productivity, but that the impact has been concentrated in certain areas. Specifically, the study found that NAADS has had a positive impact on agricultural productivity in areas with high levels of agricultural potential and where NAADS extension services have been well-implemented. The programme had a greater impact on the productivity of large-scale farmers than on the productivity of small-scale farmers. This is likely because large-scale farmers are more likely to have the resources to adopt new technologies and practices that are promoted by NAADS. Overall, the study found that NAADS has had a positive impact on agricultural productivity in Uganda. However, the impact of NAADS has been uneven across different areas and different types of farmers hence not much impact has been realised hence the expected sign is both positive and negative indicating that likelihood leading to establishment of household enterprise is not much.

3.3.2.1.4 Access to credit from Formal Institutions

Using the framework proposed by Ssentamu, (2015) observes that access to credit from the financial institutions like commercial banks is essential for the ongoing and sustainable growth and profitability of Household enterprises as there will be increased level of sales revenue hence the expected sign is positive whereby higher sales increase the chances of a firm accessing credit. Asset holding represents the ability of the firm to secure the funds advanced its growth. The sign here is also expected to be positive whereby a firm with assets has higher chances of securing funds compared to one without assets.

These factors include Access to business development services and financial literacy like business training, and business keeping records. The business environment is a continuously changing landscape hence the need for regular training on various business aspects. By

obtaining business training, the chances of an enterprise getting finance increase, hence a positive sign. On starting capital source, self-commitment of resources demonstrates belief for a business idea, it is an indication of belief in that a business owner can influence positively the decision to lend. The sign is therefore expected to be positive. Finally, training on record keeping provides the enterprise have a better understanding of how it is operating in terms of direction of growth. However, due to proper record keeping Households Enterprises will be able to access financial credit from the formal financial institutions like banks which is a sign of growth as they access credit, and the expected sign is positive indicating that it is more likely to lead to establishment of household enterprise.

3.3.2.1.5 Participate in Informal and Formal Groups

According to Ssekabira and Asingwire (2019), in their study conducted in Uganda, investigated the correlation between group membership and the establishment of household enterprises. Their findings revealed that individuals who did not engage in formal or informal groups had a higher propensity to establish such enterprises. This could be attributed to the advantages of operating independently, making autonomous decisions, and retaining profits without the need to share them with group members. The researchers suggested that the absence of group participation offered greater freedom and flexibility for entrepreneurial activities, enabling individuals to have more control over their enterprises and potentially achieve higher levels of success.

In addition, Niringiye and Basheka (2017), individuals who did not engage in formal or informal groups in Uganda had a higher probability of establishing household enterprises. The researchers proposed that this could be attributed to the greater autonomy and flexibility enjoyed by non-participants in their decision-making processes. By not being bound by group dynamics or obligations, these individuals could more freely pursue entrepreneurial opportunities. In essence, the absence of group involvement appeared to provide them with more independence to explore and exploit business ventures.

3.3.2.1.6 Household Income

Kiwanuka and Nsubuga (2020), found that household income is an important factor in the establishment of household enterprises in Uganda. This is because households with higher income have more resources available to them, such as savings, which they can use to start a business. Additionally, households with higher income may have better access to information and networks, which can help them to identify and exploit business opportunities.

Households with higher income are more likely to establish a household enterprise than households with lower income. The impact of household income is stronger for households that are located in rural areas. This is because households in rural areas often have fewer opportunities for employment and income than households in urban areas. As a result, households in rural areas may be more likely to turn to entrepreneurship to generate income.

Kasule and Ntege (2021) found that promoting economic growth and development is key in Uganda, which can lead to increased household income and the creation of more opportunities for household enterprises. Additionally, policymakers could consider providing financial assistance to households with low income to help them to keep their businesses afloat, especially in rural areas. Households with higher income are more likely to have their household enterprises survive for at least one year than households with lower income. This is because households with higher income have more resources available to them, such as savings, which they can use to weather financial shocks and keep their businesses afloat. Additionally, households with higher income may have better access to information and networks, which can help them to solve problems and improve their businesses.

The impact of household income is stronger for households that are located in rural areas. This is because households in rural areas often have fewer opportunities for employment and income than households in urban areas. As a result, households in rural areas may be more likely to rely on their household enterprises for income and may be more motivated to keep their businesses afloat.

3.4 Model Specification

The study employed a probit model to investigate the factors affecting establishment of household enterprises in Uganda (Smith and Johnson, (2022). This so because of the probit model's suitability for binary outcomes, ability to handle non-linear relationships, provision of bounded probability estimates, and relevance for policy analysis made it an appropriate choice for investigating the factors affecting the establishment of household enterprises using the Uganda National Household Survey data. and expressed as:

$$Prob(y = 1|x) = \frac{e^{x\beta}}{1+e^{x\beta}}$$

.....(i)

$$Prob(y = 0|x) = 1 - \left(\frac{e^{x\beta}}{1+e^{x\beta}} \right)$$

.....(ii)

Where:

y = Household enterprise ownership, measured by 1 if the Household has an enterprise, 0 otherwise

x = Matrix of explanatory variables

β = Vector of parameter estimates

The relationship between household enterprise establishment and the factors affecting its establishment is linearly expressed in form of an econometric model as guided by the frameworks used in Chowdhury and Alam, (2017) whereby enterprise establishment is a function of spatial Socio-demographic and Socio-economic characteristics. This is represented as follows;

$$HHE_i = f(SD_i, SE_i).....(iii)$$

whereby HHE_i represents Household enterprise establishment, SD_i represents Socio-demographic characteristics, and SE_i represents Socio-economic characteristics. The Socio-demographic characteristics are further decomposed to include factors like Age of the household head (AgH_i), Gender of household head (GHh_i), Size of Household (HHS_i), Rural/Urban location of household (RUh_i), and Education level of household head (ELh_i). The Socio-economic are decomposed to include factors like Household Asset ($logHHA_i$), Access to use of financial institutions ($AFFS_i$), Access to government programs (AGp_i), Participation in formal and informal groups ($PFIg_i$), Access to formal credit (AFc_i) and Household income ($logHHy_i$). The probit model equation is therefore specified as;

$$HHE_i = \beta_0 + \beta_1 LogAgH + \beta_2 GHh_i + \beta_3 HHS1_i + \beta_4 HHS2_i + \beta_5 HHS3_i + \beta_6 Urh_i + \beta_7 ELh1_i + \beta_8 ELh2_i + \beta_9 ELh3_i + \beta_{10} ELh4_i + \beta_{11} LogHHA_i + \beta_{12} AFFS_i + \beta_{13} AGp1_i + \beta_{14} AGp2_i + \beta_{15} AGp3_i + \beta_{16} AGp4_i + \beta_{17} AGp5_i + \beta_{18} AGp6_i + \beta_{19} AFc_i + \beta_{20} PFIg_i + \beta_{21} logHHy_i + \mu_i$$

.....(iv)

Where:

HHE_i is the dummy for Household enterprise ownership, measured by 1 if the Household has an enterprise, 0 otherwise

$LogAgH$ is the logarithm of Age in years of the Household head.

Ghh_i is the dummy for Gender of Household head being male, measured by 1 for male, 0 otherwise

$HHS1_i$ is dummy for Household size of 1 – 3 members,

$HHS2_i$ is dummy for Household size of 4 – 6 members,

$HHS3_i$ is dummy for Household size of 7 – 9 members,

Urh_i is the dummy for Rural location of household head measured by 1 if urban, 0 otherwise

$ELh1_i$ is the dummy for household head having no formal education

$ELh2_i$ is the dummy for household head having primary education

$ELh3_i$ is the dummy for household head having secondary education

$ELh4_i$ is the dummy for household head having post-secondary education

$LogHHa_i$ is the logarithm for value of household Assets

$AFFs_i$ is the dummy for access of informal financial institutions

$AGp1_i$ is the dummy for Access to OWC by household head

$AGp2_i$ is the dummy for Access to SCG by household head

$AGp3_i$ is the dummy for Access to YLP by household head

$AGp4_i$ is the dummy for Access to UWEP by household head

$AGp5_i$ is the dummy for Access to NAADS by household head

$AGp6_i$ is the dummy for Access to NUSAF by household head

AFc_i is the dummy for Access to formal credit, measured by 1 if household has access to formal credit, 0 Otherwise

$PFIg_i$ is the dummy for membership in formal and informal groups, measured by 1 if household is a member of formal and informal groups, 0 otherwise

$logHHy_i$ is the logarithm of total household income

μ_i represents the disturbance term

β_0 is the intercept and β_i represents the various slope coefficients

The probit model was first tested to determine whether it was the best model and if proved not to be the appropriate, the logit model would be estimated (See discussion in the results section 4.2)

Table 3.1: Variables Definitions as Used in the Model

Variable	Variable Definition	Variable description	Expected sign
HHE	This represents if a Household head has an enterprise or not.	Dummy for establishment of household enterprises (=1 if Household has an enterprise, 0 otherwise). This was the dependent variable.	DV
LogAgH	The natural logarithmic transformation of the age of the primary decision maker of the household, measured in completed years.	Natural logarithm of Age in years of the Household head.	+/-
GHH	The gender of the person identified as the head of the household.	Dummy for gender of household head (=1 if gender of household male, 0 otherwise).	+
ELh1	Head of Household who didn't attain any formal education level.	Dummy for household head having no formal education (=1 if Household head has no formal education, 0 otherwise)	-
ELh2	Head of Household who attained primary level of education.	Dummy for household head having primary education (=1 if Household head has primary education, 0 otherwise)	-
ELh3	Head of Household who attained Secondary level of education.	Dummy for household head having secondary education (=1 if Household head has secondary education, 0 otherwise)	-
ELh4	Head of Household who attained post-secondary	Dummy for household head having post-secondary education (=1 if	+/-

	level of education.	Household head has post-secondary education, 0 otherwise)	
logHHa	This variable represents the natural logarithm (logarithm base e) of the total monetary value of all assets owned by a household.	Natural logarithm of the value of household assets.	+
Urh	Whether the household is located in an urban or rural area.	Dummy for household head enterprise location (=1 if Household enterprise location is urban, 0 otherwise)	+
AGp1	Household Participation in Operational Wealth Creation (OWC) among the government programs	Dummy for household accessing government programme (=1 if Household accessed OWC, 0 otherwise)	+/-
AGp2	Household Participation in Senior Citizen Grant (SCG) among government programs	Dummy for household accessing government programme (=1 if Household accessed SCG, 0 otherwise)	Positive
AGp4	Household Participation in Uganda Women Entrepreneurship Programme (UWEP) among government programs	Dummy for accessing UWEP by household head	+/-
AGp5	Household Participation in National Agricultural Advisory Services (NAADS) among government programs	Dummy for accessing NAADS by household head	+/-

AGp6	Household Participation in Northern Uganda Social Action Fund (NUSAF) among government programs	Dummy for accessing NUSAF by household head	+/-
HHS1	The number of members living in the household between 1-3 members.	Dummy for household member size is between 1 - 3 members (=1 if Household member size is between 1 - 3 members, 0 otherwise)	+/-
HHS2	The number of members living in the household between 4-6 members.	Dummy for household member size is between 4 - 6 members (=1 if Household member size is between 4 - 6 members, 0 otherwise)	+
HHS3	The number of members living in the household between 7-9 members.	Dummy for household member size is between 7 - 9 members (=1 if Household member size is between 7 - 9 members, 0 otherwise)	+
AFc	Number of Household heads accessing formal credit	Dummy for Access to formal credit (=1 if household accessed formal credit, 0 otherwise)	+/-
PFIg	Number of Household heads identified as members of formal and informal groups	Dummy for membership in formal and informal groups (=1 if household is a member in formal and informal group, 0 otherwise)	+
LogHHy		Natural logarithm of the total household income	+

3.4 Data Analysis

The study used both descriptive and inferential approaches to explaining the factors affecting establishment of household enterprises in Uganda. The descriptive approach involved taking key summary statistics presented in cross tabulation tables that detailed the various attributes of the factors affecting establishment of household enterprises. While the inferential approach on the other hand involved regression analysis. A cross tabulation matrix of the variables was

provided, and a probit regression model was estimated. The coefficients from the model were used to test the hypotheses as constructed. The software used was STATA version 15.0 since UBOS used the same for it's analysis.

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION OF FINDINGS

4.0 Introduction

In this study, findings are presented in different levels of analysis that is socio-demographic and socio-economic characteristics on household enterprise establishment. The first section 4.1 is cross tabulations on household enterprise establishment by socio-economic characteristics where the sample weights were used in the analysis to generate the nationally representative results. Section 4.2 presents the marginal effects results of the logit model.

4.1 Descriptive Statistics

Cross tabulation table was presented using the weighted sample for the socio-economic characteristics of household enterprise establishments putting into consideration socio-demographic and socio-economic characteristics.

Table 4.2 below presents the distribution of household heads based on Gender of household head and their likelihood of establishing a household enterprise, categorized as either "Yes" or "No." The cross tabulation tables therefore provides both the weighted sample counts and the corresponding percentages for each categorical variable.

Table 4.2: Socio-Demographic Characteristics of Gender of Household Head and Household Enterprise Establishment

Variable	Category	Household Enterprise				Total	Percentage
		No	Percentage	Yes	Percentage		
Gender	Male	4,576,638	68.88%	1,638,647	68.76%	6,215,285	68.85%
	Female	2,067,545	31.12%	744,542	31.24%	2,812,087	31.15%
	Total	6,644,183	100%	2,383,189	100%	9,027,372	100%

Source: Field Survey, 2023

Table 4.2 above, shows the distribution status of household heads by gender having the likelihood of establishing a household enterprise (Yes) or not (No) represented by both the weighted sample and percentages. For those male households heads with the likelihood of establishing a household enterprise were represented by a weighted sample 1,638,647 represented by 68.76% and the female household heads represented by a weighted sample of 744,542 representing 31.24%. While for those male household heads with no likelihood of establishing a household enterprise were represented by a weighted sample 4,576,638 represented by 68.88% with the female household head represented by a weighted sample of

2,067,545 representing 31.24%. However, the interest of this study in these cross tabulations are for the variables that reflect the likelihood of establishing a household enterprise that is used in the subsequent tables.

From the results in the cross tabulation in table 4.2 above, 68.76% of male households have the likelihood of establishing a household enterprise compared to the female household gender (31.24%). This means that majority of the business and entrepreneurship activities were owned and run by the male household heads given that the male have collateral to access credit from financial institutions that gives a comparative advantage of engaging in entrepreneurial activities. These results are in line with Obaa, and Hasama (2020) who stated that men in Uganda generally have more access to resources such as land, capital, and networks, which are crucial for starting and sustaining household enterprises. Unequal distribution of resources between genders creates an advantage for male headed households in entrepreneurial activities.

In addition, Kafuma and Niringiye (2013) in their study revealed that male dominated sectors, such as agriculture and trade, offered more opportunities for enterprise establishment in Uganda. Male headed households tend to engage in these sectors, benefiting from their inherent advantages and preferences in accessing market opportunities as opposed to the female gender.

Table 4.3: Socio-Demographic Characteristics of Household Size and Household Enterprise Establishment

Variable	Category	Household Enterprise				Total	Percentage
		No	Percentage	Yes	Percentage		
HH size	1 - 3	2,502,285	37.66%	759,457	31.87%	3,261,742	36.13%
	4 - 6	2,850,846	42.91%	1,073,714	45.05%	3,924,560	43.47%
	7 - 9	1,062,115	15.99%	444,078	18.63%	1,506,192	16.68%
	> 10	228,937	3.45%	105,940	4.45%	334,877	3.71%
	Total	6,644,183	100%	2,383,189	100%	9,027,372	100%

Source: Field Survey, 2023

Results from table 4.3 reflect that those household's size consisting of members between 4 – 6 (45.05%) are more likely to establish a household enterprise unlike other household size categories (1-3) household members (31.87%) and (7 – 9) household members (18.63%) respectively. These results are consistent with Nalule and Mwaura (2021) who stated that household size is key in resource mobilization and income diversification. Larger households

can pool their financial resources and invest in different economic activities, reduce risk, make collective decision, risk sharing social capital and income diversification hence increasing the likelihood of successfully establishing household enterprises.

In addition, Kiirya and Mwaura (2019), stated that household size is key in risk sharing and coping mechanisms. In Uganda, where access to formal social safety nets may be limited, larger households can rely on their collective resources and labour to establish and sustain household enterprises, thereby increasing their likelihood of engagement in entrepreneurship.

Table 4.4: Socio-Demographic Characteristics of Household Location and Household Enterprise Establishment

Variable	Category	Household Enterprise				Total	Percentage
		No	Percentage	Yes	Percentage		
HH							
Location	Rural	4,845,991	72.94%	1,483,984	62.27%	6,329,975	70.12%
	Urban	1,798,192	27.06%	899,205	37.73%	2,697,397	29.88%
	Total	6,644,183	100%	2,383,189	100%	9,027,372	100%

Source: Field Survey, 2023

Results in Table 4.4 above reflect that household's heads located in rural areas are more likely to establish a household enterprise (62.27%) unlike household's heads living in urban locations (37.73%). Given that rural household heads have strong social networks and community support systems. This can be beneficial for household enterprise ventures as they may receive assistance, advice, and collaboration opportunities from fellow community members. The social capital and network effects in rural areas do contribute to the success and growth of household enterprises. The study results are consistent with Asimwe and Ddumba (2018), who stated that limited access to formal financial services in rural areas leads to a higher reliance on household enterprises for income generation. Whereas rural households often face challenges in accessing formal credit, prompting them to establish enterprises using their own resources and informal financial networks. Ntayi and Woboya (2019) further stated that agricultural activities, which are predominant in rural areas, provide the foundation for many rural households to engage in entrepreneurial activities in Uganda. Rural households often leverage their agricultural resources, such as land and livestock, to establish enterprises related to food processing, agribusiness, and other agricultural value chains hence increasing the likelihood of establishing a household enterprise.

Table 4.5: Socio-Demographic Characteristics of Education Level of Household Head and Household Enterprise Establishment

Variable	Category	Household Enterprise				Total	Percentage
		No	Percentage	Yes	Percentage		
Educ_level	no education	1,283,023	19.31%	272,447	11.43%	1,555,470	17.23%
	primary	3,263,812	49.12%	1,198,451	50.29%	4,462,263	49.43%
	secondary	1,482,471	22.31%	655,954	27.52%	2,138,424	24%
	post secondary	614,878	9.25%	256,337	10.76%	871,214	10%
	Total	6,644,183	100%	2,383,189	100%	9,027,372	100%

Source: Field Survey, 2023

From the results above, those households who have attained primary education level are more likely to establish a household enterprise (50.29%) followed by secondary education level represented (27.52%), no educational (11.43%) and post education (10.76%) respectively. The results support the findings that those with primary education level have much more likelihood of establishing household enterprises unlike other educations levels. It is believed that basic business skills attained by those with primary education equips individuals with fundamental skills in reading, writing, and numeracy. These basic skills are essential for running a small household enterprise, such as managing accounts, keeping records, and understanding market prices. Also, the entrepreneurial exposure that includes basic entrepreneurship and vocational training, exposing individuals to the concept of starting and managing small businesses. This exposure can spark entrepreneurial aspirations and create a foundation for enterprise establishment. The results are in line with Alemu and Adawo (2017) who stated that primary education positively influences the likelihood of engaging in household enterprises in Uganda since education provides individuals with the necessary cognitive and socio-economic capabilities to identify business opportunities, acquire resources, and navigate the challenges of entrepreneurship. In addition, Kedir and Admassie (2012) further found out that individuals with primary education in Uganda were more likely to engage in self-employment and household enterprise activities given that primary education equips individuals with basic skills, knowledge, and confidence necessary for entrepreneurial activities.

Table 4.6: Socio-Economic Characteristics of Access to Formal Credit of Household Head and Household Enterprise Establishment

Variable	Category	Household Enterprise				Total	Percentage
		No	Percentage	Yes	Percentage		
Formal_credit	not accessed	5,244,275	78.93%	1,720,238	72.18%	6,964,513	77.15%
	accessed	1,399,908	21.07%	662,951	27.82%	2,062,859	22.85%
	Total	6,644,183	100%	2,383,189	100%	9,027,372	100%

Source: Field Survey, 2023

From the results above, household heads with no access to formal credit and likely to establish a household enterprise are represented by a weighted sample of 1,720,238 represented by 72.18% compared to those household heads with no access formal credit and have no likelihood of establishing a household enterprise are represented by a weighted sample of 5,244,275 represented by 78.93%. Whereas those household heads with access to formal credit and have the likelihood of establishing a household enterprise is represented by a weighted sample of 662,951 represented by 27.82% while those household heads with access to formal credit and have no likelihood of establishing household enterprises are represented with a weighted sample of 1,399,908 represented by 21.07%. The results are consistent with Kasekende and Amony, (2020) who stated that there is a positive relationship between access to formal credit and entrepreneurial intentions among households in Uganda. Improved access to credit increases households' confidence in starting businesses, leading to a higher likelihood of establishing household enterprises.

In addition, Odhiambo (2019) stated that access to formal credit facilitates business expansion and diversification, which are key factors in establishing household enterprises. Formal credit enables households to invest in new ventures and take advantage of market opportunities hence increasing their likelihood of engaging in entrepreneurship.

Table 4.7: Socio-Economic Characteristics of Participation in Formal and Informal Groups and Household Enterprise Establishment

Variable	Category	Household Enterprise				Total	Percentage
		No	Percentage	Yes	Percentage		
group_mem	not participated	6,597,117	99.29%	2,373,250	99.58%	8,970,367	99.37%
	participated	47,066	0.71%	9,939	0.42%	57,004	0.63%
	Total	6,644,183	100%	2,383,189	100%	9,027,372	100%

Source: Field Survey, 2023

The table 4.7 above shows that households who don't belong to informal or formal groups and have the likelihood of establishing a household enterprise were represented by a weighted sample of 2,373,250 represented by 99.58% unlike those household who didn't not belong to informal and formal groups and have no likelihood of establishing a household enterprise were represented with a weighted sample of 6,597,117 represented by 99.29%. On the other hand, households who belong to informal or formal groups have the likelihood of establishing a household enterprise represented by a weighted sample of 9,939 represented by 0.42% while households who belong to informal or formal groups have no likelihood of establishing a household enterprise represented by a weighted sample of 47,066 represented by 0.71%. The results are consistent with Ssekabira and Asingwire (2019) who explored the relationship between group membership and household enterprise establishment in Uganda. They found that individuals who did not participate in informal or formal groups were more likely to establish household enterprises, potentially due to the freedom to operate independently, make autonomous decisions, and retain profits without sharing them with group members. Furthermore, Niringiye and Basheka (2017) found that individuals who did not participate in informal or formal groups had a higher likelihood of establishing household enterprises in Uganda. The study suggested that this may be because non-participants have more autonomy and flexibility in their decision making process, allowing them to pursue entrepreneurial opportunities without constraints imposed by group dynamics or obligations.

Table 4.8: Socio-Economic Characteristics of Access to Use of Informal Financial Institutions and Household Enterprise Establishment

Variable	Category	Household Enterprise				Total	Percentage
		No	Percentage	Yes	Percentage		
informinst_ access	not accessed	4,863,118	73.19	1,598,721	67.08	6,461,839	71.58
	accessed	1,781,065	26.81	784,467	32.92	2,565,533	28.42
	Total	6,644,183	100	2,383,189	100	9,027,372	100

Source: Field Survey, 2023

For those households heads who did not have access to use of informal financial institutions and have the likelihood of establishing a household enterprise were represented by a weighted sample 1,598,721 represented by 67.08% while those household's heads who did not access use of informal financial institutions and have no likelihood of establishing a household enterprise were represented by a weighted sample 4,863,118 represented by 73.19%. While for those household's heads who accessed use of informal financial

institutions and have the likelihood of establishing a household enterprise were represented by a weighted sample 784,467 represented by 32.92% and those households heads who accessed use of informal financial institutions and have no likelihood of establishing a household enterprise were represented by a weighted sample 1,781,065 represented by 26.81%.

These results are consistent with Kanya et al. (2021) who stated that households that did not participate in informal financial services were more likely to establish household enterprises than households that did participate in informal financial services. This is because households are driven by necessity, willing to take risks and are able to access cheaper sources of finance, such as loans from friends and family paving way for the engaging in entrepreneurship.

4.2 Marginal Effect Results of The Regression Analysis

The first model that was estimated was the probit model. However, there was a need to test if the probit model was the appropriate model or the logit model. In doing this, the first model that was estimated was the probit model using the STATA syntax that generated robust standard errors which are free of heteroskedasticity. The results from the probit model were generated to test for normality. The rationale for testing for normality was that residuals are normally distributed as reflected by the probability of the $\chi^2 > 0.05$ (At 5% level) hence the probit model would be the best model. However, if the probability of the $\chi^2 < 0.05$ this implies that the residuals are not normally distributed hence the need to use the logit model.

The results from the test of the normality of the residuals gave the probability of the $\chi^2 = 0.0000$ which was < 0.05 this implied that the residuals are not normally distributed.

Table 4.9: Test for The Normality of the Residuals

. sktest resid

Skewness/Kurtosis tests for Normality						
Variable	Obs	Pr (Skewness)	Pr (Kurtosis)	adj	joint $\chi^2(2)$	Prob> χ^2
resid	2,795	0.0000	0.0188	.		0.0000

For this reason, the study subsequently estimated the logit model, and the marginal effects of the logit model are also presented in table 4.10 below.

Table 4.10: Marginal Effects Results of The Different Variables That Affect Establishment of Household Enterprises In Uganda.

Variable	dy/dx	Std. Err.	z	P> z
primary_educ*	0.0406649	0.03268	2.23	0.213
secondary_educ	0.0074135	0.03347	0.20	0.838
post_secondary_educ*	-0.1180497	0.04453	-3.53	0.000
residence_urban*	0.0630954	0.02405	2.62	0.009
OWC*	0.0226914	0.09232	0.25	0.806
SCG*	-0.1390015	0.06052	-2.3	0.022
NAADS*	-0.0148417	0.04516	-0.33	0.742
UWEP*	0.0733738	0.19641	0.37	0.709
NUSAF*	0.0184671	0.08024	0.23	0.818
group_member*	-0.0195371	0.07342	-0.27	0.790
formal_credit*	0.0392013	0.02237	1.75	0.080
Informal_services*	0.0493972	0.02116	2.33	0.020
dhhsiz 1 - 3*	-0.0100206	0.04529	-0.22	0.825
dhhsiz 4 - 6*	0.0334043	0.04209	0.79	0.427
dhhsiz 7 - 9*	0.0385636	0.04625	0.83	0.404
lnage_hh	-0.1198371	0.0311	-3.85	0.000
lnhhasset	-0.003147	0.00457	-0.69	0.491
lnhh_income	0.112234	0.00936	11.99	0.000

(*) dy/dx is for discrete change of dummy variable from 0 to 1
Marginal effects after probit

The significance levels of the estimated parameters is at 5% levels (i.e. Prob >z<0.05)

4.2.1 Age of Household Head

The results in table 4.4 above shows that Age of household head has a negative and significant effect on the probability of establishing a household enterprise. This would imply that younger household heads are more likely to engage in entrepreneurial activities and establish their own enterprises compared to older household heads. The statistical significance of the coefficient is determined by the p-value of 0.000, which is less than the conventional significance level (e.g., $\alpha = 0.05$). This indicates that the relationship between the age of the household head and the establishment of household enterprises is statistically significant. Therefore, based on the results, we can conclude that there is strong evidence to suggest that the age of the household head has a negative significant impact on the establishment of household enterprises. This is consistent with Ssewanyana and Nnabugwu (2018), who stated that older household heads may face constraints in terms of energy, adaptability to new technologies, and willingness to take risks. Establishing and running a household enterprise often requires physical stamina, technological literacy, and a certain

level of risk appetite. Older household heads may be less inclined or able to engage in entrepreneurial activities due to these limitations, which can result in a lower probability of establishing a household enterprise. Asongu and Nwachukwu (2020) stated that younger household heads are more open to innovation and technological advancements, which are essential for the success of many contemporary household enterprises. They are more likely to embrace new ideas, adapt to changing market conditions, and leverage digital technologies. Older household heads may be less inclined to adopt these innovations, leading to a lower probability of establishing a household enterprise.

4.2.2 Household Size

From the results in Table 4.4 household size comprising of household members between 4 - 6 with a coefficient of 0.0334043 means that for every additional household member, the probability of establishing an enterprise increases by 0.0334043. This is a small increase, but it is statistically significant. The p value of 0.427 means that there is a 42.7% chance that the observed relationship between household size and the establishment of enterprises is due to chance. This means that the relationship is not strong enough to be considered causal.

Results are in deviance with those of Nansamba and Badiru (2020) who stated that larger household sizes can provide a supportive network for entrepreneurship. In Uganda, extended family systems are common, and larger households often have access to a wider range of skills, knowledge, and social capital. These factors can contribute to the establishment and success of household enterprises. Smaller household sizes may lack the benefits of a larger support network, which can negatively impact the probability of starting a household enterprise.

Households with larger members have more resources, such as labour and savings, which can be used to start and run a business. Also, more social capital which can provide access to information, support, and networks that can be helpful in starting and running a business in addition to having more diversity of skills and experience, which can be helpful in starting and running a business.

However, it is important to note that the relationship between household size and the establishment of enterprises is not always positive. In some cases, larger households may have more constraints on their time and resources, which can make it more difficult to start and run a business. Additionally, larger households may be more likely to have members who are already employed, which can reduce the desire for them to start their own businesses.

The results here are in conformity with those of Kiconco and Ijjo (2020), who stated that smaller household sizes are associated with lower levels of entrepreneurial motivation and risk taking while larger households may have more individuals with diverse interests and aspirations, fostering a culture of entrepreneurship and innovation. In contrast, smaller households may face constraints in terms of financial security and risk tolerance, which can dampen the probability of household enterprise establishment.

4.2.3 Urban Location of Household Head

The coefficient of 0.0630954 means that households that are located in urban areas have the probability to establish household enterprises than households that are located in rural areas. This is likely because urban areas offer more opportunities for employment and income, as well as access to resources and services that can support entrepreneurship. The p-value of 0.009 indicates that the coefficient is statistically significant at the 95% confidence level. This means that there is a 95% chance that the true impact of urban location on the establishment of household enterprises is positive. The results are consistent with Mugenyi et al. (2021) who studied the impact of government policies and programs on enterprise establishment in urban areas in Uganda and used a difference-in-differences approach to compare the establishment of enterprises in urban areas that received government support to those that did not. The study found that government support was positively associated with the establishment of enterprises in urban areas. Households that received government support were more likely to establish enterprises than households that did not receive support. The government policies and programs enabled enterprise establishment in urban areas as this provided an environment where households were able to firstly Access to finance being a key constraint for many entrepreneurs, particularly in developing countries. Governments provided financial support to entrepreneurs through loans, grants, and other financial products. Secondly, Entrepreneurs needed access to training and skills development to start and run successful businesses. Governments provided training and skills development programs to entrepreneurs. Thirdly, Entrepreneurs needed access to markets in order to sell their products and services. Governments can help entrepreneurs to access markets by providing information about markets, providing training on market development, and facilitated trade and fourthly Infrastructure, such as roads, electricity, and water, which are essential for businesses to operate effectively. Governments can invest in infrastructure development to create a more conducive environment for businesses and lastly, Governments can also play a role in promoting enterprise establishment by reducing the regulatory burden

on businesses. This can be done by simplifying the registration process for businesses and by reducing the number of licenses and permits that are required to operate a business.

4.2.4 Education Level

The coefficient of attainment of post secondary education by household is negative that indicates that an increase in post-secondary education is associated with a decrease in the probability of establishing an enterprise by -0.1180497. The results are consistent with Mwesigye (2014) who stated that entrepreneurship and education are positively related to economic development in Uganda. In his study, a sample of 1,000 households revealed that households headed by individuals with post secondary education were more likely to be involved in entrepreneurial activities than households headed by individuals with no education. The study also found that the impact of education was stronger for households that were located in rural areas. The study suggests that there are a number of factors that explained the positive relationship between entrepreneurship, education, and economic development in Uganda. These factors included Access to knowledge through skill building, Problem solving skills, Networking opportunities and Entrepreneurial culture. The conclusion of the coefficient of post secondary education meant that the more educated a household head is, the more unlikely they are to engaged in entrepreneurship because they could be comfortable enjoying salary earning Jobs and fear taking risks.

4.2.5 Household Assets

The coefficient being negative (-0.003147) suggests that there is a negative relationship between the assets of the household and the establishment of household enterprises. However, in this case, the coefficient is very close to zero (-0.003147), indicating that the relationship is very weak. P-values of 0.491 implies its not statistically significant.

Therefore, based on the regression analysis, we cannot conclude that there is a significant impact of the assets of the household on the establishment of household enterprises. The coefficient being close to zero and the non significant p-value suggest that the assets of the household may not play a significant role in determining the likelihood of establishing household enterprises.

However, this is consistent with Kasekende and Wafula (2015) who examined the relationship between asset ownership and the likelihood of households engaging in entrepreneurial activities in Uganda. The study indicated that asset ownership had a non significant effect on the likelihood of households engaging in entrepreneurial activities. This

means that the presence or absence of assets did not significantly influence the decision of households to start or engage in entrepreneurial ventures.

Furthermore, the study findings are in conformity with those of Namboga et al. (2018) that there was a positive correlation between assets and enterprise performance, suggesting that households with greater asset ownership tended to have better-performing enterprises. However, despite the positive correlation, the statistical analysis indicated that the effect of assets on enterprise establishment was not statistically significant. This means that the relationship between assets and enterprise establishment could be attributed to random variation and may not represent a true causal relationship. The coefficient estimates for assets in the regression analysis were not statistically different from zero, indicating that changes in asset ownership did not have a significant impact on the growth or establishment of household enterprises.

4.2.6 Access to Use of Informal Financial Institutions

Access to informal credit from informal institutions has a positive impact on the establishment of household enterprises (0.0493972). This implies that a unit increase in a household member accessing use of informal financial services increases the probability of establishing an enterprise by 0.0493972. These results are in conformity with those of Nansamba and Badiru (2020) who stated that informal credit sources provide an alternative avenue for women to access funds and start their own enterprises since women often face challenges in accessing formal financial services due to gender biases and limited collateral. The availability of informal credit, particularly designed to address the needs of women entrepreneurs, increases their probability of establishing successful household enterprises.

Furthermore, Bagamba and Fjeldstad (2013) stated that informal credit sources, such as savings groups and rotating savings and credit associations (ROSCAs) provided financial resources to aspiring entrepreneurs. Access to informal credit enabled households to obtain capital without the need for collateral or extensive documentation, making it more accessible to individuals with limited formal financial options. This increased availability of credit hence increasing the likelihood of establishing a household enterprise.

4.2.7 Access to Government Programs

Among the different government programs targeting at improving household welfare, below were the results of the logit regression analysis per program:

4.2.7.1 Operation Wealth Creation (OWC)

The coefficient of 0.0226914 suggests that there is a small, positive relationship between Operation Wealth Creation (OWC) and the establishment of enterprises in Uganda. However, the p-value of 0.806 suggests that this relationship is not statistically significant. This means that we cannot be confident that the relationship between OWC and the establishment of enterprises is real.

The possible reasons why the results of the regression analysis may be like this are the sample size was not large enough to detect a statistically significant relationship. Another possibility is that there are other factors that are more important than OWC in determining whether or not an entrepreneur starts a business. For example, access to finance, education, and government support may all be more important factors.

Overall, the results of the regression analysis suggest that there is a small, positive relationship between OWC and the establishment of enterprises in Uganda. However, the relationship is not statistically significant, so we cannot be confident that it is real.

The results are consistent with Kisambira et al. (2018) who examined the impact of Operation Wealth Creation (OWC) on household incomes and agricultural productivity in Luweero district, Uganda.

The study revealed that OWC had a positive impact on household incomes and agricultural productivity. Households that participated in OWC had higher incomes and agricultural yields than households that did not participate. Despite the limitation of the program not reaching all households within Luweero district, such programs have the potential to reduce poverty and improve the livelihoods of poor households. In line with the study by Kisambira et al. (2018), revealed that some factors that could have affected household incomes and agricultural productivity, such as changes in weather patterns wasn't taken in account, benefits of OWC, such as improved access to markets and social services wasn't taken into consideration.

4.2.7.2 Senior Citizen Grant (SCG)

On the Senior citizen grant, the coefficient of -0.14170 in the regression analysis suggests that there is a negative relationship between senior citizen grants (SCG) and the establishment of enterprises in Uganda. This means that as the amount of senior citizen grants increases, the number of household heads benefiting from the grant with the urge to start businesses decreases. The p-value of 0.018 does suggest that this relationship is statistically significant. However, this is consistent with the study of Nakakeeto et al. (2019) who found

that while social grants provide crucial support to vulnerable populations, including the elderly, the negative coefficient associated with access to the Senior Citizen grant suggests that there may be unintended consequences for entrepreneurial activities. The study suggests that households receiving the Senior Citizen grant may become reliant on the grant as a source of income, leading to a reduced incentive to engage in entrepreneurial activities. Additionally, the grant may not be sufficient to stimulate investment in enterprise development, particularly in areas where access to capital and other resources is limited. Furthermore, study by Kiconco and Sserwanga (2020) highlights the importance of addressing structural barriers to entrepreneurship, such as limited access to finance and market opportunities, which may persist despite the presence of social grants. In this context, the negative coefficient of access to the Senior Citizen grant may reflect broader challenge facing households in Uganda's entrepreneurial landscape.

4.2.7.3 National Agricultural Advisory Services (NAADS)

In the regression analysis with a coefficient of -0.01602 and a p-value of 0.733 suggests that there is no statistically significant relationship between participation in the NAADS project and the establishment of an enterprise in Uganda. This means that there is not enough evidence to conclude that NAADS participation has a positive or negative impact on the establishment of an enterprise.

There are a few studies that support these findings. For example, a study by Namatovu and Kasirye (2020) found that NAADS participation had a positive impact on household income, but it did not find a significant impact on the establishment of an enterprise. Another study by Nsubuga (2020) found that NAADS participation had a positive impact on agricultural productivity, but it did not find a significant impact on the establishment of an enterprise.

There are a few possible reasons why NAADS participation may not have a significant impact on the establishment of an enterprise. First, NAADS is primarily a agricultural extension program, and it may not provide the specific training or resources that are needed to establish an enterprise. Second, NAADS may not be reaching the most disadvantaged households, who are the ones who are most likely to need help establishing an enterprise.

Overall, the regression analysis results, and the findings of the studies suggest that there is no clear evidence that NAADS participation has a positive or negative impact on the establishment of an enterprise in Uganda. More research is needed to determine whether NAADS can be an effective tool for promoting entrepreneurship in Uganda.

4.2.7.4 Uganda Women Entrepreneurship Program (UWEP)

A regression analysis with a coefficient of 0.05895 and a p-value of 0.780 suggests that there is no statistically significant relationship between participation in the UWEP project and the establishment of an enterprise in Uganda. This means that there is not enough evidence to conclude that UWEP participation has a positive or negative impact on the establishment of an enterprise.

There are a few studies that support these findings. For example, a study by Opolot and Auma (2021) found that UWEP participation had a positive impact on women's business skills and access to finance, but it did not find a significant impact on the establishment of an enterprise. Another study by Nanyunja et al. (2020) found that UWEP participation had a positive impact on the profitability of women's enterprises, but it did not find a significant impact on the establishment of an enterprise. Some possible reasons why UWEP participation may not have a significant impact on the establishment of an enterprise. First, UWEP is primarily a training and mentorship program, and it may not provide the specific resources that are needed to establish an enterprise. Second, UWEP may not be reaching the most disadvantaged women, who are the ones who are most likely to need help establishing an enterprise.

The results are consistent with Nabunya et al., (2019), who noted that Uganda Women Entrepreneurship Programme (UWEP) which is to provide financial support, business training, and mentorship, enabling women to overcome barriers and become successful entrepreneurs still had an insignificant level making the probability of establishing and enterprise by household heads much unlikely.

4.2.7.5 Northern Uganda Social Action Fund (NUSAF)

A regression analysis with a coefficient of 0.013754 and a p-value of 0.863 suggests that there is no statistically significant relationship between participation in the NUSAF project and the establishment of an enterprise in Uganda. This means that there is not enough evidence to conclude that NUSAF participation has a positive or negative impact on the establishment of an enterprise.

There are a few studies that support these findings. For example, a study by Aloyo et al. (2020) found that NUSAF participation had a positive impact on household welfare, but it did not find a significant impact on the establishment of an enterprise. Another study by Agaba et al. (2019) found that NUSAF participation had a positive impact on agricultural productivity, but it did not find a significant impact on the establishment of an enterprise.

There are a few possible reasons why NUSAF participation may not have a significant impact on the establishment of an enterprise. First, NUSAF is primarily a poverty alleviation program, and it may not provide the specific training or resources that are needed to establish an household enterprise. Second, NUSAF may not be reaching the most disadvantaged households, who are the ones who are most likely in need of help in establishing a household enterprise. Overall, the analysis suggests that NUSAF participation may not have a significant impact on the establishment of an enterprise, but it could have a positive impact on household welfare to some extent.

4.2.8 Access to Formal Credit

Access to formal credit increases the probability of establishing household enterprises (0.022%) unlike no access to credit. Various studies state there is a positive relation between Access to formal credit and establishing household enterprises A study by Nagler and Naudé (2017) titled "non-farm enterprise productivity and spatial autoregulation in rural Africa" found that access to formal credit significantly increased the likelihood of rural households engaging in non-farm enterprises. The study highlighted the importance of credit availability in stimulating entrepreneurial activities and diversification of income sources.

According to Kizza et al. (2020), credit promotes innovation and diversification of household enterprises. Access to credit enables entrepreneurs to invest in new technologies, acquire modern equipment, and explore new business opportunities. This leads to increased productivity, competitiveness, and the ability to adapt to market dynamics, ultimately enhancing the probability of establishing a successful household enterprise. Ssewanyana et al. (2017) further stated that access to credit reduces the financial barriers faced by aspiring entrepreneurs. It provides them with the means to finance their business ideas and operations, thereby increasing the likelihood of establishing a household enterprise. Credit access allows entrepreneurs to bridge the gap between their financial resources and the capital required for business activities.

4.2.9 Household Income

Household income has a positive effect on the probability of establishment of household enterprise (0.112234). Mutenyoo and Kasirye (2020) stated there is a positive a relationship between household income and entrepreneurship in Uganda. It explored how income levels and stability influenced the decision to establish household enterprise, as well as the

performance and growth of these enterprises. However, in general, it is widely acknowledged that household income plays a crucial role in the establishment of household enterprises. Higher household income provides individuals with more financial resources and stability, which can enable them to take entrepreneurial risks and invest in starting and growing their businesses. With greater income, households may have more disposable funds to allocate towards entrepreneurial activities, such as acquiring necessary assets, purchasing inventory, and investing in marketing and expansion efforts. Additionally, higher household income may provide a safety net, reducing the perceived risks associated with entrepreneurship and increasing the likelihood of individuals venturing into business ownership.

Nabunya and Ssekandi (2019) stated that Household Income has a positive effect on Women's Entrepreneurship in Uganda. It explores how income levels and financial resources affect women's ability to start and grow their own enterprises, considering gender-specific constraints and opportunities. However, higher household income can provide women with greater financial resources and economic independence, which can positively influence their ability to engage in entrepreneurial activities. With increased income, women may have more opportunities to invest in their businesses, access capital for startup or expansion, and afford necessary resources and equipment. Moreover, higher household income can also have indirect effects on women's entrepreneurship. It can lead to improved education and skills acquisition, better access to networks and markets, and enhanced self-confidence, all of which can contribute to the success of women-owned enterprises.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, conclusions of the study findings and possible recommendations in relation to the factors affecting establishment of household enterprises in Uganda.

5.1 Summary of the Study Findings

The regression results of the model indicated that for the first objective of the variables that significantly influenced establishment of household enterprises were Age of household head, Rural urban location of household and post-secondary education level of household head while primary education level, secondary education level, household sizes were not statistically significant.

For the second study objective, the following model variables were used to ascertain their level of significance as far as establishment of household enterprises is concerned that is Household Asset, Access to government program (SCG), Access to use of informal credit, and Household income. From the regression results, showed that Access to use of formal financial services, household income, Rural or urban location of household head were positively and statistically significant that influenced establishment of household enterprises.

From the regression results, study results revealed that education level, rural urban location of household head, Access to government program (SCG), Access to informal credit, Age of household head and Household income are factors that positively and significantly determined the probability of household heads establishing an enterprise. Post secondary education were statistically significant while no formal education also had a positive and statistically significant level at 0.7 percent. In the same way, the age of household head is positive and statistically significant at zero percent level of significance given other variables held constant in the model.

5.2 Conclusion

The main objective of the study was to examine the factors affecting establishment of household enterprises in Uganda with specific objectives as to examine the effect of Socio-demographic and Socio-economic characteristics on household enterprise establishment in Uganda. Therefore, the study draws the following conclusions as far as the study objectives

are concerned.

The study used secondary data from the Uganda national household survey 2019/2020 report and cross-sectional data set was used in which a total population of 15,786 was selected from the 129 districts in Uganda of which a sample framework of 13,732 representing 90 percent response rate. The study used marginal effect of the logit model was estimated to determine the various variables that affected the establishment of household enterprises.

In addition to household income, other factors that had significant effect on household enterprise establishment were educational level of household heads (Post secondary education), rural urban location of household head, senior citizen grant, access to informal credit, and age of the household head using a multiple regression model.

The logit model was estimated to determine the factors affecting establishment of household enterprises in Uganda. The key determinants that had positive and significant effect on factors affecting establishment of household enterprises were educational level of household heads(Post secondary), rural urban location of household head, senior citizen grant, access to informal credit, age of the household head and income of household head.

5.3 Recommendation

Evidence suggested that access to use of informal financial services showed a positive and statistically significant level and the policy recommendation would be government to increase on more funding on access of credit from informal institutions like Accumulative savings and credit Associations (ASCAs), rotating savings and credit associations (ROSCAs), village savings and loans associations (VSLAs) that would provide financial resources to aspiring entrepreneurs and would enable households to obtain capital without the need for collateral or extensive documentation, making it more accessible to individuals with limited formal financial options.

Promoting community-based initiatives that encourage collective entrepreneurship among senior citizens can be an effective strategy to mitigate the negative impact of senior citizen grants on entrepreneurial activities. Forming cooperatives or group businesses allows senior citizens to pool their resources, share risks, and leverage collective skills and experiences. This approach can reduce individual financial burdens and provide a supportive network that

enhances business resilience and sustainability. Cooperatives can offer a structured environment where senior citizens can engage in entrepreneurial activities with shared responsibilities, which can be particularly beneficial given the physical and financial constraints that older individuals might face. By fostering a sense of community and mutual support, these initiatives can enhance motivation and commitment among senior citizens, leading to higher rates of business formation and success.

Empirical studies support the effectiveness of such community-based approaches. For instance, a study by the International Labour Organization (ILO) highlights that cooperatives have been successful in providing sustainable livelihoods for senior citizens by allowing them to collectively manage resources and business operations (ILO, 2020). Similarly, research published in the *Journal of Social Entrepreneurship* emphasizes that group-based entrepreneurial activities can enhance social capital and provide a safety net, thereby encouraging participation from individuals who might otherwise be reluctant to start a business alone (Haugh & Talwar, 2019). These findings suggest that policy interventions promoting cooperatives or group enterprises can create an enabling environment for senior citizens to engage in entrepreneurial activities, thereby offsetting the negative relationship observed between senior citizen grants and business establishment in Uganda.

5.4 Limitation of the Study

This research used Uganda National Household Survey datasets 2019/2020 that was not easy to get since secondary data was employed in the study. Despite considerable efforts to obtain all necessary datasets, this process proved time consuming and challenging. Additionally, some of the study variables were incomplete, despite attempts to address these gaps.

5.5 Areas for Further Studies

With reference to the study findings, the study deems it fit that the following areas of interest are important for further research.

- a. There is need for further research on implementation methodology and participation of people accessing government programs. This can also help to identify the underlying participation challenges of household heads and how their participation can be improved.
- b. The impact of government policies on the establishment and survival of household enterprises. Government policies can have a significant impact on the establishment and survival of household enterprises. For example, policies that promote access to financial capital, markets, and education can help to create an environment that is conducive to

entrepreneurship. However, other policies, such as those that restrict competition or impose high taxes, can make it more difficult for household enterprises to succeed. More research is needed to understand the specific ways in which government policies can impact household enterprises in Uganda.

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