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Investment Practices and Household Income among Small-Scale Women Entrepreneurs in Bwera Sub-County, Kasese District, Uganda

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Abstract: This study examined the relationship between investment practices and household income among small-scale women entrepreneurs in Bwera Sub-County, Kasese District, Uganda. A cross-sectional correlational design was adopted, and quantitative data were collected using structured questionnaires from 98 women traders selected through simple random sampling. Data were analyzed using descriptive statistics, Pearson's correlation, and simple linear regression. The investment-practices scale had a content validity index of 0.710 and a Cronbach's alpha coefficient of 0.800. Investment practices were positively and significantly correlated with household income (r = .658, p < .01). Regression analysis showed that investment practices were a statistically significant predictor of household income (B = 0.520, β = .658, p < .001), accounting for 43.3% of the variation in household income (R^2 = .433). Using professional advice or tools to inform investment decisions recorded the highest mean score (M = 3.85, SD = 1.213), while researching and understanding investment risks recorded the lowest (M = 3.26, SD = 1.349). These findings indicate that stronger investment practices were associated with higher household income, although the cross-sectional design and lack of control for other potential determinants preclude causal conclusions. The study recommends practical investment education, strengthened risk-assessment skills, and improved access to reliable financial advice to support informed investment decisions among women entrepreneurs.

Keywords: *Investment practices, household income, women entrepreneurs, small-scale businesses, Uganda*.

1. Introduction

Small-scale enterprises are an important source of employment and household income in developing economies. For women entrepreneurs, business earnings help meet household needs, including food, education, healthcare, and housing. However, operating a business does not necessarily translate into improved household welfare, as outcomes may depend on how entrepreneurs allocate resources, reinvest profits, and manage investment risks. Evidence from microenterprise research shows that investment in productive assets can generate returns, although these vary across businesses (de Mel et al., 2008).

Investment practices encompass decisions about allocating financial resources to activities expected to generate future returns, including purchasing stock and equipment, expanding business operations, and acquiring productive assets. Such decisions are often made under financial constraints and competing household demands. The International Finance Corporation (2017) identified financing gaps as a major constraint on micro, small, and medium-sized enterprises in emerging markets, limiting their capacity to invest and expand. However, access to capital alone does not guarantee improved business or household outcomes because investment returns vary with the opportunities available and how resources are managed (de Mel et al., 2008).

Financial knowledge may also shape investment decisions by helping entrepreneurs assess financial products, compare alternatives, and evaluate risks. Lusardi and Mitchell (2014) emphasize the importance of financial literacy in economic decision-making, while the Organisation for Economic Co-operation and Development (OECD, 2020) identifies financial knowledge, behavior, and attitudes as key components of informed financial decision-making. These capabilities may help women entrepreneurs balance business reinvestment with household expenditure. Nevertheless, financial knowledge and access to financial services do not necessarily translate into higher household income, particularly where entrepreneurs face limited capital and competing financial obligations. The World Bank's *Global Findex Database 2021* further documents patterns of financial inclusion, saving, borrowing, and account ownership across economies (Demirgüç-Kunt et al., 2022).

Despite these insights, the relationship between investment practices and household income among small-scale women entrepreneurs in Bwera Sub-County, Kasese District, remains insufficiently established. Existing studies

provide evidence on returns to business capital, financing constraints, and financial literacy, but these findings do not directly establish whether women entrepreneurs' investment practices are associated with their household income in this local context. This leaves a context-specific empirical gap that warrants investigation. Accordingly, this study examined the relationship between investment practices and household income among small-scale women entrepreneurs in Bwera Sub-County, Kasese District, Uganda.

2. Literature Review

Investment practices involve allocating financial resources to activities or assets expected to generate future returns. Among small-scale women entrepreneurs, these practices include reinvesting profits, purchasing stock and equipment, expanding operations, diversifying investments, assessing risks, and seeking financial information. However, investment does not automatically translate into improved economic outcomes. In a field experiment involving microenterprises in Sri Lanka, de Mel et al. (2008)found substantial variation in returns to capital across businesses. Similarly, Fiala (2018), in an experiment involving 1,550 microentrepreneurs in Uganda, found that offers of loans, cash grants, and business training did not produce short-run profit improvements among female-owned enterprises, although loan offers benefited male-owned enterprises. These findings suggest that the relationship between investment and enterprise performance depends on entrepreneurs' circumstances and their ability to use resources productively.

Financial knowledge and risk assessment are also relevant to investment decisions. Kappal and Rastogi (2020), drawing on 18 in-depth interviews, found that women entrepreneurs tended to approach investments cautiously, partly because of limited time to explore opportunities and insufficient knowledge of financial products. Similarly, Lusardi and Mitchell (2014) emphasized the importance of financial literacy in decisions involving saving, borrowing, and investment. Cherotich et al. (2019) found that greater financial knowledge was associated with higher savings and enterprise margins among women operating farm enterprises in Kenya. Although propensity score matching accounted for observed differences between participants, unobserved factors may still have influenced the results. Collectively, these studies suggest that financial knowledge may support better financial decisions, but they do not establish the extent to which women's investment practices are associated with household income in Bwera Sub-County.

Household circumstances and access to financial services further shape investment outcomes. Women entrepreneurs may face competing demands on business resources, limiting the funds available for reinvestment (Bernhardt et al., 2019; Dupas & Robinson, 2013). In Uganda, Riley (2024) found that female microfinance borrowers who received loans through digital accounts had 11% higher business capital and 15% higher business profits after eight months than those receiving cash, with stronger effects among women experiencing pressure to share money with other household members. In Kenya, Dupas and Robinson (2013) found that access to formal savings accounts increased savings and productive investment among female market vendors. These findings indicate that financial arrangements can influence the retention and productive use of business resources. Nevertheless, the results relate to specific financial interventions and do not establish that the same outcomes would arise from other investment practices or in different contexts.

The distinction between enterprise performance and household welfare is particularly important when evaluating women's investments. Bernhardt et al. (2019), examining evidence from field experiments in India, Sri Lanka, and Ghana, found that some capital allocated to women was invested in their husbands' enterprises. When returns were assessed at the household level, the researchers could not reject the equivalence of income gains for male and female capital recipients. This finding demonstrates that enterprise-level outcomes may not fully capture the household benefits associated with women's investments. However, household income gains do not necessarily establish that women control or benefit equally from the resulting resources. Riley (2024) similarly highlighted the influence of household-sharing pressures on women's ability to retain business capital. Consequently, household income, enterprise profits, and women's control over financial returns should be treated as related but distinct outcomes when examining investment practices.

Access to savings and credit may facilitate investment by providing working capital and enabling the acquisition of productive assets. Dupas and Robinson (2013) demonstrated the potential value of formal savings services for female market vendors, while the International Finance Corporation (2017) documented financing gaps

affecting micro, small, and medium-sized enterprises in emerging markets. However, access to finance alone does not guarantee improved returns. Borrowing creates repayment obligations, and investment outcomes remain dependent on business conditions, resource allocation, and the profitability of available opportunities. The evidence therefore cautions against assuming that greater access to capital or more investment necessarily produces higher household income.

Overall, previous studies provide mixed evidence on the relationship between investment-related interventions and economic outcomes. Fiala (2018) found no short-run profit gains for female-owned enterprises following offers of loans, grants, or training, whereas Riley (2024) reported improvements in business capital and profits following a change in loan-disbursement arrangements. Bernhardt et al. (2019) further demonstrated that conclusions may differ depending on whether outcomes are measured at the enterprise or household level. These differences reflect variations in interventions, populations, and outcome measures rather than necessarily contradictory findings. Moreover, experimental studies provide evidence about particular interventions but do not directly establish how the investment practices reported by women traders in Bwera relate to their household income.

The present study addresses this contextual gap by examining the relationship between investment practices and household income among 98 small-scale women entrepreneurs in Bwera Sub-County, Kasese District, Uganda. Using questionnaire data, Pearson's correlation and simple linear regression were employed to assess the association between the two variables. The study also draws on financial literacy and human capital perspectives to interpret the findings. Lusardi and Mitchell (2014) link financial literacy to informed financial decision-making, while Schultz (1961) and Becker (1993) emphasize the contribution of knowledge and skills to productive capacity. These perspectives suggest that financial knowledge and relevant business skills may support effective resource allocation. However, the reviewed evidence indicates that investment outcomes may also depend on household pressures, market conditions, and access to finance. Given its cross-sectional design and single-predictor regression model, the present study establishes statistical associations rather than causation and does not isolate the contribution of investment practices from other potential determinants of household income.

3. Method

The study adopted a cross-sectional correlational design to examine the relationship between investment practices and household income among small-scale women entrepreneurs. Quantitative data were collected at a single point in time using structured questionnaires. The study was conducted in Bwera Sub-County, Kasese District, western Uganda. The target population comprised 186 female traders registered with the Bwera Sub-County Traders' Association. A sample of 125 women was targeted, and 98 returned completed questionnaires, representing a response rate of 78.4% of the targeted sample. Respondents were selected through simple random sampling.

Data were collected using a structured questionnaire covering investment practices and household income. Investment practices were assessed using seven questionnaire items addressing investment planning, reviewing investment decisions, understanding investment risks, diversifying investments, monitoring market information, and seeking professional advice or using decision-support tools. Descriptive statistics summarized respondents' reported investment practices, while Pearson's correlation and simple linear regression were used to examine the relationship between investment practices and household income. Data were analyzed using the Statistical Package for the Social Sciences (SPSS), version 27. The investment-practices scale had a content validity index of 0.710 and a Cronbach's alpha coefficient of 0.800.

Ethical approval was obtained from the Uganda Christian University Research Ethics Committee. An introductory letter from the college was presented to the relevant Kasese District authorities to obtain permission to conduct the study. Participants were informed about the study's purpose and provided informed consent before completing the questionnaires. Participation was voluntary, and respondents could decline participation or withdraw without coercion. Anonymity was maintained by excluding identifying information from reported responses, while confidentiality was protected by using the collected information solely for academic purposes. Participants could also withhold information they considered private or sensitive

(Akaranga & Makau, 2016). Intellectual property rights were respected through appropriate acknowledgement and referencing of sources.

4. Results

Descriptive Findings on Investment Practices

Table 1 presents the descriptive statistics for investment-practice items among small-scale women entrepreneurs in Bwera Sub-County.

Table 1: Descriptive Statistics for Selected Investment-Practice Items

Investment-practice statement	Mean	Std Dev
I have a clear investment strategy that aligns with my financial goals.	3.59	1.250
I regularly review and adjust my investment portfolio to maximize returns.	3.49	1.302
I research and understand the risks associated with my investments.	3.26	1.349
I diversify my investments to minimize risk.	3.57	1.268
I keep up with market trends and economic news that may impact my investments.	3.50	1.334
I use professional advice or tools to make informed investment decisions.	3.85	1.213

Source: Primary data (2024)

As shown in Table 1, using professional advice or decision-support tools recorded the highest mean score (M = 3.85, SD = 1.213), while researching and understanding investment risks recorded the lowest (M = 3.26, SD = 1.349). These results indicate differences in respondents' reported investment practices, particularly in their use of advice and assessment of investment risks.

Correlation Between Investment Practices and Household Income

Pearson's correlation analysis was conducted to establish the relationship between investment practices and household income.

Table 2: Correlation Between Investment Practices and Household Income

Variables	Correlation coefficient (*r*)	Significance
Investment practices and household income	0.658	$p < .01$

Source: Primary data (2024)

Table 2 shows a positive and statistically significant relationship between investment practices and household income ($r = .658$, $p < .01$). This indicates that stronger investment practices were associated with higher household-income scores among the respondents.

Regression results for investment practices

Simple linear regression was conducted to assess the predictive relationship between investment practices and household income. The results are presented in Table 3.

Table 1: Simple regression results for investment practices and household income

Predictor	B	Std. Error	Standardized β	t	Sig.
Constant	1.840	0.290		6.345	< .001
Investment Practices	0.520	0.061	.658	8.525	< .001
Model statistic			**Result**		
R					.658
R^2					.433
Adjusted R^2					.427
F (1,96)					73.301
Model significance					< .001
Sample size					98

Source: Primary data, 2024

The regression model was statistically significant, $F(1, 96) = 73.301$, $p < .001$. Investment practices were a positive and statistically significant predictor of household income ($B = 0.520$, $SE = 0.061$, $\beta = .658$, $p < .001$). The model explained 43.3% of the variation in household income ($R^2 = .433$). Thus, higher investment-practices scores were associated with higher household-income scores. However, the cross-sectional design and absence of controls for other potential determinants mean that the results demonstrate a predictive association rather than a causal effect.

Discussion

The findings revealed a positive and statistically significant relationship between investment practices and household income among small-scale women entrepreneurs in Bwera Sub-County, Kasese District ($r = .658$, $p < .01$). Regression analysis showed that investment practices significantly predicted household income ($B = 0.520$, $\beta = .658$, $p < .001$), explaining 43.3% of its variation ($R^2 = .433$). Thus, respondents reporting stronger investment practices also tended to report higher household-income scores. However, the cross-sectional design does not establish causation, and higher household income may also facilitate investment.

This finding is consistent with Cherotich et al. (2019), who linked financial knowledge and savings with enterprise margins among women's farm enterprises in Kenya. It also relates to Dupas and Robinson (2013), who found that access to formal savings services supported savings and productive investment among Kenyan market vendors. Although these studies examined related financial practices and enterprise outcomes, the present study provides evidence of a significant association between investment practices and household income in Bwera Sub-County.

Professional advice or decision-support tools recorded the highest mean score ($M = 3.85$, $SD = 1.213$), whereas researching and understanding investment risks recorded the lowest ($M = 3.26$, $SD = 1.349$). This suggests that respondents reported greater use of advice and tools than engagement in investment risk assessment. The finding relates to Kappal and Rastogi (2020), who identified limited time and inadequate knowledge of financial products as challenges affecting women's investment decisions. Lusardi and Mitchell (2014) similarly emphasized the importance of financial literacy in financial decision-making. Practical financial education and access to reliable investment information may therefore help address the weaker area identified, although their effects were not tested in this study.

Investment practices explained 43.3% of the variation in household income, leaving 56.7% unexplained by the model. This indicates that other factors may also contribute to household-income differences. Bernhardt et al. (2019) highlighted the role of household resource allocation in shaping returns from women's enterprises, while the International Finance Corporation (2017) documented financing constraints affecting small enterprises. These findings suggest that investment practices operate within broader household and business conditions. However, since the present study did not assess these factors, their contributions to household income remain undetermined.

The study had three limitations. Its cross-sectional design could not establish the direction of the relationship; self-reported data may have been affected by recall or reporting errors; and simple regression did not account for other potential determinants of household income. Future studies should consider longitudinal designs and multiple regression to assess whether the relationship remains significant after controlling for relevant household and business characteristics.

5. Conclusion and Recommendations

The study established a positive and statistically significant relationship between investment practices and household income among small-scale women entrepreneurs in Bwera Sub-County, Kasese District, Uganda ($r = .658$, $p < .01$). Investment practices explained 43.3% of the variation in household income in the regression model. The study contributes context-specific empirical evidence on the association between investment practices and household income, complementing existing research on women's entrepreneurship and financial decision-making. The findings highlight the potential importance of informed investment decisions while recognizing that household income is also influenced by other factors not examined in this study.

Based on these findings, financial literacy providers and enterprise-support organizations should strengthen investment education, particularly in risk assessment, evaluating expected returns, and comparing investment alternatives, as understanding investment risks recorded the lowest mean score (M = 3.26). District and sub-county authorities, business associations, and policymakers should facilitate access to reliable investment information, practical advisory services, and appropriate business development support. Women entrepreneurs should also assess investment opportunities in relation to available capital, cash-flow requirements, expected returns, and potential losses before committing resources.

At the policy level, investment education should be integrated into existing women's enterprise-development programs and complemented by appropriate access to financial services. These measures may help women entrepreneurs make more informed investment decisions, although their effects on household income require further evaluation. Given the cross-sectional design, the findings should be interpreted as evidence of association rather than causation. Future research should examine the relationship longitudinally and account for other household and business factors that may influence income.

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