

Escape the one-income trap

EXTRA INCOME
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In Uganda, 6 p.m. no longer marks the end of the working day. Office workers are leaving buildings and opening laptops again at home. A banker begins baking cakes for weekend orders. A teacher answers online tutoring requests. A civil servant checks on a small poultry project behind his house.

Across the country, millions of workers are quietly taking on a second economic life. These are the country's side hustlers — people running small businesses, freelance activities or informal ventures alongside their primary jobs. For some, it is a pathway to entrepreneurship. For others, it is a financial necessity in an economy where a single income often struggles to cover daily expenses.

From online boutiques and poultry farms to ride-hailing vehicles and weekend catering services, side hustles have become one of the defining features of Uganda's evolving labour market. Financial experts say the trend reflects both opportunity and pressure, a mix of entrepreneurial ambition and structural gaps in employment and wages.

Side hustles versus labour market

Uganda's workforce is growing rapidly, yet the number of formal jobs created annually remains far smaller. According to the labour market estimates from the Uganda Bureau of Statistics, nearly 80 percent of the population is under the age of 30, making it one of the youngest populations in the world. Each year, about 700,000 young people enter the labour market, yet only about 238,000 formal jobs are available.

The result is an employment structure dominated by informality. UBOS estimates that more than 80 percent of Uganda's workforce is employed in the informal sector, including small businesses, agriculture, self-employment and casual labour. Even within formal employment, many workers face low wages and limited job security. This reality is one reason why side hustles are becoming increasingly common.

"Many individuals are trying to strengthen their financial resilience in an environment where expenses often outpace income. A single income stream no longer feels secure enough for many households," says Flavia Nabukwasi, strategic support officer at Uganda Bankers Association.

The shift also reflects a growing awareness of financial risk. Workers are increasingly conscious that relying on one job alone can leave them vulnerable to layoffs, emergencies, or rising living costs.

Additionally, in recent years, technological change has made diversification easier. Social media platforms, mobile money services and digital marketplaces have allowed small entrepreneurs to reach customers with minimal capital.

Building other income streams beyond your job

A woman carries handcraft bags. Side hustles are increasingly becoming common due to low wages and limited job security. PHOTO/MICHAEL KAKUMIRIZI

Income
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A graphic designer may sell digital services online after work. A university graduate might run a clothing resale business through Instagram or WhatsApp. Others operate small poultry projects or rental businesses alongside their formal employment.

For Sharon Kansime, a customer service officer, the motivation was simple.

"My salary covers basic bills," she says. "But my online hair products business helps me save for emergencies and bigger investments like buying land."

Charles Ocici, executive director of Enterprise Uganda, emphasizes the prevalence of the trend, noting that the country's economic structure allows people to start small businesses relatively easily.

At the same time, the side hustle trend also reflects a deeper labour market reality. Many people cannot rely on formal employment alone.

"There are young people entering the job market who cannot even secure an interview," Ocici says. "So, they start something on their own, even if it is outside their field of study."

Labour market

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Ronald Mukasa Ssenkubuge, a financial literacy coach notes that this economic uncertainty encourages workers to create backup income streams.

"Starting a side hustle creates a financial safety net," Mukasa says.

That learning curve is familiar to many new entrepreneurs. When Isaac Bwiso, an accountant based in Iganga District, experienced the financial shock of the COVID-19 lockdowns, he resorted to learning digital skills and started working as a virtual assistant

for different companies and projects.

"In many ways, the income from my side venture has become more dependable and has sustained me in several aspects," he says.

But not every side hustle succeeds. The difference often lies in how carefully it is planned and managed.

What makes a viable side hustle?

While the term 'side hustle' often suggests something casual, financial experts say successful ventures require discipline and planning.

A viable side hustle, they say, must first sustain itself. "The first stage is reaching the break-even point," Ocici explains. "The business should be able to pay for its own existence instead of relying on your salary."

That means the income generated from the venture should cover operating costs such as supplies, transport and marketing.

Beyond breaking even, Ocici notes that a side hustle must demonstrate real demand. In his view, a side venture is not viable if it simply functions as a hobby. Rather, it becomes sustainable when it attracts consistent customers and generates profit.

However, Nabukwasi acknowledges that many people misjudge the profitability of these ventures.

"In Uganda, people sometimes assume that if money is coming in, the business must be profitable," she says. "But unless you track every cost, you may not realise that the income is lower than the expenses."

For example, a person selling home-

made juice might see steady sales but fail to account for ingredients, packaging, transport and mobile data used for marketing. When all costs are considered, the profit margin may be far smaller than expected.

Demand also plays a crucial role. Nabukwasi emphasizes that before starting a side hustle, you should understand the market, its needs and preferences. Market sampling of a product or service can be crucial before investing heavily in a business that may not succeed.

Understanding the market and demand can prevent future losses in an overly saturated field. "If you open a chapati stall where there are already ten others, the income may be inconsistent," she illustrates. As such, she advises identifying gaps in local markets or offering unique products.

Time management is another key factor. Since side hustles are typically run outside normal working hours, they must fit within a person's schedule without affecting their primary job.

"Master the art of being an excellent absentee business manager. The business must continue operating even while you are away," says Ocici.

Costs and opportunities

Despite their potential, side hustles also present significant challenges.

One of the most common pitfalls is unrealistic expectations. While highlighting the stages of a successful side hustle, Ocici notes that people sometimes believe the business will be generating profits immediately.

However, most ventures require persistence before they start producing meaningful income.

"A successful side hustle often evolves through several stages. Initially, it may operate informally with minimal structure. However, it begins developing clearer systems including record keeping, customer management and basic financial planning," he says.

Eventually, the business may grow large enough to compete with the owner's main job.

"When the income begins to match your salary and the time required becomes similar to a full-time job, it is no longer just a side hustle. It becomes a real enterprise. But reaching that stage requires patience and discipline," he says.

Another challenge is financial management. Many small entrepreneurs mix personal and business finances, making it difficult to measure profitability or plan for growth. Nabukwasi recommends a simple rule for managing side hustle income.

"A useful guideline is the 40-30-20-10 formula," she explains. "Reinvest 40 percent back into the business, save or invest 30 percent, allocate 20 percent to debt repayment if necessary, and use 10 percent for personal spending to stay motivated," Nabukwasi says.

She notes that the formula can be adjusted depending on financial pressures, particularly for those prioritising debt repayment.