

**DETERMINANTS OF INCOME INEQUALITY IN UGANDA.
A CASE STUDY OF BUDAKA TOWN COUNCIL, BUDAKA DISTRICT.**

BY

NAMUGWERE SYLVIA

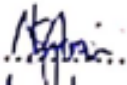
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**A RESEARCH REPORT SUBMITTED TO THE DEPARTMENT OF ECONOMICS
AND ENTREPRENEURSHIP IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF A DEGREE
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OF BUSITEMA UNIVERSITY.**

OCTOBER, 2024

DECLARATION


I NAMUGWERE SYLVIA, hereby declare to the best of my knowledge that this research report is original and has never been submitted to any other institution of higher learning or University for any academic award.

Signature.....
Date...4th/10/2024.....

APPROVAL

This is to certify that this research report is of NAMUGWERE SYLVIA and has been produced under my supervision in the Department of Economics and Entrepreneurship of Busitema University in partial fulfillment of the requirement for the award of a Bachelor's degree of science education.

Supervisor's Name : Mr. Masyud Adaiga

Signature : 

Date : 04/10/2024

DEDICATION

I dedicate this research report to my dear parents Mr. Watuke Dembe Livingstone and Mrs. Wenene Josephina who worked hard to support me up on this research report and my studies in general, may the Almighty God bless them abundantly.

ACKNOWLEDGEMENT

I thank the Almighty God for making it possible for me to complete this piece of work.

Special thanks to Him for the knowledge, wisdom, courage and determination he has granted to me.

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LIST OF ACRONYMS

ILO International Labor Organization

e.g. For example

GPS Global Positioning System

OECD Organization for Economic Co-operation and Development

UBOS Uganda Bureau of Statistics

ABSTRACT

This research report titled Determinants of income inequality in Budaka Town Council, Budaka District, Uganda. The study was guided by the following research objectives; to determine the relationship between income inequality and demographic characteristics in Budaka Town Council, to investigate the level of employment and income inequality in Budaka Town Council and to investigate the level of income and income inequality in Budaka Town Council. The findings of the study revealed that majority of the respondents were aged (21-30) and (31-40) years, more men were engaged in the study compared to women, and majority of the persons engaged were married. Furthermore the findings reveal that disparities in educational access significantly contribute to income inequality, as individuals with higher education levels tend to secure better-paying jobs. Additionally, the lack of diversified employment opportunities exacerbates income disparities, particularly among the youth and women. The study concludes with policy recommendations aimed at enhancing educational access, promoting inclusive economic growth, and improving financial service availability to mitigate income inequality in Budaka Town Council.

CHAPTER ONE: INTRODUCTION

1.0 Back ground of the study.

Income inequality refers to the unequal distribution of income among individuals or households within a country or region (Amarante and Colacce 2018). In Uganda, income inequality has been a pressing issue however, the country has experienced economic growth in recent years, but this growth has not been evenly distributed among the population. Income and consumption have been growing at a slower rate in rural areas than in urban counterparts in most of the regions of the country (Padoch, Brondizio et al. 2008).

According to 2022 article by Professor John Ddumba Ssentamu of Makerere University, “Uganda’s inequality has been contributed by an equal land distribution and the complex land tenure system” (Geda 2023). Agriculture has been a major sector in the country, employing a significant portion of the population. However, access to land is highly limited with a small percentage of the population owning large tracts of land while the majority struggle with limited access. This disparity in land ownership has led to unequal opportunities for agricultural production and income generation perpetuating income inequality.

It’s generally hypothesized that there is a systematic tendency for inequality to increase with rapid economic growth, particularly when starting from a low economic base (Persson and Tabellini 1991). Inequality increases as the incomes of the asset-rich rise at a faster rate than those of the asset-poor however, income inequality has increased by 12% overall since 2006 and while there has been a widening gap between rural and urban areas, income inequality within urban areas has been identified to be significantly higher than in rural areas (Smeeding and Thompson 2011).

The richest 10% of Uganda’s population receive 35.7% of national income, while the poorest 30% receive only 8.3%. In 2019 (Mutenyo, Buyinza et al. 2022), Uganda scored at most 43 on the Gini income inequality index, where zero reflects total equality and 100 reflects total inequality.

1.1 Problem Statement.

In Uganda, income inequality has persisted despite experiencing economic growth and poverty reduction in the recent years. Unequal distribution of income hinders social and economic development, perpetuating poverty and limiting opportunities for individuals.

Income inequality has been as a result of uneven land distribution, education, employment gender and regional disparities in the Budaka Town Council.

There are a number of education institutions both government and private being established in an attempt to provide knowledge and skills to the people and reduce ignorance but some parents have been unable to afford the education needs and this has forced their children to drop out and leave others whose parents can afford and as such this makes the children who continue to gain more income generating skills upon completing their studies hence creating an income inequality throughout the generation. However, some measures such as privatization, financial liberalization and diversification have contributed to concentrate the ownership of resources in a way to

reduce income inequality among individuals.

The research may provide valuable insights and evidence-based recommendations to policy makers, development practitioners, and stakeholders to address the root causes of poverty and income inequality in Uganda. When all the root causes are addressed, there will be a comprehensive goal of achieving balanced economic growth and development in the economy.

Though, there has been support for small business through government policies such as PDM to stimulate job creation and economic growth in Budaka Town Council, Budaka District, but due to discrimination and gender imbalance among the officials, most people have benefited from it which has continuously increased income inequality among individuals in Budaka Town Council, Budaka District. Therefore, this enormous problem can be a threat to political and economic stability of the whole country.

1.2 Purpose of the study

The study identified and analyzed the various determinants of income inequality in Budaka Town Council, a case study of Budaka Town Council in Budaka district.

1.3 Research objectives

- i. To investigate the relationship between the demographic characteristics and level of income inequality in Budaka Town Council.
- ii. To investigate the relationship between the level of income and income inequality in Budaka Town Council.
- iii. To identify the relationship between the level of employment and income inequality in Budaka Town Council.

1.4 Research questions.

- i. What is the relationship between the demographic characteristics and income inequality in Budaka Town Council?
- ii. How does the level of income influence income inequality in Budaka Town Council?
- iii. What is the relationship between the level of employment and income inequality in Budaka Town Council?

1.5 Scope of the study.

The study comprised of subject scope, geographical scope and time scope.

1.5.1 Subject Scope.

The subject scope focused on the determinants of income inequality in Uganda, a case study of Budaka Town Council, Budaka District.

1.5.2 Geographical Scope.

The study was conducted in Budaka Town Council, Budaka District, Uganda. Budaka district is located in Eastern Uganda. Budaka District is bordered by Pallisa District to the north, Mbale District to the east, Butaleja District to the south, and Kibuku District to the west where the researcher involved a number of families who provided the required information to the questions asked by the researcher.

1.5.3 Time Scope.

The study covered a period of five months that is from May to September 2024, and one month was spent on proposal writing and the remaining months on data analysis and report writing.

1.6 Significance of the study.

The result of the study may be beneficial to policy makers responsible for policy issues and programs all aimed at designing strategies to promote inclusive economic growth of the economy.

The study widens the researcher's knowledge and understanding on the equitable distribution of resources in the economy.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction.

This chapter entirely looked at the existing and other available literature on the various factors that contribute to income inequality in Uganda. It further looked at household income and the existing literature about the wealth of different individuals in Budaka Town Council.

2.1 Theoretical review.

This section looked at the various theories relating to an even distribution of income which include; the human capital theory which indicates that education may increase income and thus increasing public expenditure on intergenerational mobility (Yang and Qiu 2016) and the theory of gender income gap which helps to understand sex inequality in labor market and consequently pay gap (Blau and Kahn 2020).

2.2 Relationship between Demographic characteristics and income distribution.

Gender employment has been a significant impact on income distribution in Uganda with women generally earning less than men due to various factors such as occupation discrimination, limited access to education and training, gender pay gap, societal norms that prioritize men in the workforce.

A study by Kabeer (2004) found that women in Uganda are often employed in low-paying, informal sector jobs such as agriculture and domestic work which contribute to their lower income levels compared to men (Muheki and Geenen 2018). At least 15% and 29% of females and males respectively are employed in the informal sector. At the regional level, with the exception of central Uganda, all other regions have relatively low rates of female employment in the informal sector. The higher-than-average share of female employment in central Uganda can be attributed to wider variety of economic activities for self-employment in urban area. The relatively lower share of women in informal employment may be explained by the nature of informal activities such as carpentry, handcrafts, transportation services (mainly using motorcycles) make huge physical demands on individuals rendering such work unfeasible for women.

For women who find paid work, they are less than their male counterparts. Only one in ten women in Uganda are in paid employment according to the 2008 GPS (Kasirye 2011). At least 17.4% of the estimated 523,000 women in paid employment are teaching professionals, 32% of women in the public sector are teachers, and 47% are agricultural workers-working on government owned agricultural enterprise as agriculture is also an important source of paid employment.

The lack of access to education and training for women such as socio-cultural norms and practices often prioritize boys' education over girls leading to lower enrollment and retention rates for girls in schools, early marriages and pregnancy which also disrupt their education and limit their access to training opportunities which in turn reduces their earning potential in the labor market.

Other studies by Ninsiima and Kuteesa (2017) show that there is a gender pay gap and occupational segregation where women are often paid less than men for the same work leading to a widening income gap between genders. Gender discrimination in pay is widely spread in Uganda like many other developing countries despite the constitutional provision of equality of sexes (Ssenyonjo 2007). The median salary of men is about double that received by women in Uganda regardless of the type of work undertaken. The gender gap in the median salary is widest in rural areas (UGX 77000 for men vs UGX 35000 for women). The study by Appleton (1999) showed that gender pay gaps in Uganda were mainly due to gender discrimination in the labor market (Appleton, Hoddinott et al. 1999). In most labor markets both in developed and developing countries, lower wages are paid to female workers than to male workers. Inequalities in wages have continued to rise, according to Okurut et al, (2006), overall wage inequality has remained fairly constant, but increased in urban areas and among female wage employees (Ssebagala 2007). Although real wages in Uganda rose by an average of 4.8% per annum between 1992 and 2002, there has been a marked gender gap in wage growth. Real wages for males grew by an average of 6% per annum, those for females grew by only 1.2% per annum between 1992-2002.

The traditional gender roles and stereotypes often limit women's access to high-paying jobs and opportunities for career advancement leading to lower income levels for women compared to men, for instance the presence of young children and other household members significantly reduces overall female labor force participation, as

each additional household member reduces female labor time by 6% while additional members have no effect on male labor time(Mincer 1962).

Although recent public programs aimed at promoting gender equality have begun to address this time constraint, there is need for similar programs in the private sector where gender gaps in the labor market are widest hence narrowing the income gap between men and women in Uganda.

2.3 Relationship between income level and income inequality.

Income level and income inequality are closely related concepts. Income level refers to the amount of money an individual or household earns, while income inequality refers to the unequal distribution of income among the population.

Higher income levels in Budaka Town Council are associated with lower levels of income inequality, as more residents are able to access higher paying jobs and opportunities for economic advancement. This could lead to a more equal distribution of wealth and resources within the community.

Income inequality still exists with in Budaka Town Council, even if overall income levels are relatively high. This has been due to factors such as disparities in education, access to resources and social mobility which has contributed to a widening gap between the wealthiest and poorest residents.

Income inequality often correlates with disparities in access to education and healthcare, which can affect income levels. Research by Checchi (2001) highlights that unequal access to quality education perpetuates income inequality across generations, as lower-income individuals are less likely to attain higher education, thus limiting their income potential. Similarly, studies have shown that income inequality can lead to poorer health outcomes which in turn can affect individual ability to work and earn a living (Wilkinson and Pickett, 2009).

Income inequality also impacts social mobility which is crucial for individuals to improve their income levels. A study by Corak (2013) found that counties with higher income inequality tend to have lower levels of intergenerational mobility, meaning that children from low-income families are less likely to achieve income levels than their parents. This lack of mobility can entrench income disparities over time, creating a cycle of poverty.

Studies have shown that urban areas tend to exhibit higher income inequality compared to rural areas which can affect overall income levels in these regions (Glaeser and Gottfried, 2008). This regional disparity can lead to uneven economic development and exacerbate existing inequalities.

High levels of income inequality can lead to political instability, which can adversely affect economic performance and income levels. Research by Alesina and Rodrik (1994) suggests that income inequality can lead to social unrest and conflicts, which can disrupt economic activities and deter investment. This instability can further exacerbate income disparities creating a vicious cycle

Policy makers are increasingly recognizing the need for interventions aimed at reducing income inequality to promote economic growth and improve overall income levels. Policies such as progressive taxation, increased access to education have been proposed as means to address income disparities.

2.4 Effect of income inequality on employment level in Budaka Town Council.

Income inequality is a persuasive issue in many societies around the world, and its effects on various aspects of the society have been widely studied. In Budaka Town Council, a small town in Uganda, income inequality is a pressing issue that may have significant implication for the local labor market.

Employment access is an important dimension also for the households that do have a job, as jobs are not evenly distributed, some households have only one member at work while others have two or more.

A study by Alesina and Perotti (1996) found that higher levels of income inequality are associated with lower levels of employment in OECD countries. This is because high levels of income inequality can lead to lower levels of aggregate demand, as the wealthy tend to save a larger proportion of their income than the poor. This in turn can lead to lower levels of investment and economic growth, which can negatively impact employment levels.

High levels of income inequality have led to social unrest and political instability which can negatively impact the business environment and deter investment. This in turn can lead to lower levels of job creation and higher levels of unemployment. When there is a large disparity in income level, it can create tensions between

different socio-economic groups leading to conflicts that can disrupt businesses and hinder economic growth.

Some studies have found that a certain level of income inequality may actually be beneficial for employment levels, for example a study by Persson and Tabellini (1994) found that moderate levels of income inequality can lead to higher levels of investment and economic growth which can in turn lead to higher levels of employment

Income inequality can also affect access to education and training opportunities which are essential for individuals to secure employment. When there is a lack of access to quality education and training programs, individuals may struggle to acquire the skills and qualifications needed to compete in the job market, further exacerbating unemployment levels.

CHAPTER THREE: METHODOLOGY

3.0 Introduction

This chapter presented in details the manner in which the study was executed, it highlighted the areas of study, research design, sampling design, research strategies and procedures. It also presented data collection methods, tools, data analysis and presentation as well as the limitations of the study.

3.1 Research design.

In this study, the researcher used cross-sectional research designs to investigate the determinants of income inequality in Uganda. The research involved both quantitative and qualitative data collection methods to provide a comprehensive understanding of the factors contributing to income inequality in Uganda.

Quantitative data was used to adopt and analyze the household income, education level, employment status and other demographic information.

3.2 Area of study.

This was conducted in Budaka Town Council. This area of the study was selected due to the fact that Budaka Town Council has got a number of education institutions, many people are employed in both formal and informal sectors and various working classes being composed of more male than female.

3.3 Study population.

The study examined households with more and less incomes in Budaka Town Council. The survey population constituted of 80 respondents and these were be employed in different occupations.

3.4 Sampling methods.

In this study, a sample size of 80 respondents was selected from the survey population. There are a variety of sampling methods which were used however, in this study, the researcher focused on a few which included; purposive, stratified and simple random sampling.

3.4.1 Stratified and simple random sampling.

In this method, the researcher divided the study population into several strata basing on certain characteristics such as income level, education level and occupation. Members from various strata were selected randomly to ensure that every group is represented in the sample.

3.4.2 Purposive sampling.

In this method, the researcher selected participants with relevant expertise such as policy makers, community leaders, social workers so the researcher gathered valuable insights and perspectives on the determinants of income inequality.

3.5 Sample size distribution

Category	Sample size	Sample technique
Health workers	15	Purposive
Teachers	20	Simple random
Peasants	30	Simple random
Carpenters	15	Purposive
TOTAL	80	

The researcher purposefully selected respondents who do some work to earn a living such as civil workers. The researcher employed a sample size of 80 respondents from Budaka Town Council which is the area of study.

This sample size was determined scientifically using the Krejci and Morgan 1970 table because of its simplicity in determining the sample size not forgetting the time factor. The study included majorly families with less incomes because these are numerous in number and are found everywhere in the country. However, the study was unable to reach to the entire population in the named place. The researcher stratified the population in four strata that is peasants, health workers, teachers, shop keepers. Random sampling was used to select the sampling frame.

3.6 Data type

The study employed purely primary data.

3.6.1 Primary data

Primary data was collected from several respondents including employees from policy making institutions such as UBOS as well as interviewing self-employed individuals. This type of data original as it was collected specifically for the study.

3.7 Data collection methods.

This study employed observation, interview guides and questionnaire.

3.7.1 Questionnaire.

This was prepared and delivered to selected respondents. The researcher adequately explained to the respondents the purpose of the study with the questionnaire. The questionnaire consisted of both open ended and closed ended questions.

3.7.2 Interview guides.

The researcher got the information by casually interviewing respondents who are the researchers' key informants such as community leaders.

3.7.3 Observation.

The researcher observed factors such as access to education, health care and employment opportunities that contribute to income disparities.

3.8 Data processing and analysis.

This involved data coding, tabulation and classification.

3.8.1 Data processing.

The researcher checked and edited the collected data for any errors and omissions. Any questions that were not answered in the field were followed up and updated. Data was also coded and classified accordingly so as to enable the researcher come up with the frequencies and percentages to obtain reliable and valid information.

3.8.2 Data analysis.

After processing, data was entered in the excel sheets. Here frequencies and percentages were performed to enable the researcher make conclusive analysis of the research findings, this helped the researcher to draw conclusions in relation to the variables of the study.

3.9 Limitations and Delimitations of the study.

- i. Limited resources such as funds, since the project was privately sponsored, funds to support activities such as transport, printing, photocopying, stationary and surfing on the net and others were not available. The solution to this problem, the researcher mobilized some of her savings and get some funds from relatives, friends so as to finish the study.
- ii. Limited time, since the research was not on a full time programme, time was a challenging factor because much time will be spent while going through the questionnaire and many respondents might be busy and others might have limited time for the study.
- iii. Mis interpretation of the objectives of the study by the respondents led to biased data which affected the reliability and viability of some data collections.
- iv. Limited data availability, the researcher faced a problem of limited data specific to the subject under study. The researcher used internet to access more data and some current data was obtained from community leaders, workers and so on.

CHAPTER FOUR

PRESENTATION OF RESULTS, ANALYSIS AND DISCUSSION OF RESEARCH FINDINGS.

4.0 Introduction

This chapter gives the presentation of the findings, their analysis and discussion of the results. The chapter also provides detailed information on the study questionnaires as well as answers to the research questions that tempted the researcher to go in for the research.

4.1 Background characteristics of the respondents.

The study included a sample of 80 (eighty) respondents and their characteristics in terms of age, sex, marital status, education, and occupation in the preceding tables.

4.1.1 Age of the respondents

Table 4.1: Age groups of respondents

Age	Frequency	Percent
Under 20	10	12.5
21-30	26	32.5
31-40	26	32.5
41-50	8	10
51-60	6	7.5
61 and above	4	5
Total	80	100.00

Source: Primary Data, 2024

During the field study, it was found out that the biggest percentage of the respondents were in the age bracket of 21-30 and 31-40 years as shown by 32.5%, 12.5% were of under 20 years, 10% were of 41-50 years, 7.5% were of 51-60 years and 5% was of 61 and above.

This implies that respondents in age bracket of 31-40 and 21-30 years actively participated in the study. This implies that these groups have relevant ideas on answering the questionnaire presented to them well.

4.1.2 Gender of respondents.

Table 4.2: Gender of respondents.

Gender	Frequency	Percent
Male	49	61.25
Female	31	38.75
Total	80	100.00

Source: Primary Data, 2024

During the field study, it was found out that the biggest percentage of respondents were males as shown by 61.25% where as 38.75% of respondents were females, implying that males were the ones who actively participated in the study.

4.1.3 Level of Education of respondents.

Table 4.3: level of Education of respondents

Level of Education	Frequency	Percent
Below certificate	10	12.5
Certificate	24	30
Diploma	28	35
Degree	10	12.5
Others	8	10
Total	80	100.00

Source: Primary Data, 2024

The biggest percentage of respondents was diploma holders as it was revealed by 35% of the respondents. This was followed by 30% of respondents who were certificate holders, then 12.5% of the respondents were degree holders and 12.5% were below certificate holders and 10% of respondents were among the others.

4.1.4 Marital status of respondents.

Table 4.4: Marital status of respondents.

Marital status	Frequency	Percent
Single	28	35
Married	36	45

Divorced	16	20
Total	80	100.00

Source: Primary Data, 2024

From this table 4.4, it can be seen that 45% of the respondents were married followed by 35% of the respondents who were single where as 20% of respondents had divorced. Therefore it was indicated that respondents who were married actively participated in the study.

The next section that is the quantitative analysis of the data will provide greater insight into the responses to the questionnaires administered to respondents.

4.1.5 Occupation of the respondents.

Table 4.5: Occupation of the respondents.

Occupation	Frequency	Percent
Peasant	20	25
Teacher	15	18.75
Trader	10	12.5
Others	35	43.75
Total	80	100

Source: Primary Data, 2024

From this table 4.5, it can be seen that 43.75% of the respondents were among the others, followed by 25% of the respondents who were peasants, 18.75% of the respondents were teachers and the least respondents who participated in this study were the traders.

4.2 Relationship between income inequality and demographic characteristics in Budaka Town Council, Budaka District, Uganda.

The study objective one was to determine the relationship between income inequality and demographic characteristics in Budaka Town Council.

No.			Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
1.	There is a relationship between income inequality and some	Freq	3	5	2	30	40	80

	demographic characteristics like gender	%	3.75	6.25	2.5	37.5	50	100
2.	Women are employed in lower-paying industries and occupation in Budaka Town Council.	Freq	5	10	0	30	35	80
		%	6.25	12.5	0	37.5	43.75	100
3.	Women face barriers when accessing higher paying jobs as discrimination in promotion practices.	Freq	0	0	0	35	45	80
		%	0	0	0	43.75	56.25	100
4.	Men usually take on unpaid care work such as childcare.	Freq	47	33	0	0	0	80
		%	58.75	41.25	0	0	0	100
5.	Age contributes to income inequality in Budaka Town Council.	Freq	7	11	3	27	32	80
		%	8.75	13.75	3.75	33.75	40	100
6.	Women in Budaka Town Council have equal access to employment opportunities compared to men.	Freq	43	27	1	5	4	80
		%	53.75	33.75	1.25	6.25	5	100
7.	Gender discrimination contributes to income inequality in Budaka Town Council.	Freq	0	2	0	31	47	80
		%	0	2.5	0	38.75	58.75	100
8.	Youth have a high level of income compared to the old.	Freq	42	35	1	2	0	80
		%	52.5	43.75	1.25	2.5	0	100

9.	Geographical location influences income inequality in Budaka Town Council.	Freq	0	2	0	32	46	80
		%	0	2.5	0	40	57.5	100
10.	Employing equal pay policies to individuals of Budaka Town Council can minimize income inequality.	Freq	1	3	0	37	39	80
		%	1.25	3.75	0	46.25	48.75	100
11.	Industries in Budaka Town Council employ all genders.	Freq	30	38	1	8	3	80
		%	37.5	47.5	1.25	10	3.75	100
12.	There is transparency in salary structures among the employed in Budaka Town Council.	Freq	27	38	2	7	6	80
		%	33.75	47.5	2.5	8.75	7.5	100

Source: Primary Data, 2024

From table 4.6, it was found out that the majority of the respondents, that is, 50% in this study strongly agreed that there is a relationship between income inequality and some demographic characteristics like gender in Budaka Town Council, 37.5% agreed with this view, 6.25% of the respondents disagreed, 3.75% of the respondents disagreed and 2.5% of the respondents were not sure, implying that there is a relationship between income inequality and some demographic characteristics like gender.

The findings illustrated in table 4.6, indicates that the majority of the respondents, that is, 43.75% strongly agreed that women are employed in lower paying industries in Budaka Town Council, 37.5% of the respondents agreed of this view, 12.5% of the respondents disagreed, 6.25% of the respondents strongly disagreed whereas none of the respondents was not sure. Implying that women are employed in lower paying industries and occupation in Budaka Town Council.

From table 4.6, the majority of the respondents strongly agreed that women face barriers when accessing higher paying jobs with 56.25%, 43.75% of the respondents agreed on this

matter, neither of the respondents strongly disagreed nor agreed on this view. This implies that women face barriers when accessing higher paying jobs in Budaka Town Council.

As it can be seen from table 4.6, 58.75% of the respondents strongly disagreed that men usually take on unpaid care work such as child care, 41.25% of the respondents disagreed on this view, no respondent was not sure, neither strongly agreed nor agreed on this view. This implies that men do not take on unpaid care work such as childcare in Budaka Town Council.

According to table 4.6, 40% of the respondents in Budaka Town Council strongly agreed that age contributes to income inequality, 33.75% of the respondents agreed on this issue, 13.75% of the respondents disagreed, 8.75% of the respondents strongly disagreed and 3.75% of the respondents were not sure. This implies that age contributes to income inequality in Budaka Town Council.

From the table 4.6, it was found out that the majority of the respondents with 53.75% strongly disagreed that women in Budaka Town Council have equal access to employment opportunities just like men, 33.75% of the respondents disagreed, 6.25% of the respondents agreed on this view, 5% of the respondents strongly agreed whereas 1.25% of the respondents were not sure. Implying that women do not have equal access to employment opportunities compared to men.

As can be seen from the table, 58.75% of the majority strongly agreed that gender discrimination contributes to income inequality in Budaka Town Council, 38.75% of the respondents agreed, 2.5% of the respondents disagreed and none of the respondents strongly disagreed on this view. Implying that gender discrimination contributes to income inequality in Budaka Town Council.

From the table 4.6, 52.5% of the respondents strongly disagreed that the youth have a high level of income than the old, 43.75% of the respondents disagreed, 2.5% of the respondents agreed, 1.25% of the respondents were not sure and none of the respondents strongly agreed on this matter. This implies that the youth do not have a high level of income compared to the old.

According to the table 4.6, 57.5% of the respondents strongly agreed that the geographical location influences income inequality in Budaka Town Council, 40% of the respondents agreed on this issue, 2.5% of the respondents disagreed and neither of the respondents

strongly disagreed nor was not sure of this issue. Implying that the geographical location influences income inequality in Budaka Town Council.

As illustrated in the table 4.6, 48.75% of the respondents strongly agreed that employing equal pay policies to individuals of Budaka Town Council can minimize income inequality, 46.25% of the respondents agreed on this view, 3.75% of the respondents disagreed, 1.25% of the respondents strongly disagreed and none of the respondents were not sure on this view. Implying that employing equal pay policies to individuals can minimize income inequality in Budaka Town Council.

From the table, 47.5% majority of the respondents disagreed on the matter that industries in Budaka Town Council employ all genders, 37.5% of the respondents strongly disagreed, 3.75% of the respondents strongly agreed, 10% of the respondents agreed and 1.25% of the respondents were not sure. This implies that industries do not employ all genders in Budaka Town Council.

According to the table 4.6, the majority of the respondents disagreed on the view that there is transparency in salary structures among the employed in Budaka Town Council with 47.5%, 33.75% of the respondents strongly disagreed, 8.75% of the respondents agreed, 7.5% of the respondents strongly agreed and 2.5% were not sure of this view. Implying that there is no transparency in salary structures among the employed in Budaka Town Council.

4.3 Relationship between income inequality and income level among individuals in Budaka Town Council, Budaka District, Uganda.

The study objective two was to determine the relationship between income inequality and income level among individuals in Budaka Town Council.

No.			Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
1.	The level of income influences income inequality in Budaka Town Council.	Freq	8	10	1	34	29	80
		%	10	12.5	1.25	42.5	36.25	100
2.	Individuals	Freq	1	8	0	33	38	80

	experiences negative effects on their income due to income inequality.	%	1.25	10	0	41.25	47.5	100
3.	The level of income inequality in Budaka Town Council is high.	Freq	0	7	3	40	30	80
		%	0	8.75	3.75	50	37.5	100
4.	Income inequality limits access to better paying jobs in Budaka Town Council.	Freq	0	0	0	38	42	80
		%	0	0	0	47.5	52.5	100
5.	Individuals experience difficulties in finding employment due to income inequality.	Freq	5	7	1	39	29	80
		%	6.25	8.75	1.25	48.75	36.25	100
6.	Everyone earns income monthly in Budaka Town Council.	Freq	45	35	0	0	0	80
		%	56.25	43.75	0	0	0	100
7.	Individuals with high levels of income enjoy high standards of living compared to those with low income	Freq	0	2	0	42	36	80
		%	0	2.5	0	52.5	45	100
8.	There is a high income gap between the rich and the poor in Budaka Town Council.	Freq	0	0	0	36	44	80
		%	0	0	0	45	55	100

9.	There are sufficient community resources e.g. job training programs to reduce income inequality.	Freq	37	40	1	2	0	80
		%	46.25	50	1.25	2.5	0	100

Source: Primary Data, 2024

From table 4.7, the majority of the respondents agreed with 42.5% on the view that the level of income influences income inequality in Budaka Town Council, 36.25% of the respondents strongly agreed on this view, 12.5% of the respondents disagreed, 10% of the respondents strongly disagreed and 1.25% were not sure. Implying that the level of income influences income inequality in Budaka Town Council.

As can be seen from the table above, 47.5% of the respondents strongly agreed that individuals experience negative effects on their income due to income inequality, 41.25% of the respondents agreed on this view, 10% of the respondents disagreed, 1.25% strongly disagreed and none of the respondents was not sure. Since those who strongly agreed had the highest percentage, it implies that individuals experience negative effects on their income due to income inequality.

According to the table 4.7, majority of the respondents agreed that the level of income inequality in Budaka Town Council is high with 50%, 37.5% strongly agreed on this view, 8.75% of the respondents disagreed, 3.75% were not sure and none of the respondents strongly disagreed. Implying that the level of income inequality is high in Budaka Town Council.

As illustrated in table 4.7, the majority of the respondents of 52.5% strongly agreed that income inequality limits access to better paying jobs in Budaka Town Council, 47.5% of the respondents agreed and no respondents was not sure, disagreed or strongly disagreed. This implies that income inequality limits access to better paying jobs in Budaka Town Council.

From the table above, 48.75% of the respondents agreed that individuals experience difficulties in finding employment due to income inequality in Budaka Town Council, 36.25% of the respondents strongly agreed, 8.75% of the respondents disagreed on this view, 6.25% strongly disagreed and respondents who were not sure had 1.25%. Implying that

individuals in Budaka Town Council experience difficulties in finding employment due to income inequality.

According to the table 4.7, the majority of the respondents strongly disagreed on the view that everyone earns income monthly with 56.25%, 43.75% of the respondents disagreed on this view, neither of the respondents agreed nor strongly agreed on this issue. Implying that not everyone earns income monthly in Budaka Town Council.

From table 4.7, 52.5% of the respondents agreed that individuals with high levels of income enjoy high standards of living compared to those with low income, 45% of the respondents strongly agreed, 2.5% disagreed and neither of the respondents strongly disagreed nor was not sure. This clearly implies that individuals with high levels of income enjoy high standards of living compared to those with low income in Budaka Town Council.

As can be seen from table 4.7, the majority of the respondents strongly agreed with 55% that there is high income gap between the rich and the poor in Budaka Town Council, 45% of the respondents agreed on this view. Since most of the respondents agreed, it implies that there is a high income gap between the rich and the poor.

As illustrated from the table, 50% of the respondents disagreed on the view that there are sufficient community resources e.g. job training programs to reduce income inequality, 46.25% of the respondents strongly disagreed, 2.5% of the respondents agreed on this view, 1.25% were not sure and none of the respondents strongly agreed on this view. Implying that there are no sufficient community resources e.g. job training programs to reduce income inequality in Budaka Town Council.

4.4 Relationship between employment level and income inequality in Budaka Town Council, Budaka District, Uganda.

The third study objective was to determine the relationship between employment level and income inequality in Budaka Town Council.

No.			Strongly disagree	Disagree	Not sure	Agree	Strongly agree	Total
1.	Income inequality exists in Budaka Town Council.	Freq	0	0	0	38	42	80
%		0	0	0	47.5	52.5	100	

2.	Individuals face challenges in finding employment due to income inequality in Budaka Town Council.	Freq	1	7	2	42	28	80
		%	1.25	8.75	2.5	52.5	35	100
3.	Income inequality affects job opportunities in Budaka Town Council.	Freq	3	10	0	29	38	80
		%	3.75	12.5	0	36.25	47.5	100
4.	Higher income inequality leads to lower employment levels in Budaka Town Council.	Freq	4	6	0	43	27	80
		%	5	7.5	0	53.75	33.75	100
5.	People who are employed in high paying jobs earn a high level of income compared to those in low paying jobs.	Freq	0	0	0	27	53	80
		%	0	0	0	33.75	66.25	100
6.	People earning a high level of income from their jobs enjoy a high standard of living.	Freq	0	0	0	20	60	80
		%	0	0	0	25	75	100
7.	Establishing more industries and sectors can create job opportunities for individuals.	Freq	0	3	0	53	24	80
		%	0	3.75	0	66.25	30	100

8.	The education system should be changed from theoretical to more practical.	Freq	0	3	0	56	21	80
		%	0	3.75	0	70	26.25	100
9.	Income inequality has an impact on the local businesses in Budaka Town Council.	Freq	7	11	2	38	22	80
		%	8.75	13.75	2.5	47.5	27.5	100
10.	Lack of skills and training leads to unemployment.	Freq	0	3	0	21	56	80
		%	0	3.75	0	26.25	70	100
11.	Variations in earning from different jobs create income inequality in Budaka Town Council.	Freq	0	0	0	57	23	80
		%	0	0	0	71.25	28.75	100

Source: Primary Data, 2024

From table 4.8, 52.5% of the respondents strongly agreed on the view that income inequality exists in Budaka Town Council, 47.5% agreed on this matter and no respondent strongly disagreed, disagreed or was not sure. This implies that income inequality exists in Budaka Town Council since the majority strongly agreed.

As seen from the table above, the majority of the respondents agreed that individuals face challenges in finding employment due to income inequality in Budaka Town Council by the highest percentage of 52.5%, 35% of the respondents strongly agreed on this view, 8.75% of the respondents disagreed on this matter, 2.5% of the respondents were not sure and 1.25% of the respondents strongly disagreed on this view. This implies that individuals face challenges in finding employment due to income inequality in Budaka Town Council.

According to the table 4.8, the majority of the respondents strongly agreed that income inequality affects job opportunities in Budaka Town Council by 47.5%, 36.25% of the

respondents agreed on this matter, and 12.5% of the respondents disagreed on this view and 3.75% strongly disagreed. Implying that income inequality affects job opportunities in Budaka Town Council.

From the table 4.8, 53.75% of the respondents agreed that higher income inequality leads to lower employment levels in Budaka Town Council, 33.75% of the respondents strongly agreed on this view and none of the respondent either disagreed or strongly disagreed on this view. This implies that higher income inequality leads to lower employment levels in Budaka Town Council.

As illustrated from the table above, the majority of the respondents strongly agreed that people who are employed in high paying jobs earn a high level of income compared to those in low paying jobs with a percentage of 66.25, 33.55% of the respondents agreed on this view. Since the biggest percentage strongly agreed, it means that people in Budaka Town Council employed in high paying jobs earn a high level of income compared to those in low paying jobs.

As seen from the table 4.8, 75% of the respondents strongly agreed that people earning a high level of income from their jobs enjoy a high standard of living, 25% of the respondents agreed on this view and neither of the respondent strongly disagreed nor disagreed on this view. Implying that individuals in Budaka Town Council earning a high level of income from their jobs enjoy a high standard of living.

According to the table 4.8, the majority of the respondents of 66.25% agreed that establishing more industries and sectors can create job opportunities for individuals, 30% of the respondents strongly agreed on this view, and 3.75% of the respondents disagreed. Implying that establishing more industries and sectors can create job opportunities for individuals in Budaka Town Council.

From the table 4.8, 70% of the respondents agreed that the education system should be changed from theoretical to more practical, 26.25% of the respondents strongly agreed on this issue and 3.75% disagreed. This implies that the education system should be changed from theoretical to more practical.

As seen from the table above, the majority of the respondents agreed on the matter that income inequality has an impact on the local business in Budaka Town Council with 47.5%,

27.5% of the respondents strongly agreed, 13.75% of the respondents disagreed and 8.75% strongly disagreed on this view. Implying that income inequality has a serious impact on the local businesses of Budaka Town Council.

As illustrated from the table 4.8, the majority of the respondents of 70% strongly agreed that lack of skills and training leads to unemployment, 26.25% agreed and 3.75% of the respondents disagreed on this view. This implies that lack of skills and training leads to unemployment in Budaka Town Council.

From the table 4.8, 71.25% of the respondents agreed that variations in earning from different jobs create income inequality in Budaka Town Council, 28.75% of the respondents strongly agreed on this view. Implying that variations in earning from different jobs create income inequality as it is agreed by the biggest percentage of respondent.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.

5.0 Introduction.

Under this chapter the researcher discussed and gave conclusion to the major findings of the study, in light of the objectives and research questions. The researcher also presented some recommendations for the determinants of income inequality in Uganda. The recommendation will suggest some areas that need further study.

5.1 Summary of findings.

5.1.1 Relationship between income inequality and demographic characteristics in Budaka Town Council, Budaka District, Uganda.

It was found out that women in Budaka Town Council are employed in lower paying industries and occupation. This was indicated by the majority of 43.75% who strongly agreed that women are employed in lower paying industries. Furthermore, 37.5% of the respondents agreed with this view. This was in accordance with the view of World Bank's Gender at work report. It more provides insights into the disparities in wages and employment opportunities between men and women.

It was revealed that women face barriers when accessing higher paying jobs as discrimination in promotion practices. This was indicated by the majority 56.25% of the respondents who strongly agreed on this view, this was more explained by Gender at work report by the World Bank.

It was further discovered that the youth have a high level of income compared to the old. This was strongly indicated by 52.5% of the respondents who strongly disagreed that the youth have a high level of income compared to the old, 43.75% disagreed on this view. This is more explained by the Youth Employment Inventory conducted by the International Labor Organization (ILO) which further more highlights the challenges faced by youth in terms of earning potential and economic opportunities.

It was revealed that employing equal pay policies to individuals of Budaka Town Council can minimize income inequality. This was indicated by the majority 48.75% of the respondents who strongly agreed that employing equal pay policies to individuals of Budaka Town Council can minimize income inequality, 46.25% agreed. This was well brought out by

Gender at work report by the World Bank as it emphasizes the importance of implementing fair pay practices to address disparities in income between different groups.

It was revealed that geographical location influences income inequality in Budaka Town Council. This was more indicated by 57.5% of the respondents who strongly agreed on this view, 40% agreed. It is clearly brought out by the Regional Inequality and Development in Uganda report.

It was revealed that gender discrimination contributes to income inequality in Budaka Town Council. This was indicated by 58.75% of the respondents who strongly agreed that gender discrimination contributes to income inequality in Budaka Town Council, 38.75% agreed on this view. This was complimented by the Gender at Work report by the World Bank.

5.1.2 Relationship between income inequality and income level among individuals in Budaka Town Council.

It was revealed that income inequality limits access to better paying jobs in Budaka Town Council. This was indicated by the majority of the respondents of 52.5% who strongly agreed that income inequality limits access to better paying jobs in Budaka Town Council, furthermore 47.5% of the respondents agreed on this view. This was complimented by International Monetary Fund

It was further discovered that individuals experience difficulties in finding employment due to income inequality. This was indicated by 48.75% of the respondents who agreed that individuals experience difficulties in finding employment due to income inequality, 36.25% strongly agreed on this matter. This was more explained by the World Bank which often analyzes how income inequality affects labor markets and employment opportunities.

It was revealed that individuals with high levels of income enjoy high standards of living compared to those with low income as it was evidenced with the highest percentage of respondents with 52.5% who agreed on this view. This is complimented by the World Bank and report from the Organisation for Economic Co-operation and Development (OECD).

It was discovered that there is a high income gap between the rich and the poor in Budaka Town Council. This was indicated by 55% majority of the respondents who strongly agreed, 45% agreed that there is a high income gap between the rich and the poor. This is more explained by the World Inequality Report which emphasizes the growing disparity between the wealthiest individuals and the rest of the population.

It was revealed that the level of income inequality in Budaka Town Council is high. This was indicated by the majority of the respondents 50% who agreed that the level of income inequality is high.

It was discovered that there are sufficient community resources e.g. job training programs to reduce income inequality as 50% of the respondents disagreed, 46.25% strongly disagreed on this view. This was well brought out by National Institute of Health.

It was revealed that the level of income influences income inequality in Budaka Town Council. This was indicated by 42.5% of the respondents agreed, 36.25% strongly agreed that the level of income influences income inequality. This is more explained by Kuznets curve that suggests that as an economy develops, income inequality initially increases and then decreases after a certain average income level is reached. This implies that income level can influence the degree of income inequality in society.

It was revealed that everyone does not earn income monthly as 56.25% of the respondents strongly disagreed on this view.

5.1.3 Relationship between employment level and income inequality in Budaka Town Council, Budaka District, Uganda.

It was revealed that income inequality exists in Budaka Town Council, as the majority 52.5% of the respondents strongly agreed, 47.5% agreed that income inequality exists in Budaka Town Council.

It was revealed that individuals face challenges in finding employment due to income inequality in Budaka Town Council, this was indicated by 52.5% of the respondents who agreed that individuals face challenges in finding employment due to income inequality, furthermore 35% strongly agreed. This is more explained by the World Inequality Report and further discusses how income inequality affects economic opportunities and social mobility.

It was discovered that income inequality affects job opportunities in Budaka Town Council. This was indicated by 47.5% of the respondents who strongly agreed that income inequality affects job opportunities.

It was indicated that higher income inequality leads to lower employment levels in Budaka Town Council. This was evidenced by the majority 53.75% of the respondents who agreed on this view.

It was discovered that variations in earning from different jobs create income inequality in Budaka Town Council. This was indicated by 71.25% of the respondents who agreed on this view.

It was revealed that income inequality has an impact on the local business in Budaka Town Council. This is indicated by 47.5% of the respondents agreed on this view.

It was revealed that people who are employed in high paying jobs earn a high level of income compared to those in low paying jobs. This was indicated by 66.25% of the respondents strongly agreed on this view.

It was revealed that the education system should be changed from theoretical to more practical. The majority of the respondents agreed with 70%.

It was revealed that establishing more industries and sectors can create job opportunities for individuals. This was indicated by 66.25% of the respondents agreed on this view.

5.2 Conclusions of the study

The main purpose of the research was to establish the determinants of income inequality in Budaka Town Council, Budaka District, Uganda and the results showed that income inequality in Budaka Town Council is as a result of women being employed in lower-paying industries and occupation, age, geographical location of Budaka Town Council, unequal pay to individuals, limited access to education, skill mismatch between the education system and employers' expectation, limited access to financial capital, demographic development and discrimination in the labor market.

Therefore, all the above have been found to determine income inequality in Uganda.

5.3 Recommendations

Determinants of income inequality affects different districts in Uganda and it is therefore recommended to consider the following;

Government and other stakeholders should ensure equal pay policies to all employees in different sectors to overcome income inequality.

The education system has to be changed from theoretical to more practical.

The government should implement policies that combat discrimination in hiring, pay and promotions that help ensure that all individuals have equal opportunities to succeed.

5.4 Areas for future research

This study has proven that income inequality affects women and youth due to different reasons. Therefore, it is suggested that future research should be carried out on the ways of reducing income inequality.

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QUESTIONNAIRE

Dear Respondent;

I am Namugwere Sylvia, a student of Busitema University, Faculty of Science and Education, finalizing my Degree in Bachelor's Degree in Science Education. As part of my requirement for the degree award, I have to present a research report. The study is on determinants of income inequality in Uganda. A case study of Budaka Town Council, Budaka district.

I am now on my field part of collecting information for my research report and you are being requested to respond to the various questions in the questionnaire attached. This interview will be treated with the strictest confidentiality. It would therefore be greatly appreciated if you would answer all questions in a fair and open manner. The information gathered from this questionnaire will be used purely for research purposes. Thank you for taking the time and effort to complete this questionnaire. Your cooperation is greatly appreciated. Your participation is voluntary and you may withdraw from the survey at any stage. I shall be grateful for your cooperation in this regard.

Thank you.

Namugwere Sylvia (candidate)

SECTION A: BIOGRAPHICAL DATA

Please place a tick (√) in the block that applies to you.

1. AGE

a) Under 20

b) 21-30

c) 31-40

d) 41-50

e) 51-60

f) 61 and above

2. GENDER

a) Male

b) Female

3. MARITAL STATUS

a) Single

b) Married

c) Divorced

4. HIGHEST EDUCATION LEVEL

a) Certificate

b) Diploma

c) Degree

d) Others

5. OCCUPATION

a) Peasant

c) Trader

b) Teacher

d) Others

Please indicate the extent to which you disagree or agree with each of the following statements. Please indicate your preference by marking with a tick (✓) in the appropriate block provided.

- | | | |
|---|-------------------|----|
| 1 | Strongly Disagree | SD |
| 2 | Disagree | D |
| 3 | Not sure | NS |
| 4 | Agree | A |
| 5 | Strongly Agree | SA |

SECTION B: Relationship between income inequality and demographic characteristics in Budaka Town Council, Budaka district, Uganda.

No	QUESTIONS	SD	D	NS	A	SA
1.	Is there a relationship between income inequality and some demographic characteristics like gender?					
2.	Women are employed in lower-paying industries and occupation in Budaka Town Council. (occupational segregation)					
3.	Do women face barriers when accessing higher paying jobs as discrimination in					

	promotion practices?					
4.	Men usually take on unpaid care work such as childcare.					
5.	Does age contribute to income inequality in Budaka Town Council?					
6.	Do you think women in Budaka Town Council have equal access to employment opportunities compared to men?					
7.	Do you believe gender discrimination contribute to income inequality in Budaka Town Council?					
8.	Do youth have a high level of income compared to the old?					
9.	Does the geographical location influence income inequality in Budaka					
10.	Do you think employing equal pay policies to individuals of Budaka Town Council can minimize income inequality?					
11.	Do industries in Budaka Town Council employ all genders?					
12.	Is there transparency in salary structures among the employed in Budaka town council?					

SECTION C: Relationship between income inequality and income level among individuals in Budaka Town Council.

No	QUESTIONS	SD	D	NS	A	SA
1.	Does the level of income influence income inequality in Budaka Town Council?					
2.	Do individuals experience negative effects on their income					

	due to income inequality?					
3.	Is the level of income inequality in Budaka Town Council high?					
4.	Do you believe that income inequality limits access to better paying jobs in Budaka Town Council?					
5.	Do you think individuals experience difficulties in finding employment due to income inequality?					
6.	Does Everyone in the town council earns income monthly?					
7.	Do individuals with high level of income enjoy high standard of living compared to those with low income?					
8.	Do you think there is a high income gap between the rich and the poor in Budaka Town Council?					
9.	Are there sufficient community resources e.g. job training programs to help reduce income inequality?					

SECTION D: Relationship between employment level and income inequality in Budaka Town Council, Budaka District, Uganda.

No	QUESTIONS	SD	D	NS	A	SA
1.	Does income inequality exist in Budaka Town Council?					

2.	Do Individuals face challenges in finding employment due to income inequality in Budaka?					
3.	Does income inequality affect job opportunities in Budaka Town Council?					
4.	Do you think that higher income inequality leads to lower employment levels in Budaka Town Council?					
5.	Do you think people who are employed in high paying jobs earn a high level of income compared to those in low paying jobs?					
6.	Do you think people earning a high level of income from their jobs enjoy a high standard of living?					
7.	Do you think establishing more industries and sectors can create job opportunities for individuals?					
8.	Do you think the education system should be changed from					

	theoretical to more practical?					
9.	Does income inequality have an impact on the local businesses in Budaka Town Council?					
10.	Do you think lack of skills and training leads to unemployment?					
11.	Do you think variations in earning from different jobs create income inequality in Budaka Town Council?					

Thank you for taking the time and effort

To complete this questionnaire.

TIME FRAME

Item	May 2024	June 2024	July 2024	August 2024	September 2024
Data Collection					
Data Analysis					
Data Presentation					
Clear Report Writing					

ESTIMATED STUDY BUDGET

Item	Amount (shillings)
Stationary	150,000
Transport	150,000
Airtime	45,000
Internet	55,000
Total	400,000