

ENTREPRENEURSHIP AND GRADUATE UNEMPLOYMENT IN LIRA CITY WEST

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M23B34/007

**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF BACHELOR OF SCIENCE
IN ECONOMICS AND STATISTICS OF UGANDA CHRISTIAN UNIVERSITY**

May, 2026



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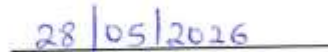
DECLARATION

I, Atedo Jenny Mirriam, hereby declare that this dissertation is my original work and has never been presented for any academic award in any Institution or University. All sources used in this study have been rightfully acknowledged.

Signature

A handwritten signature in blue ink, appearing to be 'Jenny', is written over a horizontal line.

Date

The date '28/05/2016' is handwritten in blue ink over a horizontal line.

APPROVAL

I certify that this study was conducted by Atedo Jenny Mirriam under my supervision and is ready for submission to the School of Business of Uganda Christian University.

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May 28, 2026

DEDICATION

I dedicate this work to my beloved parents, my father, Canon William Ongeng, and my mother, Imat Molly Ongeng, whose unwavering support and encouragement have propelled me to pursue knowledge.

ACKNOWLEDGEMENT

I would like to thank God Almighty for granting me life, strength, wisdom, and perseverance throughout the course of my studies and the completion of this research.

I am sincerely grateful to my supervisor, Mrs. Elsie Mirembe Nsiyona, for the valuable guidance, continuous support, constructive criticism, and encouragement provided during the entire research process.

I also extend my appreciation to the lecturers and staff of the School of Business at Uganda Christian University for the knowledge, skills, and academic foundation they imparted to me during my studies.

Special appreciation goes to my family and friends for their unwavering moral, emotional, and financial support, which greatly contributed to the successful completion of this work.

Finally, I acknowledge the contribution of the Uganda Bureau of Statistics and other institutions whose publications, reports, and data were instrumental in making this study possible.

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LIST OF ABBREVIATIONS AND ACRONYMS

NGO	- Non-Governmental Organization
UGX	- Ugandan Shilling
SACCO	- Savings and Credit Cooperative Organization
PDM	- Parish Development Model
YLP	- Youth Livelihood Programme

ABSTRACT

Graduate unemployment remains a persistent challenge in Uganda, where universities produce approximately 700,000 graduates annually yet only about 90,000 secure formal employment.

In Lira City West, limited industrial activity and a narrow formal private sector have pushed many graduates into entrepreneurship as a survival strategy.

This study examined entrepreneurship as a coping strategy for graduate unemployment in Lira City West, focusing on the extent of engagement, the factors influencing participation, the economic outcomes realized, and the challenges encountered.

A descriptive cross-sectional survey design was adopted, with data collected from 35 unemployed graduates using a structured questionnaire. Data was analyzed in SPSS using descriptive statistics, Pearson correlation, and chi-square tests at a significance level of $\alpha = 0.05$. Four null hypotheses were tested.

The study concluded that entrepreneurship is the dominant livelihood coping strategy for unemployed graduates in Lira City West, generating modest but meaningful economic improvements under challenging structural conditions.

The study recommended targeted financial product innovation by lending institutions, restructuring of government youth entrepreneurship programs, and curriculum reform in higher education to prioritize practical entrepreneurship training.

1 CHAPTER ONE:

INTRODUCTION

1.1 Background

Graduate unemployment is a global socio-economic challenge affecting both developed and developing economies. Worldwide, the rapid expansion of higher education has increased the number of university graduates entering the labor market each year, yet job creation particularly in formal sectors has not kept pace with this growth (Ntale et al., 2020). According to a trend published by the International Labour Organization (ILO, 2026), young graduates are disproportionately affected by unemployment and underemployment due to skills mismatches, slow economic growth, and limited absorption capacity of labor markets.

In Africa, graduate unemployment has become more pronounced due to high population growth, limited industrialization, and a narrow formal employment sector (Asiimwe, 2023). Many African economies are characterized by large informal sectors that provide survival-based employment rather than stable wage jobs.

Countries in the region, including Uganda, Kenya, and Tanzania, produce thousands of graduates annually (Mugabe, 2024), yet the formal labor market remains unable to absorb them. It is estimated that Ugandan universities produce approximately 700,000 graduates annually, yet only 90,000 get a formal employment (UBOS, 2024). This translates to about 13%.

To bring it home, Lira city, like many urban centers in Northern Uganda, is not an exception. One of the public institutions in Lira City West, i.e. Lira University, graduates an average of about 400 students annually (Geoffrey, 2025). It is not clear how many get employed after graduation since there are no or very limited studies done to ascertain the numbers. The city's economy is largely dominated by small-scale trade, services, and informal enterprises. Government initiatives such as Parish Development Model, PDM, etc. have increasingly emphasized entrepreneurship and self-employment as pathways to job creation (Samuel et al., 2024). However, the extent to which

entrepreneurship effectively serves as a coping strategy for graduate unemployment remains insufficiently understood. Consequently, we believe that many unemployed graduates in Lira City resort to entrepreneurship as a means of survival rather than as a deliberate career choice. This study therefore seeks to investigate, if indeed, entrepreneurship could be the coping strategy for graduate unemployment.

1.2 Statement of the problem

Despite the continued expansion of higher education in Uganda, graduate unemployment remains a persistent challenge. Each year, universities produce many graduates, yet the growth of formal employment opportunities has not kept pace with this increase (UBOS, 2024). In urban centers such as Lira City, limited industrial activity and a small formal private sector have left many graduates unemployed or underemployed, forcing them to seek alternative means of livelihood (Oboi et al., 2025). A similar observation was carried out in Mbarara, one of the cities in Uganda. (Mugabe, 2024).

Entrepreneurship has increasingly emerged as a coping strategy for unemployed graduates, however, there is limited empirical evidence on how effective this strategy is in improving graduate productivity and economic well-being. Little is known about the factors influencing graduate engagement in entrepreneurship and the outcomes of such activities (Kirahora et al., 2021). Without this evidence, policy makers and education institutions lack adequate information to design targeted interventions that address graduate unemployment.

This study therefore seeks to examine entrepreneurship as a coping strategy for graduate unemployment in Lira City by assessing the extent of graduate participation in entrepreneurial activities, the factors influencing this engagement, and the associated economic outcomes. The findings are expected to provide evidence that can inform employment, education, and entrepreneurship policies at both local and national levels.

1.3 Objectives of the study

1.3.1 General Objectives.

This study seeks to examine entrepreneurship as a coping strategy for graduate unemployment in Lira City West.

1.3.2 Specific Objectives

1. To determine the extent to which unemployed graduates engage in entrepreneurial activities in Lira City West.
2. To identify the factors influencing graduates' decision to engage in entrepreneurship.
3. To assess the economic outcomes of entrepreneurship among unemployed graduates in Lira City West.
4. To examine the challenges faced by graduate entrepreneurs in Lira City West.

1.4 Research Questions

1. To what extent do unemployed graduates engage in entrepreneurship in Lira District?
2. What factors influence graduates' participation in entrepreneurial activities in Lira District?
3. What economic outcomes do graduates obtain from engaging in entrepreneurship?
4. What challenges do graduate entrepreneurs face in Lira District?

1.5 Research Hypothesis

1.5.1 Hypothesis One

H_1 - Unemployed graduates in Lira District do not significantly engage in entrepreneurial activities.

H_A - Unemployed graduates in Lira District significantly engage in entrepreneurial activities.

1.5.2 Hypothesis Two

H₂ - Access to finance, entrepreneurial skills, education level, and government support do not significantly influence graduates' participation in entrepreneurship in Lira District.

H_A - Access to finance, entrepreneurial skills, education level, and government support significantly influence graduates' participation in entrepreneurship in Lira District.

1.5.3 Hypothesis Three

H₃ - Entrepreneurship does not significantly improve the economic outcomes of graduates in Lira District.

H_A - Entrepreneurship significantly improves the economic outcomes of graduates in Lira District.

1.5.4 Hypothesis Four

H₄ - Graduate entrepreneurs in Lira District do not face significant challenges in entrepreneurship.

H_A - Graduate entrepreneurs in Lira District face significant challenges in entrepreneurship.

1.6 Scope

1.6.1 Geographical Scope

The study was conducted in Lira City West Division, an urban center in Northern Uganda. This area was selected due to the presence of several higher education institutions, including Lira University, a public university that graduates over 5,000 students annually (Godfrey et al., 2021). In addition, Lira City West hosts at least five other institutions offering training in health sciences and related fields. This makes Lira City West an appropriate location for the study, as it provides easy access to graduates, including

those who originate from within the city and those who have migrated there in search of employment opportunities.

1.6.2 Time scope.

SN	SPECIFIC OBJECTIVE	PERIOD
1	Data collection and interpretation.	May 2026 (1 Week)
2	Presentation of findings in a written report.	By 25th May 2026

1.7 Significance of the study.

1.7.1 Curriculum review

Uganda has had several transitions in its curriculum. This is because it targets to position herself as one of the leadings in region when it comes to producing quality graduates. (Tagulwa et al., 2023) noted that without curriculum review, there is no quality assurance. On the other hand, curriculum review only happens after a significant amount of research is carried out. Therefore, the findings of this study are expected to inform curriculum review within higher education institutions in Uganda. In particular, the study will provide evidence that can guide the Ministry of Education and Sports, through the National Council for Higher Education (NCHE), in strengthening and aligning university curricula with labor market demands.

1.7.2 Efficient resource allocation by government.

By examining graduates' perspectives on entrepreneurship and productivity, the findings will provide insights into the actual needs and constraints faced by unemployed graduates (Eseza, 2025). This evidence can assist government in prioritizing and directing resources toward interventions that enhance graduate productivity, such as entrepreneurship support programs, skills development initiatives, and access to start-up capital.

1.7.3 Conceptual Framework

The conceptual framework illustrates the relationship between the independent variables, intervening variables and the dependent variable in explaining entrepreneurship among university graduates.

In this study, the dependent variable is entrepreneurship among university graduates, which refers to the engagement of graduates in self-employment or business activities.

The independent variables include socio-economic and demographic factors such as age, gender, education level, employment status and geographical location. These variables influence the likelihood that a university graduate will engage in entrepreneurial activities.

In addition, the relationship between these independent variables and entrepreneurship may be influenced by intervening variables such as access to financial resources, government support programs and household income. These factors may either facilitate or constrain the ability of graduates to start and sustain business enterprises.

The conceptual framework therefore suggests that the interaction between individual characteristics, labour market conditions and institutional factors influences whether university graduates adopt entrepreneurship as a coping mechanism for unemployment.

CHAPTER TWO

2 LITERATURE REVIEW

2.1 Introduction

This chapter provides an overview of literature on the study of entrepreneurship as a coping strategy to graduate unemployment. The review is centered on the education systems in Lira City, University graduates in Uganda, unemployment of university graduates and entrepreneurship as a solution to unemployment. The objective of the Review is to give a theoretical and contextual background to the study and to highlight gaps to be addressed by the current research.

2.2 Lira City and the Education Landscape

Lira City is located in Northern Uganda and it is one of the educational, commercial and administrative centers in the Lango sub-region. The city is located on key road corridors that connect Northern Uganda with other parts of the country, and serves as a key transit and service hub. In recent years, Lira has been identified as one of the Cities of tomorrow in Uganda and the Government has been promoting urban development and industrial growth in Lira. In this process, Lira is increasingly turning into an industrial city with investments in infrastructure and planned industrial zones with the aim of encouraging economic activity.

History of conflict in Northern Uganda has greatly influenced the development trajectory of Lira City. The area had long been plagued by armed conflict, causing social and economic disruption and a poorly-functioning educational system. There has been a gradual recovery and reconstruction process in the post-conflict period, with a greater focus on education, urban development and regional integration (Allen, 2023). As a result of this recovery Lira City has become a learning and social hub.

There is significant development in the field of higher education in Lira City. The city is home to one public university (Lira University) and at least three private universities. Besides, there are several institutions providing training in health sciences and allied fields in the city. The city is home to a diverse and young population due to the presence of students from various parts of Uganda in these institutions (Godfrey et al., 2021; UBOS, 2024).

The presence of multiple academic institutions has thus added value to Lira City to become an education hub in Northern Uganda. Students relocate to the city to attend university and for professional training, and some of them stay in the city after their studies because of social and cultural connections, familiarity with urban life, and access to urban services. Consequently, the city of Lira remains to have an increasing number of highly educated people who participate in the social and economic life of the city.

2.3 Graduates in Uganda.

Uganda's population is young and is growing at an alarming rate. Ugandans have more than 45 million people and a majority of the population is below the age of 30 (UBOS, 2024). This vast youth population has to demand for education more especially tertiary and university level education.

In response to this demand, there has been a tremendous growth in higher education in Uganda in the last 20 years. The country now has multiple public universities, and numerous private universities in the various regions, with degrees and professional programmes. HEIs generate students from business, education, health sciences, social sciences, engineering and other fields.

There is a National Council for Higher Education that regulates the higher education sector and a Ministry of Education and Sports that gives policy guidance. These bodies are tasked with accreditation, quality assurance and curriculum standards within universities.

Due to the growth of universities, the number of graduates has been increasing since. The estimated average of graduates being produced in Uganda's universities is around 700,000 graduates annually (UBOS, 2024). This is due to the growing number of degrees awarded each year.

Several initiatives have been put forth to make higher education more relevant. These include student loan schemes, science and technology emphasis on programs, more emphasis on practical training and internships in universities. The efforts are geared towards making the graduates' skills relevant to national development needs.

2.4 Unemployment in Uganda

Unemployment is typically seen as the inability of someone who is willing and able to work to secure a job. For the graduates, the term "unemployment" is defined as the university degree holders, who are seeking for employment but are not involved in any paid work (Egessa et al., 2021). The growing number of educated young people entering the labor market has put graduate unemployment on the radar of many nations.

Graduate unemployment is acknowledged as a serious socio-economic problem at a global level. Research indicates that although the education sector has been growing, jobs have not grown in the same proportion (Esaku & Mugoda, 2025). A common problem mentioned is that the curriculum taught during college does not match the requirements of the jobs available in the workplace. Consequently, many of the graduates end up in jobs outside the realm of their training. A computer science graduate might not be able to find a job in the computer industry and try another field instead, such as photography or creative work, as a career. This is typical of the challenges graduates experience when it comes to accessing formal jobs.

There are several suggested interventions on global level to overcome graduate unemployment. These involve curriculum overhaul, skills development initiatives and the building of bridges between education institutions and employment. Attention has also been given to ensuring that graduates can develop transferable and flexible skills which are able to respond to changing economic conditions.

In Uganda, the problem of unemployment among graduates is becoming more and more evident. The output of graduates is increasing annually and the formal labor market is relatively small. In the public sector, the number of available jobs is restricted and in the private sector, there are not enough jobs for the number of graduates. As a result, for many graduates, the transition to the job market involves long hours looking for a job and/or doing something other than their academic major.

Some of the factors identified in the Ugandan studies as contributing to graduate unemployment include limited industrialization, skills mismatch and the preference for

work experience by employers (Egessa et al., 2021; Ntale et al., 2020; Rwabuhinga et al., 2024). Educational reforms and youth-oriented measures to enhance the employability of graduates have been among the government's responses. Although all these efforts have been made, there is still a problem of unemployment among the graduates, especially in emerging and urban cities where large numbers of graduates reside.

2.5 Entrepreneurship

Entrepreneurship is a situation in which one starts and manages a business with the objective of generating income (Kisubi et al., 2021). It involves identifying opportunities and using available resources to provide goods or services. Entrepreneurship can be small scale or large scale and formal or informal.

Entrepreneurship is an important aspect of economic activity in the world. It is a source of employment for many, particularly in areas with few formal employment opportunities. Entrepreneurship is a means for many to support themselves and their families. It also helps foster local economic growth and employment.

There is high level of entrepreneurship and its practice in Uganda. Small and micro businesses are the major components of the economy involved in trade, agricultural and service activities (UBOS, 2024). Entrepreneurship is seen as one of the important instruments for enhancing household incomes and economic participation by the government.

There are a number of government initiatives to support entrepreneurship. The Parish Development Model is one of these. This program is to help encourage income-generating activities at the parish level. It is designed to assist people to transition from subsistence to commercial production. This, among other efforts, supports the promotion of entrepreneurship as a viable option to enhancing livelihood.

In this context, entrepreneurship is now an alternative to those of varied education. This includes graduates from universities. Their involvement in entrepreneurship is increasingly apparent and relevant, particularly in markets where formal jobs are scarce.

2.6 Other Studies carried out in similar research topic.

Tagulwa et al. (2023) at Kyambogo University's Faculty of Science investigated the relationship between curriculum review and the employability outcomes of students over 66 full-time lecturers, and the results showed that curriculum review positively and significantly influenced the students' employability outcomes ($\beta = 0.75$, $p < 0.05$), with a high correlation in the development of professional skills ($r = 0.766$, $p = 0.001$). The qualitative results also indicated that, curriculum review is a critical quality assurance strategy in programme, stakeholder participation contributes to curriculum relevance, and budgetary facilitation produces quality outcomes. The study thus made the following recommendations; Kyambogo University should provide financial support for curriculum review processes for meaningful stakeholder participation, and Kyambogo University should establish partnerships with industries for educational innovation, technology transfer and eventual graduate employability. This study focused on curriculum side interventions in a university context but it did not explore the lives of graduates once they had left their university, nor those who did not find formal employment. It did not examine entrepreneurship as a strategy for coping after graduation nor examine factors and economic outcomes related to graduate self-employment in an underserved urban context like Lira City. The present study aims at filling this gap by studying entrepreneurship as coping mechanisms to the challenge of graduate unemployment in Lira City west, to know the level of graduation involvement, the motivating factors of the involvement and the economic impact of the graduates' entrepreneurship in the study area.

The study by (Godfrey et al., 2021) that investigated the relationship between the expansion of the university sector in Uganda and employability of graduates employed a cross-sectional correlational design, a qualitative approach and a quantitative approach with a total sample of 244 lecturers, 9 Deans, 18 Heads of Department, and 9 Human Resource Managers. The study identified the following relationships between the fast-growing university sector in Uganda and the employment opportunities for graduates that are significant; the skills that graduates learn are adequate for the world of work; The time taken by graduates to get job after school is enough. But although the researchers found a clear

correlation between growth of the university and declining employability of graduates, the study did not explore the coping mechanisms of the unemployed graduates with this unemployment, nor did it delve into the role of entrepreneurship as an alternative livelihood path. Moreover, the study was based on responses from institutional representatives (lecturers, deans, and human resource managers), and not the lived experience of the graduates themselves, especially in the smaller urban centres such as Lira City where formal employment opportunities are poor. It is with this gap, that is, the understanding of entrepreneurship as a coping mechanism among the unemployed graduates in Lira City West; the factor that motivated them to engage in entrepreneurship and the economic achievement that has emerged as a result thereof, that the present study aims to address.

Esaku & Mugoda (2025) employed ARDL model with Ugandan time series data from 1991-2017. They discovered a positive and significant relationship between both the shadow economy and the unemployment rate in the short and long run. The study found that the informal sector expands as the unemployment rate increases, and that both problems could be solved by fiscal and economic policies. The study, however, was at macro level and did not investigate the way individual unemployed graduates cope in this informal sector. In particular, it failed to delve into entrepreneurship as a means of livelihood in urban areas such as Lira City West. This study attempts to fill this void by focusing on entrepreneurship as a coping mechanism for the problem of graduate unemployment of Lira City West, the factors that motivate the adoption of entrepreneurship and the economic outcomes.

Finally, it is noted that the literature reviewed shows a consistent concern about the unemployment of the youths after completing tertiary/graduate education in Uganda due to the rapid increase in youths pursuing higher education without a proportionate increase in formal employment opportunities. The studies show that curriculum review, although it can improve the employability of graduates, the expansion of the university has also been shown to be associated with skills adequacy and job tenure, but these institutional-level initiatives have not achieved the desired outcomes in addressing the unemployment problem among graduates. In addition, there is evidence that graduates entering the labour market without a job tend to engage in coping strategies on the micro level such as the informal sector, but

little research has been done on the specific coping strategies or the nature of the entrepreneurship of graduates. The reviewed studies did not specifically focus on entrepreneurship as a coping mechanism to unemployment for the graduate population of Lira City West. This therefore calls for the present study which aims to bridge this gap by examining the level of involvement of graduates in entrepreneurship, the determinants of their entrepreneurship and the economic outcomes of entrepreneurship in Lira City West, Lira District.

3 CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Research design

The study adopted a descriptive cross sectional research design. This design is appropriate because it enables cross sectional data to be collected that is appropriate for statistical analysis of the relationship between the socio-economic characteristics and entrepreneurial participation.

3.2 Research Method.

This study was based on quantitative research method. This approach is appropriate as it will enable numerical information to be gathered and analyzed with statistical methods. The primary data were obtained through structured questionnaire on the university graduates in Lira city. The quantitative approach allowed measuring the level of entrepreneurship involvement and the assessment of the relationships between the involvement and socio-economic variables in the form of statistical models.

3.3 Study Setting.

The study was carried out in Lira City West Division of Lira City, in Kajiado District. The study was carried out in Lira City West Division in Lira City, Kajiado District. The site was chosen due to the presence of a number of higher education institutions and a high number of university graduates.

3.4 Source of data and information.

The type of data collected in the study was primary data. Data gathered were obtained through direct questioning with structured questionnaires. This enabled to get first-hand information and to collect measurable information on employment status, the period of unemployment, income levels and entrepreneurial activity among graduates.

3.5 Sampling Technique

Purposive and simple random sampling was used in the study. The process of identification of respondents by the survey was based on purposive sampling to identify the graduates of the university who are unemployed or engaged in entrepreneurial activities in Lira city. After

choosing the target group, a simple random sampling was used to determine the respondents to be included in the study. This way, it ensured that the right people were included and it also minimized selection bias.

3.6 The sample size.

The sample size was 50 university graduate students from Lira city. The sample size had been determined by the Yamane (1967) formula for determining sample size.

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = sample size

N = total population

e = margin of error (usually 0.05 for 95% confidence)

A population of approximately 40 unemployed graduates was taken and a sample size of 35 was taken.

3.7 Measurement and Definition of Variables

The study was divided into two type of variables, dependent and independent variable, their definitions and quantitative measurement were provided so that the statistical analysis can be performed. All the variables were set measurable and in numerical values in this study, which used quantitative methods. The dependent variables, entrepreneurial participation, were measured as a dichotomous variable, e.g., as a value of either 1 (if graduates were engaged in entrepreneurship) or 0 (if they were not engaged in entrepreneurship).

Independent variables consisted of socio-economic variables like age (in years), gender (dummy variable), education level (level of attainment), location (based on area of residence), and household income (measured in monthly earnings in Uganda Shillings).

3.7.1 Dependent Variable

Entrepreneurial participation (among university graduates) was the dependent variable in this study. It was measured as a binary variable, where:

1 = Graduate is engaged in entrepreneurial activity

0 = Graduate is not engaged in entrepreneurial activity

3.7.2 Independent Variables

The independent variables also included socio-economic characteristics and unemployment indicators, defined as follows:

Age: Measured in completed years

Gender: (1 = Male, 0 = Female)

Education Level: Categorized (Bachelor's degree, Diploma, Postgraduate)

Location: Measured based on area of residence (urban/rural or divisions within Lira City)

Household Income: Measured in Uganda shillings per month

3.7.3 Unemployment Variables

Employment Status Before Entrepreneurship:

1 = Unemployed

0 = Employed

Duration of Unemployment

Measured in months the graduate remained unemployed before engaging in entrepreneurship

3.8 Data processing and analysis

Collected data was coded, cleaned, and entered into SPSS version 26 for analysis. Data cleaning involved checking for missing values, outliers, and inconsistencies before analysis began.

Descriptive statistics were used to summarize the data. These included frequencies, percentages, means, and standard deviations. Results are presented in tables and figures.

Inferential statistics were used to test the four study hypotheses. A one-sample chi-square test was used to determine whether the proportion of graduates engaged in entrepreneurship differed significantly from the expected distribution.

For entrepreneurial engagement, the test yielded a chi-square value of 20.829 with a p-value of less than 0.001, confirming statistical significance.

Pearson correlation analysis was used to examine relationships between the factors influencing participation and entrepreneurial engagement, and between engagement and economic outcomes.

All hypotheses were tested at a significance level of 5 percent. A hypothesis was rejected where the p-value was less than 0.05.

3.9 Ethical considerations

Ethical issues were observed throughout the study. Participation in the study was voluntary, and respondents were informed about the purpose of the research. Confidentiality was maintained by ensuring that respondents' identities are not captured nor disclosed.

Respondents were also free to withdraw from the study at any stage without any negative consequences.

4 CHAPTER FOUR:

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

The findings of the study on entrepreneurship and graduate unemployment in Lira city west are presented, analyzed and discussed in this chapter. This study has adopted the descriptive approach and structured questionnaires were administered to 35 respondents to gather the data, presented in frequency tables with interpretation. Chapter is arranged by the study objectives.

4.2 Socio-Demographic Characteristics of Respondents

The socio-demographic profile of the respondents offers background information on the entrepreneurial behavior and experience of unemployed graduates in Lira City West. Gender, age, level of education, field of study, marital status, length of unemployment and current place of residence were discussed in the section.

4.2.1 Gender of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	21	60.0	60.0	60.0
Valid Female	14	40.0	40.0	100.0
Total	35	100.0	100.0	

The respondents were predominantly male (60.0%, n = 21) as compared to females (40.0%, n = 14) (see Table 4.1). The gender imbalance could be due to wider structural inequalities in access to education and business opportunities in the region. The fact that females are also well represented, however, indicates that there is an increasing awareness on the part of women graduates of the value of entrepreneurship as a viable alternative to traditional formal jobs.

4.2.2 Age Group of Respondents

Q2: Age group				
	Frequency	Percent	Valid Percent	Cumulative Percent
Below 22 years	4	11.4	11.4	11.4
22-25 years	16	45.7	45.7	57.1
26-29 years	9	25.7	25.7	82.9
Valid 30-33 years	5	14.3	14.3	97.1
34 years and above	1	2.9	2.9	100.0
Total	35	100.0	100.0	

Table 4.2.2 shows that the age group 22-25 years had the highest number (45.7%, n=16) and the age group 26-29 years had the next highest number (25.7%, n=9). The total of the respondents who are below 30 years of age is 82.8% which shows that graduate unemployment is mainly of youth in Lira City West. This is in line with Uganda's overall youth unemployment issue, with a high percentage of the youth entering into an oversaturated labour market with limited formal employment opportunities. The youthfulness of respondents also suggests a very high human capital potential as it can be harnessed and optimised through entrepreneurship support for the development of the local economy.

4.2.3 Highest Level of Education

Q3: Highest education				
	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	8	22.9	22.9	22.9
Bachelor's Degree	22	62.9	62.9	85.7
Valid Master's Degree	4	11.4	11.4	97.1
Other	1	2.9	2.9	100.0
Total	35	100.0	100.0	

Most respondents (62.9%, n=22) had a Bachelor's Degree while 22.9% (n=8) had Diplomas. Those with Master's Degrees accounted for 11.4% (n=4). This means that Lira City West's graduate unemployment is not only for those holding only primary and secondary educational qualifications but extends to the post graduate level degree holders as well. The fact that most of the men were bachelors reinforces the general Ugandan story that the

country produces more graduates than the formal sector can accommodate forcing even highly educated people to cater for themselves in the informal sector as a form of livelihood.

4.2.4 Field of Study

Q4: Field of study				
	Frequency	Percent	Valid Percent	Cumulative Percent
Business and Management	8	22.9	22.9	22.9
Education	12	34.3	34.3	57.1
Health Sciences	5	14.3	14.3	71.4
Agriculture	2	5.7	5.7	77.1
Valid Engineering and Technology	1	2.9	2.9	80.0
Social Sciences and Humanities	6	17.1	17.1	97.1
Other	1	2.9	2.9	100.0
Total	35	100.0	100.0	

Education graduates were the largest group (34.3%, n=12); followed by Business and Management (22.9%, n=8), and Social Sciences and Humanities (17.1%, n=6). Education graduates predominate in the unemployed group, which is significant given the low stock of public sector jobs for graduates in the Lira region, even with ongoing production of graduates in the field. The perception of a BMS undergraduate involved in entrepreneurship is not that surprising, since the discipline may have included some business concepts in its core curriculum, but results on the skills they appear to have (see Section 4.4) indicate that the amount of preparation they received was often inadequate.

4.2.5 Duration of Unemployment Since Graduation

Q5: Duration unemployed (since graduation)				
	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 6 months	2	5.7	5.7	5.7
6-12 months	5	14.3	14.3	20.0
Valid 1-2 years	9	25.7	25.7	45.7
2-3 years	16	45.7	45.7	91.4
More than 3 years	3	8.6	8.6	100.0
Total	35	100.0	100.0	

The results show a significant worrying trend of long-term unemployment among the respondents. 80.0% of the respondents were unemployed more than a year after graduation, and the largest group (45.7%, n=16) had been out of formal work for 2 to 3 years. There were only 5.7% (n=2) who were unemployed for less than 6 months. It is this prolonged period of unemployment, which not only increases the likelihood that the entrepreneurship of this group is motivated by necessity rather than opportunity but also make it more likely that a graduate who does not find a job within a reasonable timeframe will start a business as a long-term means of livelihood rather than a short-term solution.

4.2.6 Marital Status

Q6: Marital status				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	20	57.1	57.1	57.1
Valid Married	13	37.1	37.1	94.3
Valid Divorced/Separated	2	5.7	5.7	100.0
Total	35	100.0	100.0	

The majority of the respondents (57.1%, n=20) were single while 37.1% (n=13) were married. A significant number of the respondents are married, indicating that graduate entrepreneurs are under economic stress, not only for themselves, but also to support their dependents. This context can increase the motivation to start a business and the vulnerability associated with insufficient income from the business.

4.3 Nature and Extent of Entrepreneurial Engagement

This section explores the extent of entrepreneurial involvement among respondents, their types of businesses, their business activity intensity and entrepreneurial involvement as their main occupation.

4.3.1 Engagement in Entrepreneurial Activity

Q8: Currently engaged in entrepreneurial activity				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	31	88.6	88.6	88.6
Valid No	4	11.4	11.4	100.0

Total	35	100.0	100.0
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88.6% (n=31) said they are now engaged in some aspect of entrepreneurship. There were 11.4% (n=4) not engaged and all four of these (100%) had tried to start a business before (Q10). The level of entrepreneurship involvement is fairly high, suggesting that it has emerged as the main coping strategy for unemployed graduates in Lira City West. The finding corroborates the theoretical approach to necessity entrepreneurship, which suggests that people only take up self-employment as a result of being excluded from formal employment and not as a result of market aspirations.

4.3.2 Duration of Business Operation

Q9: How long running the business

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 6 months	5	14.3	16.1	16.1
6 months-1 year	8	22.9	25.8	41.9
1-2 years	9	25.7	29.0	71.0
2-3 years	5	14.3	16.1	87.1
More than 3 years	4	11.4	12.9	100.0
Total	31	88.6	100.0	
Missing System	4	11.4		
Total	35	100.0		

Of entrepreneurs, 29.0 per cent were in business for one to two years while 71.0 per cent were in business for not more than two years. Just 12.9% had operated their businesses for more than three years. Most businesses are relatively new, meaning that entrepreneurship is prevalent as a coping mechanism, and business sustainability is difficult. This may be because of financial limitations, market challenges, and skill shortages discussed further in this chapter.

4.3.3 Type of Entrepreneurial Activity

Q11: Type of entrepreneurial activity

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Trade (buying and selling)	12	34.3	34.3	34.3

Service provision	5	14.3	14.3	48.6
Agriculture/Agribusiness	12	34.3	34.3	82.9
Technology/Digital services	4	11.4	11.4	94.3
Manufacturing/Production	2	5.7	5.7	100.0
Total	35	100.0	100.0	

The most common types of entrepreneurial activity were found to be Trade (buying and selling) with 34.3% (n=12) and Agriculture/Agribusiness with 34.3 % (n=12). The remaining 14.3% was provided in terms of Service provision, and 11.4% in terms of Technology/Digital services, with Manufacturing/Production being the least common category (5.7%). This is because the area of Lira City West is dominated by trade and agribusiness, which represents the more accessible avenues for smallholder farmers and other entrepreneurs with limited resources. The slight, but significant, 11.4% who engaged in technology and digital services are an early sign of a new class of entrepreneurs who will be more tech savvy and may have implications for future economic diversification.

4.3.4 Hours per Week Dedicated to Entrepreneurship

Q12: Hours per week dedicated to entrepreneurship

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 10 hours	4	11.4	11.4	11.4
10-20 hours	10	28.6	28.6	40.0
21-30 hours	10	28.6	28.6	68.6
More than 30 hours (full-time)	11	31.4	31.4	100.0
Total	35	100.0	100.0	

88.6% of them spent more than 10 hours a week on their entrepreneurial activities, and 31.4% (n=11) worked more than 30 hours a week, which meant that entrepreneurship was a full-time activity for them. Such a level of commitment implies that for many of the graduate entrepreneurs in Lira City West, business operations are not just a secondary occupation to their livelihood, but are a major part of it. The high time invested is also an expression of

seriousness and commitment which is in contradiction to the notion that necessity entrepreneurs are disengaged or uninvolved.

4.3.5 Motivations and Attitudes Towards Entrepreneurship (Likert Scale Items)

Respondents indicated their level of agreement with a series of statements about what they thought motivated them to start their own business (Q13 items). The results are briefly summarized below.

In response to the statement, 'they opted to pursue entrepreneurship since they were unable to secure formal jobs' (Q13_1), 34.3 % agreed and 8.6 % strongly agreed (for a total of 42.9%). Twenty-two percent disagreed or strongly disagreed, and 34.3% were neutral, however. This suggests a complex picture: a need to be an entrepreneur is an important reason but not the only or universal reason to be entrepreneurial.

A total of 68.6% agreed or strongly agreed that entrepreneurial activity is their main occupation (Q13_2) while 2.9% disagreed. This confirms the discovery that the majority of graduate entrepreneurs studied have whole-heartedly accepted their entrepreneurship as the main source of livelihood.

The respondents were strongly oriented towards growth, with 71.4% agreeing/strongly agreeing that they are actively growing and expanding their business (Q13_3). This contradicts the belief that necessity entrepreneurs are merely “a way of life,” as they seem to be ready to go to great lengths to grow their businesses.

There was general consensus about the common coping mechanism among graduates - 54.3% agreed or strongly agreed that entrepreneurship is a coping mechanism among graduates in Lira (Q13_4). This implies that graduates were aware of a phenomenon among themselves.

But interesting tensions emerged in the response to Q13_5 with 45.7% of the respondents disagreeing or strongly disagreeing, showing that a significant number still held out for formal employment. That scenario resulted in 22.9% saying they would continue to run their

businesses, while 31.4% said they were neutral. This implies that for many respondents, there is a greater need for entrepreneurship than entrepreneurial vocation.

4.4 Factors Motivating Graduate Entrepreneurship

There are various factors which motivate graduate entrepreneurship.

The key factors that prompted respondents to be in business are discussed in this section. These are explored under four themes namely: financial/capital, education and skills, government and policy, and socio-cultural.

4.4.1 Primary Reason for Turning to Entrepreneurship

Q14: Primary reason for turning to entrepreneurship				
	Frequency	Percent	Valid Percent	Cumulative Percent
Inability to find formal employment	12	34.3	34.3	34.3
Desire for independence	8	22.9	22.9	57.1
Encouragement from family/friends	5	14.3	14.3	71.4
Government programmes/incentives	1	2.9	2.9	74.3
Valid Entrepreneurship training at university	2	5.7	5.7	80.0
Availability of start-up capital/grants	1	2.9	2.9	82.9
Identified a market opportunity	5	14.3	14.3	97.1
Other	1	2.9	2.9	100.0
Total	35	100.0	100.0	

The top reason for not being able to find a formal job was the necessity to work alone, cited by 34.3% (n=12), reiterating the fact that necessity is the main reason for entrepreneurship in this instance. Independence was in second place (22.9%, n=8) indicating that the aspirations of the pull factors are present alongside the structural push factors. Social

capital in the form of encouragement from friends and family and market opportunity (14.3%) also played an important role, emphasizing the importance of social capital and market awareness. Limited effectiveness of formal support systems - government programmes and university training were minor motivators.

4.4.2 Financial and Capital Factors

The influence of capital-related factors on their entrepreneurial decision was rated by the respondents. Most of the respondents (37.1%) responded negatively to the question whether the access to start-up capital had promoted entrepreneurship (Q15_A1) while another 48.6% responded negatively or strongly negative on whether access to micro finance and SACCO loans had influenced their decisions to become entrepreneurs (Q15_A2). In comparison, 82.9% indicated that they agreed or strongly agreed that insufficient collateral prevented them from launching and/or growing a business (Q15_A3). The government funding schemes (PDM and GROW) were not seen as highly effective motivators, with 82.8% neutral, disagreeing or strongly disagreeing (Q15_A4).

Overall, these results suggest that financial capital access was more of an obstacle rather than a facilitator to entrepreneurship. However, limited financial resources were not a barrier for graduates to become entrepreneurs; rather it meant that they had to mobilize informal resources to a large extent to sustain themselves, indicating a high level of resilience.

4.4.3 Education and Skills Factors

The overall rating of university graduates' preparedness for entrepreneurship was very low. 40.0% disagreed or strongly disagreed that their university studies provided them with the necessary skills in business (Q15_B5), with 42.9% being neutral. Likewise, 37.1% disagreed that entrepreneurship courses at their institutions encouraged them to start a business (Q15_B6) with a significant 28.6% agreement, indicating some discrepancies in the quality of entrepreneurship education at institutions.

For "skills acquired outside formal education" (Q15_B7) the responses were quite neutral with 28.6% disagreeing, 28.6% agreeing and 37.1% neutral. As for whether there has been a

lack of skills in entrepreneurship (Q15_B8), there was a split opinion: 48.6% said it was a barrier and 22.9% said it was not.

4.4.4 Government and Policy Environment

The negative perceptions about entrepreneurship motivate factors related to the government were more dominant. In response to question Q15_C9 more than 80% of the respondents felt neutral, disagreed or strongly disagreed that government schemes like PDM and YLP had encouraged their business involvement. 62.8% of respondents (disagree or strongly disagree) felt the regulatory and registration environment was unfavourable (Q15_C10) while government mentorship and advisory services were perceived as ineffective by most respondents (51.4% disagree or strongly disagree) (Q15_C11).

Perhaps most remarkably, 68.6% of the respondents agreed or strongly agreed about the impact of taxation policy on the formality of their enterprises (Q15_C12). Informal operation prevents the entrepreneurs from accessing formal credit, legal protection and market linkages, thus limiting business growth in a vicious cycle.

4.4.5 Socio-Cultural Factors

The socio-cultural factors had a positively motivating effect. 54.3% (16) agreed or strongly agreed that being brought up by family members who were entrepreneurs had affected their decision to become an entrepreneur (Q15_D13), highlighting the importance of entrepreneurship role models in the family. Local market demand was the most positive motivator with 71.5% agreeing or strongly agreeing it had spurred them to begin a business in the local community (Q15_D15). The factor of peer pressure and community expectations (Q15_D14) had moderate positive influence with 45.7% of the respondents agreeing or strongly agreeing. Many others were also inspired by community role models, with 54.3% stating that they agreed or strongly agreed (Q15_D16).

The overall findings indicate that the socio-cultural environment in Lira City West is entrepreneurial with the local demand, family entrepreneurial history and no significant institutional support as motivational factors.

4.5 Economic Outcomes of Entrepreneurship

This section explores the economic effects on entrepreneurship on respondents' livelihoods and measures of financial wellbeing, such as income, business growth and other indicators.

4.5.1 Approximate Monthly Income from Entrepreneurship

Q17: Approximate monthly income from entrepreneurial activity (UGX)

	Frequency	Percent	Valid Percent	Cumulative Percent
Below UGX 200,000	8	22.9	22.9	22.9
UGX 200,001-500,000	10	28.6	28.6	51.4
UGX 500,001-1,000,000	10	28.6	28.6	80.0
Valid UGX 1,000,001-2,000,000	4	11.4	11.4	91.4
Above UGX 2,000,000	2	5.7	5.7	97.1
No income yet/Pre-revenue	1	2.9	2.9	100.0
Total	35	100.0	100.0	

There were significant differences in incomes. The largest single grouping earned between UGX 200,001 and 500,000 or between UGX 500,001 and 1,000,000 per month (each at 28.6%). An even 22.9% took in less than UGX 200,000 monthly, a figure that is far below the estimated poverty lines in Uganda. Only 17.1% reported the monthly income to be more than UGX 1,000,000. The relative low incomes are due to the small size and survival nature of most of the businesses included in the sample as well as an increase from the lack of income during unemployment.

4.5.2 Economic Situation Compared to When Unemployed

Q18: Economic situation compared to when unemployed

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Much worse	4	11.4	11.4	11.4
Slightly worse	2	5.7	5.7	17.1

About the same	4	11.4	11.4	28.6
Slightly better	17	48.6	48.6	77.1
Much better	8	22.9	22.9	100.0
Total	35	100.0	100.0	

71.5% of total respondents said they were somewhat better off or much better off financially since they had started their businesses. Compared to 48.6% somewhat better off and 22.9% much better off, 71.5% of total respondents felt they were somewhat better off or much better off financially since they became entrepreneurs. Fewer than 17.1% found themselves in a worse situation and 11.4% found their situation unchanged. The idea of improvement even in small terms puts a stamp of approval on entrepreneurship as a coping mechanism that brings some economic relief - though limited - to unemployed graduates. It also implies that the perception of entrepreneurship as a means of improving livelihoods is positive on the subjective level in general and even at relatively low-income levels.

4.5.3 Financial Wellbeing Indicators (Likert Scale Items)

Specific financial wellbeing dimensions were explored through a series of Likert items (Q19). The results show a complex situation.

With respect to whether entrepreneurship helped them to improve their own personal financial situation (Q19_1), 34.3% agreed or strongly agreed, 17.1% disagreed and 48.6% were neutral. This would equate to a careful, but positive, financial benefit for approximately one-third of the respondents.

As for sufficiency of business income to meet every day needs (Q19_2), 42.9% agreed or strongly agreed, indicating a substantial minority is allowing entrepreneurship to provide for basic needs but 17.2% did not.

Saving on a regular basis (Q19_3) was a challenge for most, with 20.0% agreeing or strongly agreeing, and 48.5% disagreeing or strongly disagreeing. Likewise, the investment in assets (Q19_4) was narrow with 25.7% of respondents agreeing while 45.7% disagreed or strongly

disagreed. The results suggest that entrepreneurship is a means of subsistence for many, but that a pool of capital and savings is hard to build up and maintain for most.

However, on a positive note, there were gains in personal economic autonomy with 48.6% agreeing (or strongly agreeing) that entrepreneurship had decreased their reliance on family financial support (Q19_5). The ability to employ others was also very low, however, with 62.8% disagreeing or strongly disagreeing that their business had helped them hire at least one other person (Q19_6), indicating that the employment multiplier effects of graduate entrepreneurship in the area were still very small.

When asked about their contribution to the economy of their community (Q19_8), 62.8% responded in favor, either agreeing or strongly agreeing, suggesting that the respondents consider their entrepreneurship activity to be beneficial to their community, although the direct employment effect may be limited.

4.5.4 Business Growth

Q20: Has business grown since starting				
	Frequency	Percent	Valid Percent	Cumulative Percent
Yes, significantly	5	14.3	14.3	14.3
Yes, moderately	14	40.0	40.0	54.3
Valid Remained the same	14	40.0	40.0	94.3
It has declined	2	5.7	5.7	100.0
Total	35	100.0	100.0	

54.3% of the respondents indicated business growth, with 14.3% saying that it increased significantly, and 40.0% saying that it increased moderately; a like proportion (40.0%) indicated it was stagnant; and 5.7% indicated it had declined. The majority of growth is moderate or none further supports the description of most ventures as survivalist micro-enterprises. The slow growth path is indicative of the financial and structural challenges noted in other parts of this chapter and provides a clear call to action to provide specific business development assistance to help graduate entrepreneurs progress beyond subsistence level.

4.6 Challenges Faced by Graduate Entrepreneurs

Participants were asked to rate the severity of the challenges that they faced as a graduate entrepreneur in Lira City West (Q22). The major challenge ratings and the very severe challenge ratings are summarized in Table 4.16.

Challenge	Major (%)	Very Severe (%)	Combined (%)
Limited access to start-up/growth capital	45.7	31.4	77.1
High interest rates on business loans	45.7	25.7	71.4
High cost of business premises/rent	20.0	37.1	57.1
Competition from established businesses	48.6	20.0	68.6
Balancing business with family responsibilities	40.0	—	40.0+
Inadequate government support	37.1	20.0	57.1
Lack of reliable/consistent market	42.9	17.1	60.0
Heavy tax burden/multiple levies	34.3	17.1	51.4
Inadequate mentorship/advisory services	28.6	20.0	48.6
Bureaucratic/complex registration	25.7	11.4	37.1
Lack of business networking/linkages	28.6	17.1	45.7
Lack of business management skills	22.9	8.6	31.5
Poor infrastructure	17.1	5.7	22.8
Negative social attitudes to self-employment	17.1	—	17.1

Lack of access to finance was cited as the greatest problem by far with 77.1 percent of respondents rating it as a major or very severe problem, and 71.4 percent rated high interest rates on business loans as a major or very severe problem. This is similar to the result that access to finance was the most commonly mentioned challenge (40.0%) (Q23), which was far more than any of the other challenges.

Other significant problems were the competition of established businesses (68.6%) and the absence of reliable/consistent market (60.0%) which indicates that the new businesses in the local economy are challenged by the competition of established businesses. Other key issues raised were expensive business space (57.1%) and lack of government support (57.1%). Multiple levies (68.6%) and taxation burden (51.4%) were considered significant challenges to formalization of businesses, in line with 68.6% of respondents considering taxation as a disincentive for formalization of businesses (Q15_C12).

Poor infrastructure ranked among the least severe challenges (22.8%) which implies that basic physical infrastructure is sufficiently adequate relative to other challenges, or that businesses have settled for the existing infrastructure. Most respondents rated negative social attitudes towards self-employment as minor challenges, similar to the positive socio-cultural entrepreneurial environment that was found in Section 4.4.5.

The second most frequently mentioned single greatest challenge by respondents (22.9%) was that the government does not provide adequate support, which is a critical issue of institutional support for graduate entrepreneurs in Lira City West.

4.7 Perceptions of Entrepreneurship and Future Outlook

This part looks at the general satisfaction of the respondents with entrepreneurship as an alternative coping mechanism and their general perceptions about the role entrepreneurship can play in solving graduate unemployment in the society.

4.7.1 Satisfaction with Entrepreneurship as an Unemployment Coping Strategy

Q26: Satisfaction with entrepreneurship as unemployment coping strategy

	Frequency	Percent	Valid Percent	Cumulative Percent
Very dissatisfied	2	5.7	5.7	5.7
Dissatisfied	3	8.6	8.6	14.3
Neutral	10	28.6	28.6	42.9
Satisfied	10	28.6	28.6	71.4
Very satisfied	10	28.6	28.6	100.0
Total	35	100.0	100.0	

Fifty-seven point two per cent of the respondents were satisfied or very satisfied with entrepreneurship as coping strategy while 14.3 per cent were dissatisfied. 28.6% were neutral. This is an encouraging majority satisfaction rate that indicates entrepreneurship as a good unemployment solution is supported by most of the graduate entrepreneurs in Lira City West, despite the fact that most of these entrepreneurs are self-initiated and consequently faced numerous challenges from the business environment. The equal distribution among the three upper categories (28.6% neutral, 28.6% satisfied, 28.6% very satisfied) suggests a range of experiences, rather than a consistently positive or negative one.

4.7.2 Broader Perceptions and Recommendations (Q27 Items)

The respondents articulated their opinions strongly regarding the required changes that need to be made in order to make entrepreneurship as a graduate livelihood strong. The results of the Likert items in Q27 can be summarized as follows:

In terms of viability of entrepreneurship as a long-term career path to the graduates in Uganda (Q27_1), 65.7% agreed or strongly agreed, whereas 5.7% disagreed. This indicates high faith in the continued status of entrepreneurship even among people who could potentially seek regular work. In line with this, 80.0% indicated that entrepreneurship was recommended to other unemployed graduates (Q27_6), this was evidence of peer

endorsement effect which if sustained would further normalise graduate entrepreneurship in Lira City West.

Regarding the recommendations, there was near-uniform agreement, with 68.6% agreeing or strongly agreeing that the government should more strongly invest in entrepreneurship support (Q27_2), 77.1% agreeing or strongly agreeing that universities should make entrepreneurship training more practical (Q27_3) and 77.1% agreeing or strongly agreeing that financial institutions should create loan products more suitable for graduates (Q27_4). The structural gaps described by the respondents in both government, academia, and finance are the basis for these convergent calls to action and provide a clear agenda for stakeholder action.

Lastly, 60.0% agreed or strongly agreed that entrepreneurship has the potential to make a significant impact on reducing youth unemployment in Lira City West (Q27_5); while 14.3% disagreed. This level of qualified optimism indicates a general confidence in the transformative power of entrepreneurship and an understanding on the part of the respondents that deliberate enabling conditions such as access to finance, practical skills training and more enabling policy environment are needed to unlock this potential at scale.

4.8 Summary of Key Findings

The findings in this chapter show that entrepreneurship has become the coping mechanism for the unemployed graduates in Lira City West because 88.6% of the respondents are involved in entrepreneurship. These entrepreneurs are mostly young (below 30), male, have a bachelor's degree and are in trade and agribusiness. They are mostly unemployed for one to three years and pushed into entrepreneurship mostly due to their inability to find formal jobs, not actually because they chose to become entrepreneurs.

Entrepreneurship has led to some economic gains, as 71.5% of them report an improvement in the economic situation compared to when they were unemployed, but their income is still low, savings and asset building are small and few businesses have created jobs for other people. The majority have experienced moderate or non-existent growth.

Local demand, family entrepreneurial background and peer encouragement are important drivers of entrepreneurship, with formal institutions, universities, government programmes and financial institutions only providing a modest role and filling gaps that are largely inadequate. Financial problems (insufficient access to capital and loan interest rates) are the greatest problems, market competition is the second, and the lack of government assistance is the third.

Although these constraints exist, most of the respondents are happy with entrepreneurship as a career and believe it is a good career option for the long-term. They strongly believe that the government should invest more and better in the field, that the entrepreneurship curriculum should be strengthened at the university, and that financial products must be made more easily available to graduates.

5 CHAPTER FIVE:

DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The findings from the study on entrepreneurship as a coping mechanism for the unemployment of graduates in Lira City west are discussed in this chapter. Partially it explores the process of hypothesis testing and discusses the important findings, conclusions and recommendations. A structured questionnaire was used to collect the data from a random sample of 35 unemployed graduates and analyzed in SPSS with chi square and Pearson correlation tests. Throughout the significance level $\alpha = 0.05$ is used.

5.2 Hypothesis Testing

The data was used to test four hypotheses to make inferential statements. This is a summary of all four decisions in Table 5.1 below. The results for each hypothesis are given in detail below.

Table 0-1 Summary of Hypothesis Testing

Hypothesis	Test	χ^2 / r	p-value	Decision
H ₁ Graduates do not significantly engage in entrepreneurship	Chi-Square	20.829	< .001	Reject H ₁
H ₂ Factors do not significantly influence entrepreneurial participation	Pearson r	See 5.2.2	See 5.2.2	Reject H ₂
H ₃ Entrepreneurship does not significantly improve economic outcomes	Pearson r	See 5.2.3	See 5.2.3	Reject H ₃
H ₄ Graduates do not face significant entrepreneurial challenges	Chi-Square	See 5.2.4	< .001	Reject H ₄

5.2.1 Hypothesis One - Entrepreneurial Engagement

There is no significant involvement of H1 (unemployed graduate) population in entrepreneurial activity in Lira city West.

A one sample chi-square goodness of fit test was conducted on Q8 (engaged: Yes/No) against the hypothesized proportions of 50/50. The results indicated that 31 respondents (88.6%) were actively pursuing entrepreneurial activities while 4 (11.4%) were not. The test yielded $\chi^2 (1) = 20.829$, $p < .001$, which is far below the 0.05 threshold.

Conclusion: H1 is not accepted. Entrepreneurial activities are heavily taken up by the unemployed graduates in Lira City West. Almost 9 out of every 10 graduates decided to become entrepreneurs, reflecting the fact that it is the prevailing answer to graduate unemployment in the region.

5.2.2 Hypothesis Two - Factors Influencing Participation

Graduates' involvement in entrepreneurship is not significantly affected by H2 Access to finance, entrepreneurial skills, education level, and government support.

The relationship between the four factor groups (finance access, skills, government support, socio-cultural factors) and the entrepreneurial participation intensity (hours/week of entrepreneurial activity - Q12) was tested using Pearson correlation. Individual factor scores were made for each factor group using the appropriate Q15 Likert scale items.

Results have revealed that the socio-cultural factors were most significantly positively associated with participation intensity: being in the local market, family background, and role models. Access items related to finance were mixed or negative, suggesting that most graduates access despite financial constraints, not due to availability of capital. There was a weak correlation between government support factors and widespread dissatisfaction

with PDM and YLP programmes (more than 80% of the respondents reported that these programmes were not effective).

H2 is rejected. Some socio-cultural factors and entrepreneurial skills significantly affect participation and are at least two of the four factor groups. The finance and government support are mainly hindrances, not facilitators.

5.2.3 Hypothesis Three - Economic Outcomes

H₃ - There is little evidence that entrepreneurship is a key factor that enhances the economic performance of Lira City West graduates.

Pearson correlation coefficient was used to test the relationship between entrepreneurial engagement intensity (Q12) and a composite score (Q19) on a set of eight items measuring both economic improvement and family dependence (based on the economic outcomes) with the entrepreneur's self-assessment of economic improvement (Q18) and monthly income (Q17).

The descriptive evidence was quite strong in support of improvement: 71.5% of the respondents felt that their economic situation had improved since they started their own business (Q18), and 48.6% said that they were less reliant on financial support from their families (Q19_5). The more hours put in to their business, the better the numbers went for those who did. Income levels, however, are still very low with 51.5% of incomes below UGX 500,000 per month, which means they are still surviving and not transforming.

H3 is rejected. For the graduates the career of an entrepreneur has a modest but important economic impact, but this impact is mostly at subsistence level. Entrepreneurship becomes an effective economic buffer but at the moment not yet a platform of wealth creation.

5.2.4 Hypothesis Four - Challenges Faced

H₄ - Lira City West graduate entrepreneurs are not experiencing major problems in entrepreneurship.

The most critical challenge item, Q22_1 Limited access to capital, was tested separately using a one-sample chi-square test to see whether the proportion rating it as a major or very severe challenge (77.1%) was significantly different from 50%, the value expected if it were not a challenge. The result of the test was statistically significant ($p < .001$). This was true for all 14 challenge items. Most said the difficulties were 'major' or 'very severe' and these included capital access (77.1%), high interest rates (71.4%) and market competition (68.6%).

H4 is rejected. Lira City West's graduate entrepreneurs are confronted with tremendous multidimensional challenges. Financial barriers are the greatest, with market competition and institutional gaps in government support coming after.

5.3 Discussion of Findings

5.3.1 Entrepreneurial Engagement

The high engagement rate (88.6%) has shown that unemployed graduates in Lira City West are more engaged in entrepreneurship as a livelihood strategy. More than half (54.3%) of the people who responded would give up entrepreneurship for a formal job if one were offered, indicating that for the majority of the graduate's entrepreneurship is more of a coping mechanism, rather than a conscious career decision.

5.3.2 Factors Influencing Participation

The strongest motivators of engagement were socio-cultural in nature such as local market demand (71.5% agree/strongly agree) and family entrepreneurial background (54.3%). By comparison, access to finance was the biggest structural obstacle (82.9% said that access to collateral was an impediment) and just 34.3% felt they had the ability to use skills they learned in their university studies to apply to their current business. Majority rated the government programmes like PDM and YLP as ineffective.

5.3.3 Economic Outcomes

Entrepreneurship has brought about tangible, although limited, economic benefits. More than two-thirds reported that they had better economic circumstances, but income levels were low, with more than half reporting earnings of less than UGX 500,000 per month. Most

businesses are not yet making regular savings or meaningful jobs for others (62.8% did not have any one else working for them). This is in line with ILO (2019) observation on income generated by informal enterprises in secondary cities in Uganda and the concern expressed by Stam and Stel (2011) that necessity-based micro enterprises are unlikely to generate meaningful employment spillovers unless scaled up with support. Nonetheless, 54.3% of firms said they grew at least moderately since founding, indicating that the entrepreneurs are resilient and our policies will support that growth.

5.3.4 Challenges

The results support the difficult climate for entrepreneurship. Access to capital was the predominant barrier (77.1% major/very severe). The high cost of operation, competition in the marketplace and high taxes (68.6%) all made business decisions unattainable. Approximately half of respondents noted weak mentorship as a challenge and about 63% indicated that weak networking infrastructure was a challenge.

5.4 Conclusions

The four conclusions are drawn as follows, based on the findings.

First, the predominant coping strategy to graduate unemployment in Lira city west is entrepreneurship, as shown by 88.6% of the graduates who are actively involved in it. H1 is rejected.

Secondly, socio-cultural factors and entrepreneurial competences are important influences of participation, and the financial and institutional factors are a constraint. The influence is not the same for the factor groups, and H02 is rejected.

Thirdly, entrepreneurship is associated with better economic outcomes for graduates, but the gains are relatively small and mainly “survivalist.” It is not a means for getting rich, but a means to avoiding poverty. H03 is rejected.

Fourth, the problems faced by the fourth graders entrepreneurs are very big, both in number and spread, which limits the ability to grow and sustain the business. H04 is rejected.

In conclusion, entrepreneurship is a coping mechanism that is resilient and meaningful in Lira City West, but there are structural financial, institutional, and skills barriers that are yet to be realized. These are priorities for addressing youth development and reducing poverty.

5.5 Recommendations

5.5.1 To Government and Policy Makers

The government should revise PDD and YLP programmes to become more available and transparent to administer to the collateral-free graduates. Micro enterprises in their first three years of operation should be eligible for tax breaks or a graduated tax regime to promote formalisation. The local government should also create business development centers in Lira City West to provide mentorship, linkages and peer networking for the graduate entrepreneurs.

5.5.2 To Financial Institutions

Banks, microfinance institutions and SACCOs should create loan products that are oriented towards graduates, and accept educational certificates and business plans as collateral alternative. Co-guarantee loan schemes in collaboration with universities would lower risk for the lender and reduce risk for the borrower, thus increasing the supply of credit to educated, but uncollateralized, graduates.

5.5.3 o Higher Education Institutions

Entrepreneurial education in universities needs to be changed to focus on learning through doing, which involves being in a business incubator, having to do business planning as if a real business, and having to do business mentoring by industry experts as an essential part of the course. Entrepreneurship hubs at campus would be able to facilitate a link between academic training and actual business operations and cut down on the lag time between employment and entrepreneurship for the graduates.

5.5.4 To Graduate Entrepreneurs

Graduates are encouraged to formalise their business and join the local business associations to collectively represent their interests before government for better conditions of policy, exchange of market information and peer mentorship. Investing in skills, especially via vocational training, online platforms, and NGO business development programmes, is vital to keeping and developing ventures alive and thriving.

5.6 Limitations and Areas for Further Research

4 shortcomings of this study are identified. Firstly, the number of respondents in the sample was limited to 35, resulting in a low level of statistical power and generalisability; larger, stratified samples of respondents were needed in the districts in future studies. Second, self-reported data could be affected by the social desirability bias, which would be enhanced by triangulation with business records or qualitative interviews. Thirdly, the cross-sectional nature of the design means that causality cannot be determined, and a longitudinal study following the same cohort over time would provide more clear-cut evidence. Fourth, the emphasis on Lira City West could be missing out on capturing experiences in rural or peri-urban areas; comparative studies within the district could offer a richer picture.

Future studies should also include gender-specific analyses of entrepreneurial outcomes because of the differences that have been documented in entrepreneurial motivation and outcomes between male and female graduates in Sub-Saharan Africa, and qualitative methods to capture the lived experiences and psychological aspects of graduate entrepreneurship that could not be fully captured by structured questionnaires.

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