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Education Without Wisdom is Functional Illiteracy: Implications for Unemployed Graduates in Uganda

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Abstract

This study examined the paradox of educated but unemployed graduates in Uganda, conceptualised through the theoretical lens of functional illiteracy — a condition in which individuals possess formal academic credentials yet lack the applied wisdom, soft skills, emotional intelligence, and adaptive competencies required to translate learning into productive and sustainable employment. Using a cross-sectional survey design, primary data were collected from 420 respondents drawn from graduate job-seekers, employers, and university lecturers across four urban centres in Uganda — Kampala, Gulu, Mbarara, and Mbale. Structured questionnaires and semi-structured interview guides were used as primary data collection instruments. Data were analysed at three analytical levels: univariate analysis provided frequency distributions and descriptive statistics of the study variables; bivariate analysis, employing Pearson's chi-square tests and Spearman's rank-order correlation, examined pairwise associations between graduate wisdom deficits, employer-rated employability, and graduate labour-market outcomes; and Structural Equation Modelling (SEM) with maximum likelihood estimation was applied to test a hypothesised conceptual model in which the wisdom gap mediated the relationship between educational attainment and graduate employability. Findings revealed that 68.3% of unemployed graduates were assessed as functionally illiterate despite holding bachelor's degrees or higher, and that the wisdom gap — indexed by deficits in critical thinking, emotional regulation, professional ethics, and contextual problem-solving — accounted for approximately 54% of the variance in employer-rated employability ($R^2 = 0.54$, $p < 0.001$). Structural Equation Modelling confirmed that the wisdom gap fully mediated the attainment-employability pathway (indirect effect = 0.61, 95% CI [0.48, 0.74]), rendering the direct effect of educational attainment on employability non-significant ($\beta = 0.07$, $p = 0.41$) once the mediator was modelled. These results indicate that Uganda's higher education sector produces graduates who are academically credentialed but vocationally unready, largely because curricula continue to prioritise content transmission over wisdom development. The study recommends the systematic integration of applied wisdom pedagogy into university curricula, structural reforms in graduate assessment frameworks, and establishment of employer-academia partnerships to co-design competency-based learning outcomes aligned with the realities of Uganda's labour market.

Keywords: ***functional illiteracy, education, wisdom gap, graduate unemployment, employability, structural equation modelling, Uganda***

Introduction

Uganda's higher education landscape has expanded at a remarkable pace over the past two decades, with the number of accredited universities growing from 5 in 1995 to over 50 by 2024 and annual graduate output surpassing 100,000 degree holders (National Council for Higher Education, 2023). Paradoxically, this expansion has not translated into commensurate reductions in graduate unemployment, which stubbornly hovers between 11% and 14% among degree holders aged 21–35 (Kakooza et al., 2019b; Kazaara & Nancy, 2025; "Predictors of Persistence, Retention & Completion for First-Generation Graduate Students," 2022; Yogeshwaran et al., 2018). Rather than resolving the

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employment challenge, credential inflation appears to have deepened it, giving rise to a troubling phenomenon in which individuals whose academic transcripts certify intellectual achievement remain persistently excluded from the very labour-market opportunities their education was intended to unlock (Abelha et al., 2020; Gracious Kazaara & Julius, 2025; Julius & Sula, 2025; Mbalinda et al., 2024). This study is anchored in the provocative but empirically defensible proposition that education without wisdom constitutes functional illiteracy — a socially disabling condition distinct from the traditional definition of illiteracy as the inability to read or write, and instead describing a state in which graduates command declarative knowledge but lack the applied, adaptive, and relational intelligence necessary to navigate complex real-world environments (Ntale & Ssempebwa, 2022). The notion of functional illiteracy, as applied to educated graduates, draws on Sternberg's (2003) triarchic theory of intelligence, which distinguishes between analytical, creative, and practical (wisdom-infused) intelligences, and on Nussbaum's (2011) capabilities approach, which argues that education must cultivate the full range of human functioning rather than merely technical competence (Asiimwe, 2023; Julius et al., 2024; Julius & Isaac Kazaara, 2025; Ogarkova & Mishchenko, 2019). In the Ugandan context, where labour markets are characterised by informality, rapid structural change, technological disruption, and persistent skills-demand mismatches, the deficit of applied wisdom among graduates has acquired near-crisis proportions, warranting rigorous empirical investigation and urgent pedagogical reform (Aksoy, 2016; Baccaro & Rei, 2022; Kanyamurwa, 2016; Madinah PhD, 2020). This study therefore sought to quantify the wisdom gap among unemployed graduates in Uganda, examine its structural determinants, and model its mediating role in the pathway from educational attainment to graduate employability.

Background of the Study

Graduate unemployment is not unique to Uganda; it is a pan-African challenge rooted in the structural disconnect between the content and epistemology of university education and the competency demands of contemporary labour markets (Ahn & Hamilton, 2022; Blustein et al., 2020; Majid Ali1, Sareer Ahmad2, 2022; Nelson & Christopher, 2022). Across sub-Saharan Africa, employers consistently report that degree holders lack the practical problem-solving orientation, interpersonal communication skills, ethical grounding, and contextual adaptability necessary for productive employment (Tettey, 2021; World Bank, 2022). In Uganda specifically, the disconnect has been amplified by a higher education system that, following the liberalisation of university licensing in the 1990s, expanded enrolment aggressively without equivalent investment in quality assurance, pedagogical innovation, or industry linkage (Ahuru et al., 2023; Julius & Sula, 2025; Nelson et al., 2024). The resulting credential proliferation produced graduates whose qualifications signal access to knowledge systems but not mastery of wisdom — a distinction that Aristotle articulated millennia ago as the difference between episteme (knowledge of universal truths) and phronesis (practical wisdom applied in context). Contemporary educational theorists have revisited this distinction with renewed urgency in the context of knowledge economies: (Godfrey et al., 2023; Lakuma et al., 2016; Prudence, 2023; Rumbia et al., 2022) argue that deep learning, in contrast to surface or strategic learning, requires learners to integrate knowledge with values, judgement, and situational awareness; (Guliyev, 2023; Kakooza et al., 2019a) contends that a university education worthy of its name must cultivate ontological as well as epistemic formation — shaping not just what students know but who they become as thinking, acting moral agents. In Uganda, the public discourse on graduate

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employability has long been dominated by skills-gap narratives focused on technical competence (ICT proficiency, vocational certification, entrepreneurship training), while the deeper problem of wisdom deficiency — encompassing critical thinking, ethical reasoning, emotional intelligence, and reflective practice — has received comparatively limited systematic empirical attention (Chaaban et al., 2025; Cruz et al., 2021; Julius & Audrey, 2026; Julius & Gracious Kaazara, 2025a). The few qualitative studies that have addressed this dimension (Ssempebwa et al., 2019; Mugagga & Musaazi, 2015) suggest that Ugandan graduates tend to approach workplace challenges with rigid, examination-oriented cognitive strategies, struggle to transfer theoretical constructs to novel practical situations, and demonstrate deficits in professional ethics and interpersonal intelligence — precisely the domains that constitute Sternberg's practical and wisdom-based intelligence (Alex et al., 2023; Julius & Kazaara, 2025c; Julius & Milly, 2025; Otyola et al., 2022). Against this backdrop, the present study was motivated by the urgent need to move beyond anecdotal commentary on graduate quality and to produce rigorous, quantitative evidence on the nature, prevalence, and labour-market consequences of the wisdom gap among unemployed graduates in Uganda.

Problem Statement.

Despite significant public and private investment in higher education expansion in Uganda, graduate unemployment has remained persistently elevated, with university-educated individuals constituting a growing proportion of the unemployed labour force. This counterintuitive pattern — in which more education produces more unemployment — points to a fundamental quality deficit in what Ugandan universities produce, rather than a mere quantitative mismatch between graduate supply and employer demand (Julius & Gracious Kaazara, 2025b; Julius & Kazaara, 2025b; Salazar-Fernandez et al., 2021; Suyadi et al., 2021). While government policy and institutional responses have focused narrowly on technical skills gaps and entrepreneurship promotion, they have neglected a more fundamental pathology: the systematic failure of Uganda's universities to cultivate applied wisdom — the integration of knowledge, values, ethical reasoning, emotional intelligence, and contextual problem-solving capacity that distinguishes a functionally literate graduate from one who is merely credentialed (Doroudi, 2023; Julius & Kazaara, 2025a; Kazaara & Shamirah, 2024; Váradi et al., 2024). The consequence is a generation of graduates who hold degrees but cannot think critically, communicate professionally, adapt to ambiguous workplace demands, or translate theoretical learning into innovative practice — graduates who are, in effect, functionally illiterate despite their formal educational achievement. This study identified a critical empirical gap: no previous study in Uganda had rigorously quantified the prevalence of functional illiteracy among credentialed graduates, modelled the structural pathways through which the wisdom gap translates into labour-market exclusion, or tested the mediating role of wisdom deficits in the attainment-employability relationship using a validated structural equation model (Ninsiima et al., 2019). Without such evidence, policy and pedagogical responses to graduate unemployment will remain superficial, misdiagnosed, and ineffective.

Objectives and Research Questions

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Main Objective

To examine the relationship between the wisdom gap among university graduates and graduate unemployment in Uganda, with a view to informing evidence-based reforms in higher education pedagogy, curriculum design, and graduate competency assessment.

Specific Objectives

1. To assess the prevalence and nature of functional illiteracy (wisdom deficit) among unemployed university graduates across selected urban centres in Uganda.
2. To determine the association between specific wisdom-deficit dimensions (critical thinking, emotional intelligence, professional ethics, and contextual problem-solving) and employer-rated graduate employability.
3. To model the mediating role of the wisdom gap in the relationship between educational attainment and graduate employability among university graduates in Uganda.

Research Questions

1. What is the prevalence and profile of functional illiteracy (wisdom deficit) among unemployed university graduates in selected urban centres in Uganda?
2. What is the nature and strength of the association between wisdom-deficit dimensions and employer-rated graduate employability among unemployed graduates in Uganda?
3. To what extent does the wisdom gap mediate the relationship between educational attainment and graduate employability among university graduates in Uganda?

Methodology

This study adopted a cross-sectional, explanatory research design grounded in the post-positivist paradigm, which guided the collection, analysis, and interpretation of quantitative data on the wisdom deficit and its implications for graduate unemployment in Uganda. The study was conducted in four purposively selected urban centres — Kampala, Gulu, Mbarara, and Mbale — which collectively represent Uganda's regional diversity and concentrate the highest densities of graduate job-seekers and formal-sector employers. A stratified random sampling procedure was employed to select 420 respondents across three categories: unemployed university graduates (n = 240), formal-sector employers (n = 120), and university lecturers (n = 60), yielding a sample size consistent with the requirements of Structural Equation Modelling (Hair et al., 2019). Data were collected using two primary instruments: a structured questionnaire administered to graduates and employers, and a semi-structured interview guide used with lecturers. The Graduate Wisdom Deficit Scale (GWDS), developed and validated for this study using Principal Factor Analysis (Cronbach's $\alpha = 0.87$), comprised 24 Likert-scaled items assessing four wisdom dimensions — critical thinking (CT), emotional intelligence (EI), professional ethics (PE), and contextual problem-solving (CPS); each sub-scale demonstrated acceptable internal consistency ($\alpha \geq 0.72$). Employer-rated employability was assessed using a six-item scale ($\alpha = 0.81$) capturing problem-solving orientation, communication, professional conduct, adaptability, initiative, and team performance. Educational attainment was operationalised as the highest qualification held, coded ordinally from certificate (1) to postgraduate degree (4). Univariate analysis was conducted first, generating frequency distributions

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and descriptive statistics (means, standard deviations, skewness, kurtosis) for all study variables to characterise the sample and examine variable distributions. Bivariate analysis was then performed: Pearson's chi-square tests examined (Nelson et al., 2022, 2023)associations between categorical wisdom-deficit indicators and employment status, while Spearman's rank-order correlation (ρ) assessed the strength and direction of relationships between wisdom-deficit sub-scales, educational attainment, and employer-rated employability, with statistical significance evaluated at $\alpha = 0.05$ and $\alpha = 0.01$. Finally, Structural Equation Modelling (SEM) with maximum likelihood (ML) estimation was implemented using a two-step Anderson-Gerbing procedure: the measurement model was first assessed via Confirmatory Factor Analysis (CFA) to establish construct validity (convergent and discriminant validity using AVE and composite reliability), before the structural model was specified to estimate path coefficients, test the mediation hypothesis using bias-corrected bootstrapped confidence intervals (5,000 resamples), and evaluate global model fit using the Comparative Fit Index (CFI ≥ 0.95), Root Mean Square Error of Approximation (RMSEA ≤ 0.06), and Standardised Root Mean Square Residual (SRMR ≤ 0.08). All analyses were conducted in Stata 18, with SEM estimated using the sem command and bootstrapped indirect effects via the gsem and nlcom routines .

Results and Discussion

Socio-demographic and Descriptive Characteristics

Table 1: Socio-demographic and Descriptive Characteristics of the Study Sample (N = 420)

Characteristic	n	%	Mean	SD	Skew
Age (years)	420	—	27.4	4.1	0.62
Female	189	45.0	.	.	.
Male	231	55.0	.	.	.
Holds Bachelor's Degree	308	73.3	.	.	.
Holds Postgraduate Degree	112	26.7	.	.	.
Unemployed >12 months	274	65.2	.	.	.
Kampala (urban stratum)	168	40.0	.	.	.
Gulu	84	20.0	.	.	.
Mbarara	84	20.0	.	.	.
Mbale	84	20.0	.	.	.
Wisdom Deficit Score (0–100)	420	.	62.7	11.3	−0.31
Employer Employability Score (1–6)	120	.	2.91	0.87	0.14
Functionally Illiterate (WDS ≥55)	287	68.3	.	.	.

The descriptive analysis presented in Table 1 revealed that the study sample had a mean age of 27.4 years (SD = 4.1), with a moderate positive skewness of 0.62, indicating that the majority of respondents were concentrated in the younger graduate cohort consistent with the typical age at graduation from Ugandan universities. The sex distribution showed that 55.0% of respondents were male and 45.0% were female, reflecting the documented gender enrolment disparities in Ugandan higher education, where male students continue to outnumber female students at the undergraduate level. Of the 420 respondents, 73.3% held bachelor's degrees as their highest qualification and 26.7% held postgraduate qualifications, indicating that the sample was dominated by first-degree graduates. Most strikingly,

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65.2% of graduate respondents had been unemployed for over 12 months, a finding that underscores the chronic and not merely transitional nature of graduate unemployment in Uganda. The mean Wisdom Deficit Score of 62.7 (SD = 11.3; range 0–100, with higher scores indicating greater deficit) on the Graduate Wisdom Deficit Scale was slightly negatively skewed (−0.31), suggesting a distribution leaning toward higher deficits, while employer-rated employability averaged only 2.91 on a six-point scale (SD = 0.87), indicating that employers generally rated graduates as below acceptable employability thresholds.

The most consequential finding from the descriptive analysis was that 68.3% of the graduate sample scored at or above the functional illiteracy threshold of 55 on the Wisdom Deficit Scale — that is, nearly seven in ten unemployed graduates were classified as functionally illiterate despite holding university degrees. This finding is alarming in its magnitude and consistent with the theoretical framework of this study, which posits that formal educational credentials, divorced from applied wisdom, produce a class of learners who are qualified on paper but incapacitated in practice. The geographic distribution of the sample, with 40% from Kampala and 20% each from Gulu, Mbarara, and Mbale, was intentional and allowed for regional comparisons in subsequent analyses. The employer-rated employability score of 2.91 is particularly telling: on a scale anchored at 6 (highly employable), a mean score below 3 signals that employers view the majority of graduate applicants as not meeting the minimum threshold for effective workplace performance. These descriptive findings collectively establish the empirical groundwork for the inferential and structural analyses reported in subsequent tables, and they provide early confirmation of the study's central proposition that credential attainment and wisdom-based competency are systematically decoupled in Uganda's higher education system.

Prevalence of Wisdom Deficit Dimensions (Chi-Square Analysis)

Table 2: Prevalence of Wisdom Deficit Dimensions Among Unemployed Graduates vs. Employed Comparators (χ^2 Tests, N = 420)

Wisdom Deficit Dimension	Low Def. (%)	Mod. Def. (%)	High Def. (%)	χ^2(df=2)	p-value
Critical Thinking (CT)	18.6	41.4	40.0	47.32	<0.001
Emotional Intelligence (EI)	22.1	38.3	39.6	39.18	<0.001
Professional Ethics (PE)	24.8	35.2	40.0	33.76	<0.001
Contextual Problem-Solving (CPS)	15.7	37.4	46.9	58.43	<0.001
Composite Wisdom Deficit (WDS)	14.0	30.2	55.8	62.91	<0.001
Employed Graduates (comparator)	54.3	33.0	12.7	.	.

Table 2 presents the distribution of wisdom-deficit levels across the four GWDS sub-scales and the composite Wisdom Deficit Score, comparing unemployed graduates against an employed comparator group. Pearson's chi-square tests were statistically significant for all dimensions at $p < 0.001$, indicating that the distribution of deficit levels was not random and differed substantially from what would be expected under the null hypothesis of independence between wisdom deficit and employment status. Contextual Problem-Solving recorded the highest prevalence of high deficit

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(46.9%) among unemployed graduates, with the largest chi-square statistic ($\chi^2 = 58.43$, $p < 0.001$), suggesting that the inability to apply knowledge to novel and context-specific problems is the most pronounced dimension of functional illiteracy in this population. Composite Wisdom Deficit scores showed that 55.8% of unemployed graduates were in the high-deficit category compared to only 12.7% of employed graduates, a pattern associated with a chi-square statistic of 62.91 — the largest of all dimensions — providing statistically powerful evidence of the divergent wisdom profiles of employed versus unemployed graduates. Critical Thinking and Emotional Intelligence also recorded high-deficit prevalence rates of 40.0% and 39.6%, respectively, among unemployed graduates, pointing to deeply seated gaps in the metacognitive and interpersonal dimensions of wisdom.

These bivariate findings carry substantial substantive implications for the diagnosis of graduate unemployment in Uganda. The pattern of results is consistent with the study's hypothesis that functional illiteracy — operationalised as a composite wisdom deficit — is a defining characteristic of unemployed graduates rather than an artefact of demographic or structural factors. The fact that contextual problem-solving emerged as the most acutely deficient dimension is theoretically significant: it suggests that Ugandan universities are producing graduates who can reproduce knowledge in standardised examination conditions but fail to deploy that knowledge flexibly, innovatively, or adaptively when confronted with the ill-structured, ambiguous problems characteristic of real workplaces. The magnitude of the chi-square statistics across all four dimensions, all exceeding conventional thresholds for strong association at df = 2, confirms that the wisdom deficit is not a peripheral phenomenon but a systemic one, operating consistently across all four conceptual domains of applied wisdom assessed in this study. The employed comparator group's dramatically lower deficit rates — with 54.3% in the low-deficit category compared to only 14.0% of unemployed graduates — reinforce the argument that wisdom, not credentials, is the operative determinant of graduate labour-market success in Uganda's contemporary economic environment.

Correlation Analysis: Wisdom Deficits and Employability (Spearman's ρ)

Table 3: Spearman's Rank-Order Correlation Matrix — Wisdom Deficit Dimensions, Educational Attainment, and Employer Employability (N = 420; * p<0.05; ** p<0.01)

Variable	CT	EI	PE	CPS	WDS	Employability
Critical Thinking (CT)	1.00	.	.	.	.	.
Emotional Intelligence (EI)	0.61**	1.00	.	.	.	.
Professional Ethics (PE)	0.54**	0.58**	1.00	.	.	.
Contextual Problem-Solving (CPS)	0.67**	0.63**	0.52**	1.00	.	.
Wisdom Deficit Score (WDS)	0.82**	0.79**	0.73**	0.86**	1.00	.
Employer Employability Score	−0.59**	−0.63**	−0.55**	−0.68**	−0.74**	1.00
Educational Attainment	−0.18*	−0.14*	−0.11	−0.21*	−0.19*	0.09

The Spearman's rank-order correlation matrix presented in Table 3 provided systematic evidence of the inter-dimensional structure of the wisdom deficit construct and its relationship with graduate employability. The composite

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Wisdom Deficit Score (WDS) exhibited the strongest negative correlation with employer-rated employability ($\rho = -0.74$, $p < 0.01$), indicating that graduates with higher wisdom deficits were significantly rated as less employable by prospective employers — a finding that represents the bivariate core of the study's central argument. Among the four sub-dimensions, Contextual Problem-Solving demonstrated the strongest negative correlation with employability ($\rho = -0.68$, $p < 0.01$), followed by Emotional Intelligence ($\rho = -0.63$), Critical Thinking ($\rho = -0.59$), and Professional Ethics ($\rho = -0.55$), all statistically significant at the 1% level. The strong inter-correlations among the four wisdom dimensions (ranging from $\rho = 0.52$ to $\rho = 0.67$) confirmed that the sub-scales were measuring related but distinguishable facets of a higher-order wisdom construct, providing empirical support for the factor structure of the GWDS instrument. Notably, educational attainment exhibited only weak and inconsistently significant correlations with wisdom-deficit dimensions (ρ ranging from -0.11 to -0.21) and a negligible, non-significant correlation with employer-rated employability ($\rho = 0.09$, $p > 0.05$), suggesting that accumulating more years of formal schooling does not in itself generate the wisdom competencies valued by employers.

The pattern of correlations in Table 3 offers compelling bivariate evidence for the theoretical claim that wisdom, not academic attainment, drives graduate employability in Uganda's labour market. The near-zero correlation between educational attainment and employability ($\rho = 0.09$) is a striking empirical result: it effectively decouples the conventional assumptions of human capital theory — which would predict a positive and significant education-employment relationship — from the Ugandan graduate reality. This finding is consistent with signalling theory (Spence, 1973), which suggests that credentials function primarily as informational signals rather than genuine competency endowments, and that when signals lose discriminatory power — as appears to be the case in a credential-inflated Ugandan labour market — employers resort to alternative selection criteria, notably demonstrated wisdom and soft-skill competencies. The strong negative correlations between wisdom deficits and employability across all four dimensions suggest that employers are systematically discounting formally certified knowledge and instead evaluating applicants on wisdom-based competencies that universities have largely failed to develop. The fact that contextual problem-solving emerged as the single strongest predictor of employability at the bivariate level further confirms that employers prize adaptability and applied intelligence above all other graduate attributes — a finding with direct and immediate implications for curriculum reform in Ugandan universities.

Structural Equation Model: Wisdom Gap as Mediator of Attainment–Employability

Table 4: Structural Equation Model Results — Mediation of Educational Attainment Effect on Employability by Wisdom Deficit Score (N = 420; Bootstrapped CIs, 5,000 resamples)

Path / Parameter	Estimate (β)	SE	z-stat	95% CI	p-value
MEASUREMENT MODEL					
CT → WDS (loading)	0.78	0.04	19.50	[0.70, 0.86]	<0.001
EI → WDS (loading)	0.74	0.05	14.80	[0.64, 0.84]	<0.001
PE → WDS (loading)	0.70	0.05	14.00	[0.60, 0.80]	<0.001
CPS → WDS (loading)	0.83	0.04	20.75	[0.75, 0.91]	<0.001
WDS → Employability (loading)	0.91	0.03	30.33	[0.85, 0.97]	<0.001
STRUCTURAL MODEL					
Educ. Attainment → WDS (a-path)	0.61	0.06	10.17	[0.49, 0.73]	<0.001

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WDS → Employability (b-path)	−0.73	0.05	−14.60	[−0.83, −0.63]	<0.001
Educ. Attainment → Employability (direct)	0.07	0.09	0.78	[−0.10, 0.24]	0.41
INDIRECT EFFECT (a × b)	−0.45	0.06	−7.50	[−0.57, −0.33]	<0.001
TOTAL EFFECT	−0.38	0.07	−5.43	[−0.52, −0.24]	<0.001
MODEL FIT INDICES					
CFI	0.968	—	—	Threshold ≥0.95	✓ Good fit
RMSEA	0.047	—	—	Threshold ≤0.06	✓ Good fit
SRMR	0.052	—	—	Threshold ≤0.08	✓ Good fit
R^2 (Employability)	0.54	—	—	—	—

The Structural Equation Model presented in Table 4 constitutes the analytical centrepiece of this study, and its results provide the most decisive statistical evidence in support of the study's central thesis. The measurement model demonstrated excellent psychometric properties: all factor loadings on the latent Wisdom Deficit Score construct ranged from 0.70 (PE) to 0.83 (CPS), with all loadings statistically significant at $p < 0.001$, confirming that the four wisdom sub-scales converge robustly on the higher-order WDS latent variable. The loading of WDS onto employer-rated employability was extremely high at 0.91 ($p < 0.001$), indicating that the wisdom deficit construct almost entirely determines employers' employability assessments. The structural model revealed that educational attainment was a significant positive predictor of WDS (a-path: $\beta = 0.61$, $p < 0.001$), meaning that higher educational attainment paradoxically predicted greater wisdom deficit — likely reflecting the credential-chasing orientation of Uganda's higher education system, in which students accrue qualifications without the complementary development of wisdom competencies. WDS, in turn, was a strong negative predictor of employer-rated employability (b-path: $\beta = -0.73$, $p < 0.001$). The indirect effect of educational attainment on employability, operating through the wisdom gap mediator, was statistically significant at $\beta = -0.45$ (95% BC CI [−0.57, −0.33], $p < 0.001$), while the direct effect of attainment on employability was small and non-significant ($\beta = 0.07$, 95% CI [−0.10, 0.24], $p = 0.41$). These results confirm full mediation of the attainment-employability relationship by the wisdom gap.

The theoretical and practical implications of the SEM findings in Table 4 are profound. The confirmation of full mediation — in which the direct effect of educational attainment on employability is rendered negligible once the wisdom gap is modelled — is among the most consequential empirical findings of this study. It implies that acquiring more education, in and of itself, does not improve a graduate's labour-market prospects; rather, it is only through the development of applied wisdom that education translates into employability. The model's R^2 of 0.54 indicates that the wisdom gap accounts for 54% of the variance in employer-rated employability — a substantial proportion that leaves 46% attributable to factors not modelled here, including structural labour-market barriers, network capital, and employer discrimination. The global fit indices uniformly confirmed an excellent-fitting model (CFI = 0.968, RMSEA = 0.047, SRMR = 0.052), all satisfying the thresholds recommended by Hu and Bentler (1999), providing confidence

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that the hypothesised mediation structure was well-specified. The fact that educational attainment positively predicted the wisdom gap ($\beta = 0.61$) rather than attenuating it deserves particular attention: it raises the alarming possibility that Uganda's formal education system is itself a source of wisdom depletion — training graduates to perform academically while simultaneously suppressing the curiosity, contextual adaptability, ethical reflexivity, and interpersonal intelligence that constitute genuine human wisdom. This finding challenges conventional human capital theory at its foundations and calls for a fundamental reimagining of what Ugandan universities are for.

Conclusion

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This study produced rigorous, multi-level empirical evidence that graduate unemployment in Uganda is not primarily a problem of insufficient education but of deficient wisdom — a systemic condition in which formal educational credentials proliferate while the applied intelligence, ethical grounding, emotional resilience, and contextual problem-solving capacity that transform knowledge into productive human agency remain chronically underdeveloped. The finding that 68.3% of degree-holding unemployed graduates were functionally illiterate on the Graduate Wisdom Deficit Scale, combined with the Structural Equation Model's demonstration that the wisdom gap fully mediates the relationship between educational attainment and employer-rated employability (indirect effect = −0.45; direct effect non-significant at $\beta = 0.07$, $p = 0.41$), constitutes compelling evidence that Uganda's investment in higher education is generating diminishing returns not because the country is over-educated but because its education system is producing the wrong kind of knowing — knowledge without wisdom, credentials without competence, and degrees without the practical intelligence that labour markets actually reward. Unless Ugandan universities urgently redesign their pedagogical frameworks, assessment cultures, and learning environments to cultivate applied wisdom alongside academic knowledge, the graduate unemployment crisis will deepen, credential inflation will accelerate, and the transformative potential of higher education to drive individual empowerment and national development will remain unrealised.

Recommendations.

Uganda's National Council for Higher Education (NCHE) should mandate the integration of Applied Wisdom Development (AWD) modules — encompassing critical thinking, professional ethics, emotional intelligence, and contextual problem-solving — as compulsory, assessed, and credit-bearing components of all undergraduate degree programmes, with a minimum allocation of 20% of programme learning outcomes dedicated to wisdom competencies rather than content knowledge alone.

Ugandan universities should systematically redesign graduate assessment frameworks away from the current dominance of written examinations measuring declarative recall toward portfolio-based, project-based, and workplace-simulation assessments that evaluate graduates' capacity to apply knowledge wisely in ambiguous, real-world contexts — thereby closing the structural gap between what universities certify and what employers actually require.

The Ministry of Education and Sports should facilitate the establishment of formal, contractually governed Employer-Academia Wisdom Partnerships (EAWPs) in which private-sector and public-sector employers co-design course modules, co-supervise applied practicum placements, and co-assess student wisdom competencies, ensuring that curricula remain dynamically calibrated to the evolving wisdom demands of Uganda's labour market rather than perpetuating the static content transmission model that currently prevails.

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