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**ADDIS ABABA UNIVERSITY**  
**CENTER OF DEVELOPMENT STUDIES**  
**DEPARTMENT OF RURAL LIVELIHOOD AND DEVELOPMENT**

**ANALYZING RURAL-URBAN MIGRANTS' INCOME LEVEL IN THE INFORMAL  
SECTOR: THE CASE OF STREET VENDOR OF YEKA SUB-CITY OF ADDIS ABABA.**

BY  
ADDISU ABEBE

SEPTEMBER, 2019  
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Degree of the Masters of Art in Rural Livelihood and Development

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ADDIS ABABA

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## Acronyms

CSA	Central Statistics Authority
DFID	Department of International Development
DIIS	Danish Institute for International Studies
ETUMS	Ethiopian Urban Migration Study Survey
ICLS	Individual Conference of Labor Statisticians
IFPRI	International Food Policy Research Institute
ILO	International Labor Organization
IOM	International Organization for Migrations
SNNPR	South Nation Nationalities and Peoples Region.
WB	World Bank
UN	United Nation
UNDP	United Nation Development Program

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## **Abstract**

*Street vending is an important source of income for many poorer segment of the society in the urban area. Despite the informal sector absorbs for about 60 percent of the urban labor force in Ethiopia, Migrants are unable to cover the costs of living in the cities and made it difficult for them to save and remit money to their families. In light of this premise, this study was initiated to analyze migrants' income level and explores migrants' major challenges in the street vending business of Yeka sub city, Addis Ababa, Ethiopia. The study used cross-sectional data collected from 114 street vendors individuals selected through simple random probability sampling techniques. Descriptive statistics and econometric models were used to analyze the data. Logit model method was employed to analyze determinant factors of the income level of migrants engaged in the street vending business. The binary logit model result indicated that age of the household, source of start-up capital to launch the street vending business, and years of experience in the street vending business were significant factors affecting the incomes of migrants positively and significantly. But, sex of the household, education level, and durations of stay in Addis Ababa had negative and significant influence on the incomes of migrants. Based on the findings, recommendations such as job linkages between technical and vocational education and training /TVET/ to train and hire less educated migrants in respective areas to reduce the number of migrants in the city, building the institutional capacity and facilitating the credit schemes as source of capital are recommended.*

**Keywords: Rural-urban migrants, income, informal sector, streets vending business, factors and challenges, Yeka Subcity, Addis Ababa, and Ethiopia.**

# Chapter One

## 1. Introduction

### 1.1 Background

Population mobility is a norm rather than an exception in human history. From the remote past, human beings have been in a constant state of movement over varying distances, and for different reasons. Migration patterns are very complex and can be grouped as ‘internal’ and ‘international’. While the former refer to movement of persons, and change of place of residence within a country, the latter deal cover movement between countries across an international boundary. There are different streams of migration: rural to urban, rural to rural, urban to urban, and urban to rural (Wolde et al, 2010).

Africa has a long history of both internal and international migration, but information on the characteristics of internal migration is limited. Food and Agriculture Organization study using data obtained from World Bank household surveys and population censuses from Nigeria, Senegal, Uganda, Burkina Faso, Kenya, South Africa, Ethiopia, Malawi and Ghana suggested that internal migration remains the dominant migration flow, and that most of the migration is from rural to urban areas (Pickbourn, 2018).

Rural-urban migration has been historically low in Ethiopia. But recent years have seen a surge in migration in all parts of Ethiopia(Bezu& Holden, 2014). Although access to farm land is a constitutional right to village residents of Ethiopia, it has become difficult to fulfill this right for the young generation because of increasing land scarcity (Ibid).

Migration is radically changing the socio-economic, demographic and development profile of developing countries, with far-reaching implications for agriculture-based economies. Migration is regarded as a positive force in economic development by enabling poor rural migrants to come out of poverty. Rural-to-urban migration is a major economic and social phenomenon of nowadays societies. Migration can help to reduce poverty and increase income, savings and assets (Kessie, 2015).

For many migrants drawn to urban centers, job opportunities in the formal sector are scarce, particularly in low- and middle-income countries. The formal employment sector is characterized by limited absorption of surplus labor, and barriers to entry, as it required education, training and infrastructure (Stevenson and Onge, 2005). Because the majority of migrants do not meet minimum requirements to join the formal sector, creating employment opportunities for the poor is the major development challenge in the country. Instead, the informal sector dominates and provides the main means of earning an income. Migrants frequently resort to self-reliant strategies, such as self-employment, to sustain themselves economically. Home-based workers and street vendors are the two largest sub-groups, which together represent 10% to 25% of the workforce in low- and middle-income countries (Deshingkar and Grimm, 2004).

According to Moller (2012) Addis Ababa is the most favored destination for migrants, attracting 43% of all migrants originating from different parts of the country. The statistics from the Ethiopian Urban Migration Study Survey (ETUMS) shows that 37% of Addis Ababa's residents were migrants and more than half of these migrants came from rural areas. Only 4% of these recent migrants report marriage arrangement as their reason for migrating to Addis Ababa (SosinaBezu and T. Holden, 2014).

People across Africa are urbanizing and cities act as magnets that attract poor migrants from rural areas, looking for employment and better life. During the last few decades, the informal sector has been growing fast in Addis Ababa, Ethiopia due to the influx of many young workers into the sector who come from rural areas of the country with the expectation of a better life in the city. The informal sector employment includes casual, temporary jobs such as lottery selling, street vending, petty trade and other similar activities - coping strategies and earning strategies to escape food poverty. The informal sector is believed to play an important role in food security as it provides jobs, reduces unemployment, bolsters economic activity, and alleviates poverty (Seleshi et al, 2013).

Working in the informal economy is often characterized by low wages, exploitative work conditions, increased work hours and lack of job security (Dina, 2018). This study was initiated to fill the gap of information on factors influencing migrants to engage in the street vending business, and analyzing the level of income in the street vending business in the study area.

## 1.2 Statement of the problem

According to Ethiopia Demographics Profile of 2018, 79.6% of Ethiopia's population estimated in (2017) lives in rural areas and putting increasing pressure on land resources, expanding environmental degradation, and raising vulnerability to food shortages. Poverty, drought, political repression, and forced government resettlement have driven Ethiopia's internal and external migration since the 1960s (Ethiopia Demographics Profile, 2018).

Due to population pressure and the country's land tenure system, the livelihood of Ethiopia's rural population is particularly endangered by declining per-capita farm land (Rahmato 2004; Bezu and Holden 2014).

According to Seleshi et al (2013), a research conducted with 240 respondents in four sub cities of Addis Ababa that, the daily life of the majority of migrants in Addis Ababais highly connected with street-based informal economic activities such as marketing, vending and lottery selling, etc. The annual mean income of a household would earn is Eth. Birr 7,786.2 (\$442). Results of the vulnerability analysis showed that informal activities in the study area serve migrants only as temporary safety nets, not as sustainable earnings/livelihood strategies, and lack of access to bank credit (due to collateral requirements), fluctuating market prices & lack of working premises impacts their work.

Yeka sub city, which is one of the sub cities in the region, is in a serious socioeconomic problem due to high population growth. Like other sub-cities, rural-to-urban migration towards the sub-city is significantly contributed to the population growth.

According to CSA (2017), the total populations of Addis Ababa are 3,433,999. The same source also indicated that Yekasub city is the second most populated area next to KolfeKeraniyowith a population of 434,599. The study conducted by AACG (2010) indicated that the sub city has shared 13% of the total migrants from different parts of the country towards Addis Ababa.

Street vending is an important source of income for many poorer segment of the society in the urban area. Despite the informal sector absorbs for about 60 percent of the urban labor force in Ethiopia (CSA, 2003) report, Migrants are unable to cover the costs of living in the cities and made it difficult for them to save and remit money to their families. Buying food, paying for

transport and housing consumed all or most of their wages. Besides, in Addis Ababacity, Migrants are facing lack of working place, harassment and eviction from selling place by police and private shop guardians, lack of market, non-profitability of the business, lack of credit, lack of freedom and social security during their operations of their business.

Despite the high number of migrants in the city, the income they are generating from informal sector was minimal. Besides, migrants are challenged by different factors in the destination area. Hence, this study attempts to assess factors influencing the income level of the migrants in Yeka sub city.

In general, this study, therefore, aimed to analyze factors influencing the income level of the street vending business, factors influencing for migration and explore migrants' major challenges in the destination area. This study makes an important addition to the existing literature by analyzing the level of income of the migrants and identifying major challenge in the destination area.

### **1.3. Objectives of the Paper**

#### **1.3.1. General Objectives**

The general objective of this study is to analyze determinants of income of rural-urban migrants and challenges they are facing in the destinations engaged in the informal sector.

#### **1.3.2. Specific objectives of the Paper**

- To identify major challenges of the migrants in the destination area
- To explore factors contributed for migrating to Yeka sub city of Addis Ababa, and
- To analyze the determinants of income of the migrants in Yeka sub city of Addis Ababa.

### **1.4. Research Questions**

This study intended to analyze the following research questions:

- What are the major challenges faced on migrants in their destination area
- What are the factors which motivates/enforces migrants to Yeka sub city of Addis Ababa
- What are the determinants factors of income of rural-urban migrants' engaged in street business activities

### **1.5. Scope and Limitation**

In Ethiopia, the informal sector consists of different business engagement. The scope of this study is limited to on assessing on the level of income of migrants' engaged in the street vending business on the basis of respondent response in the area of Yeka sub city. The basic limitation of this study is lack of accurate and recent rural urban migrant number in the study area to sort the representative sample size. The study does not cover all the woredas of the sub city rather focus on three woredas due to resources.

### **1.6. Significance of the study**

This study is significant as it intended to empirically determine the level of migrants' Income engaged in street vending of the informal sector and study migrants' challenge in the destination. The output of this research will be helpful for researchers conduct further studies on the subject matter. It further helps government agencies and other developmental actors understand the existing situations and take remedial actions.

## Chapter Two

### 2. Literature Review

#### 2.1 Conceptual Review of Migrations

Migration can be defined in terms of spatial boundaries as internal and international. Internal migration is the movement of individuals within a country whereas international migration involves the flow of individuals between countries where national boundaries are crossed. The UN (1970:2) defines migration as:

*“A move from one migration defining area to another (or a move of some specified minimum distance) that was made during a given migration interval and that involves change of residence.”*

A migrant is also defined as:

*“A person who has changed his usual place of residence from one migration-defining area to another (or who moved some specified minimum distance) at least once during the migration interval”.*

According to Demo et al(1970 cited in Sinha, 2005), definition of migration or typology is generally based on change in residence, journey to work, types of boundaries crossed, and many other factors.

Rural-urban migration is a movement of a rural resident(s) to an urban destination for different reasons. The area of origin (departure) is a place from which a move is made whereas area of destination (arrival) is a place where the move is terminated (UN 1970). Rural-urban migration can also be made either permanently or temporarily. Temporary migrants are rural family members who migrate to destination locations for a specific period of time and coming back to their origin. Permanent migrants are migrants who left their region of origin and start to reside in the destination region in permanent basis. In this research, a rural household is called a migrant household if he/she migrates to destination location to earn wage income either in temporary or permanent basis and engaged in the formal sector.

Around the year 2000, UNDP came up with the global estimate of 740 million internal migrants, an estimate they admitted was “conservative” (UNDP 2009). Clearly, the more populous the

country, the greater the number of internal migrants, and in the large, populous countries, UNDP took the largest of administrative units, states in India or provinces in China, for example, to define internal migration (Skeldon, 2017).

According to United Nation (1970 cited in Sinha, 2005) definitions of migration and migrant that it is recommended to consider a permanent migrant if the duration of stay more than one year with the purpose of job and temporal migrant if the duration limited to one year and less than one year provided he/she receives pay from sources within the country the migrant enters.

The UN Migration Agency (IOM) defines a migrant as any person who is moving or has moved across an international border or within a State away from his/her habitual place of residence, regardless of (1) the person's legal status; (2) whether the movement is voluntary or involuntary; (3) what the causes for the movement are; or (4) what the length of the stay is.

According to IOM (2013) on its report on European Migration Network Conference, the main drivers of North-South Migration was Economic opportunity and the global economic crisis, Return migration, Expansion of global companies, Student migration, and Retirement migration.

## **2.2 Theoretical Review of Migration**

Theoretical explanations of migration date back to the 1880s when Ravenstein (as cited in Gete et al, 2008), first proposed his 'law of migration'. According to this theory, migrants move from areas of low opportunity to areas of high opportunity in which the choice of destination is regulated by distance. Migrants from rural areas move first to nearby towns, and then to larger cities. He also pointed that migration accelerates with growth in the means of transport and communication and also the expansion of trade and industry.

### **2.2.1 Neo Classical Theory**

The neo-classical economic approaches are often known as 'push-pull' theories (Asfaw et al.2010). The neo-classical approaches mainly consider migration as determined by economic motives. They emphasize individual behavior, and focus on positive aspects of migration. Neo-classical economic approaches assume that migrants act individually according to a rationality of relative costs and benefits. Individual decisions to migrate would be determined by wage differences and expected probability of employment at the destination (Ibid).

### **2.2.2 Marxist Theory**

This approach focuses on political and other institutions that determine migration, and emphasize the negative aspects of migration (de Haan 2000 cited in Asfaw et al, 2010). Migration was seen mainly as a way of mobilizing cheap labor for capital (Castles & Miller 2003). This theory sees labor migration as inevitable in the transition to capitalism, and stresses the advantages of migrant labor for capitalist production. For Marxists, migration is not a choice for poor people, but the only option for survival after being alienated from the land.

### **2.2.3 Migration system Theory**

The ‘Migration Systems Theory’ has emphasized that analyses need to incorporate individual motives, institutions and the structural factors in which migrants operate (Asfaw et al, 2010). This is a more complex approach to migration, which attempts to cover a wide range of disciplines and include all dimensions of migration experiences. According to this approach, people decide to move to new areas because they have close kinsmen who help them find jobs and ease their entry to destinations. The migration system theory has emphasized that the flow of information and social capital, such as informal networks, personal relationships, friendship and communities, and mutual help in economic and social matters provide vital resources for individuals starting migratory movements (Castle and Miller 2003 cited in Asfaw et al, 2010).

### **2.2.4 Livelihood Approach theory**

According to Kothari (2002), livelihood strategies are diverse and multiple but migration remains a central component for many poor people in developing countries. This approach argues that migration is one of the most durable components of the livelihood strategies of people living in rural areas. It focuses on the need for a multidisciplinary and people-centered perspective, and that the livelihoods of people are not restricted to one particular economic sector (Mulugeta, 2017).

Current thinking about migration goes beyond its negative role by giving emphasis to the positive contribution of migration towards improving the livelihoods of poor people. Moreover, it is understood that, rather than consisting of only one or two factors, the determinants of migration are complex and context-specific, in which the decision to migrate results from an

interplay of many factors. According to the proponents of this approach, seasonal migration has become a common livelihood strategy of poor households (Asfaw, 2010).

### **2.3 Causes of Internal Migrations**

Almost 80% of the Ethiopian population is living in rural areas (Central Statistical Agency, 2017). Although the unemployment rate in rural areas is estimated to be around 2% (Ministry of Agriculture and Natural Resources, 2017), majority of rural population is young people with limited access to land and other means of agricultural production and most of them plans to quit agricultural production in near future (Bezu& Holden, 2014) despite rural non-farm employment opportunities are quite limited (Schmidt &Bekele, 2016). The lack of job opportunities in rural areas is among the core reasons of migration of young people to urban areas (Atnafu et al, 2014).

According to a recent study by International Food Policy Research Institute, IFPRI, 28% of the young people in the Blue Nile Basin in Amhara and Oromia have permanently migrated to the urban areas between 2010 to 2014 (Kosec et al, 2017). However, an already high rate of unemployment in the urban areas with 16.5% (Ministry of Agriculture and Natural Resources, 2017) indicates that those who move to the cities for better job opportunities face significant constraints in finding jobs.

The unemployment rate is a measure of the number of people who are both jobless and looking for a job, expressed as a share of the total labour force. Addis Ababa's unemployment rate has always been higher than the urban Ethiopia's unemployment rate throughout the period for which data are available. According to CSA (2015), the percentage of unemployed persons in Addis was significant and above the urban average of about 16.8%. On the other hand, Addis Ababa experiences a total unemployment rate of 21.2% of which males accounting for 14.4% and females 28.6% (CSA, 2015). Moreover, 2015 data for Addis Ababa shows that the total share of urban informal employment is about 13% (UN-Habitat, 2017).

According to Feleke (2005 ) in the study conducted on the four Kolfesub-city, migrants in these urban neighborhoods have revealed rural poverty as their initial and main reasons for the migration of male migrants notably from the Southern Nations, Nationalities and Peoples Region (SNNPR), Amhara, Oromiya, and, to some extent, from Tigray. The main push factors are rural

vulnerability and lack of assets expressed in the form of diminishing farmland sizes in all their rural localities and shortage of landholdings, lack of rain, recurrent drought, absence of an effective extension system, limited investment in irrigation based agriculture, high population pressure, lack of off-farm employment opportunities, and imposition of heavy taxes. In addition to this, pull factors for their step migration mentioned by urban male migrants included increasing construction activities, demand for urban domestic workers, better pay for service work and the presence of social support from the long term migrants in Kolfe.

## **2.4 Migration and Sustainable livelihood**

Rural-urban migration is believed to help reallocate resources, most importantly labor, from less productive sectors, usually agriculture, to vibrant sectors such as manufacturing industry (Ghatak et al, 1996). It also improves efficiency in both traditional and modern sectors in particular in the presence of redundant labor in the agricultural sector and relatively high real wages in the modern sector (Ibid).

Haan et al (2002)) argued that livelihoods approach views migration as one of a set of strategies that households and communities use to diversify and support well-being. Migration, in the livelihoods approach, is understood as a spatial separation between the location of a resident household or family, and one or more livelihood activities engaged in by family members. Thus the immediate connections of migration to the livelihoods framework are to human capital since migration involves mobility of labor and the set of activities that comprise the occupational portfolio of the household. In addition, different types of migration play multiple and complex roles in reducing the vulnerability of households and in potentially enabling spirals of asset accumulation that can provide households to come out of poverty.

In many cases of migration, economic gain has been the prime objective. The economic gain acquired by rural migrants from the cities could be an important asset to be transferred to the rural areas (home area or village) in the form of capital, technology, learning awareness, knowledge, trade, goods or services, etc. The positive value of migration as any work outside the district brings in capital and information as well as investment in transport or shops which in turn can facilitate agricultural profitability. Migrants are everywhere doing all kinds of jobs mostly in the service and informal sectors (Lemawork, 2017).

In rural Ethiopia, the agricultural activity is seasonal in character. The peak periods of harvesting and cultivation vary temporally and spatially. These spatial and temporal variations between source and destination areas not only create favorable situations for seasonal out-migration of laborers but have remained an essential component of the livelihood strategies of many rural households(Asfawet al, 2010).

## **2.5 Rural-Urban Migration and Informal sector**

The term “Informal sector” was first coined by a British anthropologist by the name Hart in 1971 in his study of economic activities in urban Ghana. He defined informal employment as economic activity in which the workers operate in unregulated markets, use labor intensive technology and local resources, and learn their business skills outside of school. However, Informal sector has a heterogeneous nature; it can be explained on the basis of its workforce or by its economic units which takes place in it (Chen et al., 2002).

Street vending is one of the most visible activities in the informal economy and is found everywhere in the world, both in developed and developing countries. Street vendors are known to play a very important role in the urban economy by providing employment, income and other items to the public. They sell different kinds of goods such as second hand clothes, shoes, vegetables, fruits, food stuffs, plastic goods, and various household necessities, which are manufactured in small scale or home based industries. In many countries the urban poor prefer to buy clothes and accessories from street vendors because the goods that they sell are usually cheaper and affordable than those found in formal retail shops. (Saha, 2009).

In India, it was shown that more than half of the migrants who entered the informal sector did not seek to move to the formal sector, suggesting that at least some of the individuals engaged in informal activity do so by choice. Recently, the theoretical and empirical literature recognized heterogeneity in the informal sector with some upper tier activities yielding better return than formal wage employment which makes it attractive employment in its own right instead of serving as a temporary stage for those who cannot move to the formal sector(Sosina and Holden,2014).

According to Maloney (2004), 60% of men in self-employment left from formal sector of employment of their previous employment to join the informal sector voluntarily to yield better return than formal wage employment. He argues that the poverty observed in the informal sector in developing countries has more to do with low level of human capital than with formality or informality of employment.

Some empirical studies highlighted the factors which influence to increase urban migration, such as, easy access to enter to the urban informal sector employments due to and by the prevalence of low wages, inadequate protection of employments and irregularity of employments and earnings in the agricultural sector in the rural areas (Amare et al., 2012; Memon, 2005; Harris, 2003). However, these studies (Manel et al, 2017) have mainly focused on factors and implications of rural to urban migration but not the differences between migrant households in terms of their livelihoods, employments and social behavior.

According to Hayat (2000), Agricultural sector was unable to accommodate the rapidly growing labour force in the rural areas. This resulted in higher rate of rural-urban migration particularly to most of them, lack skill and education coupled with the failure of the formal sector to generate additional employment, forced to participate informal activity which found to be the immediate and livelihood.

## **2.6 Effects of Migrations on migrants' livelihood in the informal sector**

There are two arguments whether or not migration is beneficial or harmful for the livelihood of people. The following section provides both the positive and negative views.

According to Ellis 2003, the negative impact of migration is that the earnings obtained from migration are spent on consumer goods rather than being invested on assets giving rise to improved livelihoods in the future.

According to Deshingkar (2004), migration can also be viewed in negative terms because of the adverse experiences encountered by a migrant in the host environment. For example, weak social status, harassment, violence, lack of redress against mistreatment by employers and public officials, exploitation by middlemen, vulnerability to illness such as HIV/AIDS and malaria, absence of social protection and the like are experiences encountered by migrants.

Reddy et al(2001) conducted a study in Fiji that, the participation of urban labor force in informal sector is growing from time to time. The result of the survey shows the significant contribution of the sector in enhancing income and assets of those who are operating in the sector. It is observed that educational level of informal sector participants is not higher than primary school level in average. The study also shows that operators of the sector works for relatively longer hours per day and most of them enter the sector recently. Moreover, they found out that lack of access to credit facilities and the national & municipal laws and regulations governing the business environment in the country are the major problems faced by informal sector operators (Ibid).

The migration literature suggests that urban migrants, who are attracted to cities and towns due to higher wage in the formal sector, may end up in a low paying informal sector, since there is more labor supply to the 'modern sector' than there is labor demand to absorb it all(Sosina and Holden, 2014).

Migration can benefit poor people, poor communities and developing countries (Haan, 1999; Ellis, 2003 cited in Geteet al, 2008). According to them, for individuals and their families, migration can help them to increase their income, learn new skills, improve their social status, build up assets and improve their quality of life.

Menberu (2006) stated in his study that there was a significant living conditions improvement of permanent and temporary migrants over non migrants. A negative connection was present with living conditions relative to non-migrants which were indicated by return migrants. The author disputed that in Ethiopia, migration may be applicable for improved living conditions if the migrants were educated and capable to access into non-agricultural livelihood sources. The economic, psychological and social stability helped them to transform into better living conditions which usually appeared to be lacking in the country of the period under consideration.

The national Informal sector survey conducted by CSA (2003) also indicates that the total number of persons engaged in the informal sector is about 997,380 of which 799,353 (81.15 percent) are informal sector operators. The same survey result also revealed that the total number of peoples involved in the informal sectors in Addis Ababa is about 128,598 of which about (51.1 percent) women and the rest (49.9 percent) are men. Though the contribution of the sector

is high in unemployment and poverty alleviation the operators do not get the necessary protection and assistance from the government and concerned body and circled by various problems.

Melde (2012) supported Deshingkar (2012) in his study which indicated that that rural-to-urban migration is believed to significantly affect various dimensions of migrants' well-being. Jones (2012) argued that freedoms, such as the opportunity to live long and healthy lives, access to education and choice of employment are components of human development. Movements from rural villages to large cities are often undertaken with the aspiration of improved opportunities for socio-economic advancement. However, in reality, rural – to – urban migration does not always entail improvement of living standards and poverty reduction. (LondariYamarak, N.D)

## **2.7 Determinants of income level of household**

According to ILO (2004) definitions, on the Seventeenth International Conference of Labour Statisticians (ICLS) in Resolution 1, where Resolution concerning household income and expenditure statistics in December 2003 that

*'Household income consists of all receipts whether monetary or in kind (goods and services) that are received by the household or by individual members of the household at annual or more frequent intervals, but excludes windfall gains and other such irregular and typically one-time receipts. Household income receipts are available for current consumption and do not reduce the net worth of the household through a reduction of its cash, the disposal of its other financial or non-financial assets or an increase in its liabilities' (ILO, 2004:44).*

The definition also extended that Household income may be defined to cover: (i) income from employment (both paid and self-employment); (ii) property income (from financial assets (interests, dividends), from non-financial assets (rents) and from royalties (return for services of patented or copyright material); (iii) income from the production of household services for own consumption; and (iv) current transfers received.

Economies are divided among income groups according to 2015 gross national income (GNI) per capita, calculated using the World Bank Atlas method. The groups are: low income, lower middle income, upper middle income and high income (WB, 2018).

According to Heinonen(2008), around 80 percent of the Kathmandu metropolitan cities of Nepal slum dwellers earn their income from informal sources. The informal economy also attracted educated people when the formal sector has been unable to offer proper employment and income.

## **2.8 Challenges of migrants in the destination**

A report conducted by the Danish Institute for International Studies (DIIS, 2017) on Myanmar's migration and security challenges that, migrants among the informal settlers highlighted that economic insecurity and daily survival, including lack of access to electricity, clean water and indebtedness, as the biggest challenges. With these challenges also came the fear of eviction, feelings of insecurity, lack of protection by local authorities and mistrust in neighbors (DIIS Report, 2017).

In the study conducted in Bangladesh revealed that Street vending is considered as an illegal trade and the street vendors face constant harassment from the authorities. The vendors have to pay a sizeable part of their income as bribes in order to practice their trade. In most countries where the number of street vendors is large, the ruling and opposition parties mobilize the street vendors for their political purposes. Due to their insecurity, street vendors tend to flock to these parties for protection. These parties use street vendors for their political gains, and in return provide them some security for their trade(Indira, 2014).

Street vendors face the greatest challenge facing informal traders, have to do with operating and not give a space to trade. Most of the spaces trader's uses are regarded as illegal since they have not been set aside for trade. In cases where they are allowed to operate, the spaces are considered temporary and eviction occurs at the will of urban authorities. There are various conflicts relating to their sites of operation. Major conflicts often rise when the vendors are required to move in order to give way for a planned development. This brings them into direct confrontation with urban authorities and land developers(Amsale, 2017).

According to Miltullah, (2003 ), the greatest challenge facing street and informal traders is with site of operation and right to trading space, environmental condition, security, transport, municipal services, and finance. He also added that most of the spaces traders occupy are considered illegal since the spaces have not been set aside for trade. In cases where they are

allowed to operate, the spaces are considered temporary and eviction occurs at the will of urban authorities.

In Addis Ababa city, people join street vending to be self-reliant, to support their family and due to absences of opportunities to engaged in the formal sector. During their activities they faced lack of working place, harassment and eviction from selling place by police and private shop guardians, lack of market, non-profitability of the business, lack of credit, lack of freedom and social security during operation of their business and cleanness of their working environment (Yared,2016).

## **2.9 Empirical Review**

Different studies have been conducted on street vending business and their income level. The result of studies is discussed in the following manners.

According to Mitullah(2003) the majority of street vendors in African countries are women, own account workers, married and support large families, and most traders live close to their work place and they have got primary and below levels of education although there is also a large number of men and children and male traders have more professional training as compared to women, most street vendors undertake vending due to lack of other sources of income and employment.

In Kenya, street vending falls with the Small and Micro Enterprises (SME) which provides employment and income to about 70 per cent of Kenya's population, especially in urban areas. In the year 2002 alone, the SME sector employed about 5,086,400 people up from 4,624,400 in 2001. This was an increase of 462,000 persons and consisted of 74.2 per cent of total national employment (UNCHS, 2004).

According to Reddy et al, (No Date), the result of the survey conducted on Fiji showsemploying primary data that, the significant contribution of the sector in enhancing income and assets of those who are operating in the sector. It is observed that educational level of informal sector participants is not higher than primary school level in average. The study also shows that operators of the sector works for relatively longer hours per day and most of them enter the sector recently. Moreover, they found out that lack of access to credit facilities and the national

& municipal laws and regulations governing the business environment in the country are the major problems faced by informal sector operators (Ibid).

According to the research conducted in Kenya by Nyang'au (2002) depicts that their basic reason to join the informal sector is to escape from poverty and to better enhance their livelihood assets. Accordingly, informal sector absorbs significant proportion of new entrants in to the job market in the country. The study investigates that the majority of the people in the sector, especially female, are less educated and drop out from their education due to poverty and other social constraints. Moreover, the study also showed that the sector is characterized by numerous challenges. Among other, lack of availability of market is mention as major problems in the country's' market.

Market places are becoming challenging situations for operators in most of African cities. According to (Kirby and Watson, 2006), availability of an acceptable site of operation is a pre-condition for compliance with various statuses relating to business operation. In Nairobi and Kampala, according to them, vendors have severally been allocated vending sites outside the central business areas that they have rejected, arguing that they are not accessible to customers. While the urban authorities in the cities view vending sites as temporary, the vendors view them as permanent. It is the urban authorities 'perception of street trading as temporary that makes them not see the need to provide vendors with proper market facilities.

In Kenya, majority of street vendors indicated that the policies were inappropriate, by raising their argument thatthey daily charge expensive, poor and insecure working locations, unsuitable hours of business, poor locations for business, constant harassment, confiscation and loss of goods by urban authorities and poor enforcement approaches by urban authorities but few indicated that they were appropriate (Mitullah, 2003).

Feleke (2005) conducted a study in the four Kolfesub-city, migrants in theses urban neighborhoods have revealed rural poverty as their initial and main reasons for the migration of male migrants notably from the Southern Nations, Nationalities and Peoples Region (SNNPR), Amhara, Oromiya, and, to some extent, from Tigray. The main push factors are rural vulnerability and lack of assets expressed in the form of diminishing farmland sizes in all their rural localities and shortage of landholdings, lack of rain, recurrent drought, absence of an

effective extension system, limited investment in irrigation based agriculture, high population pressure, lack of off-farm employment opportunities, and imposition of heavy taxes. In addition to this, pull factors for their step migration mentioned by urban male migrants included increasing construction activities, demand for urban domestic workers, better pay for service work and the presence of social support from the long term migrants in Kolfe.

A study in Namibia by Labor Resource and Research Institute for the National Union of Namibian Workers (NUNW) (2004) explained about the challenges in the informal sectors. They indicated that, they have short to medium duration in the business. Because of various obstacles that they faced while operating their businesses, they experience low level of earnings. The problems found out from the survey are lack of funds, lack of space, licensing regulations, lack of demand for their products, high cost of raw materials, lack of transport and eviction by force and theft.

### 2.10 Conceptual framework

This study sought to establish the factors that affect the income of rural-urban migrants in Yeka sub city of Addis Ababa, Ethiopia.

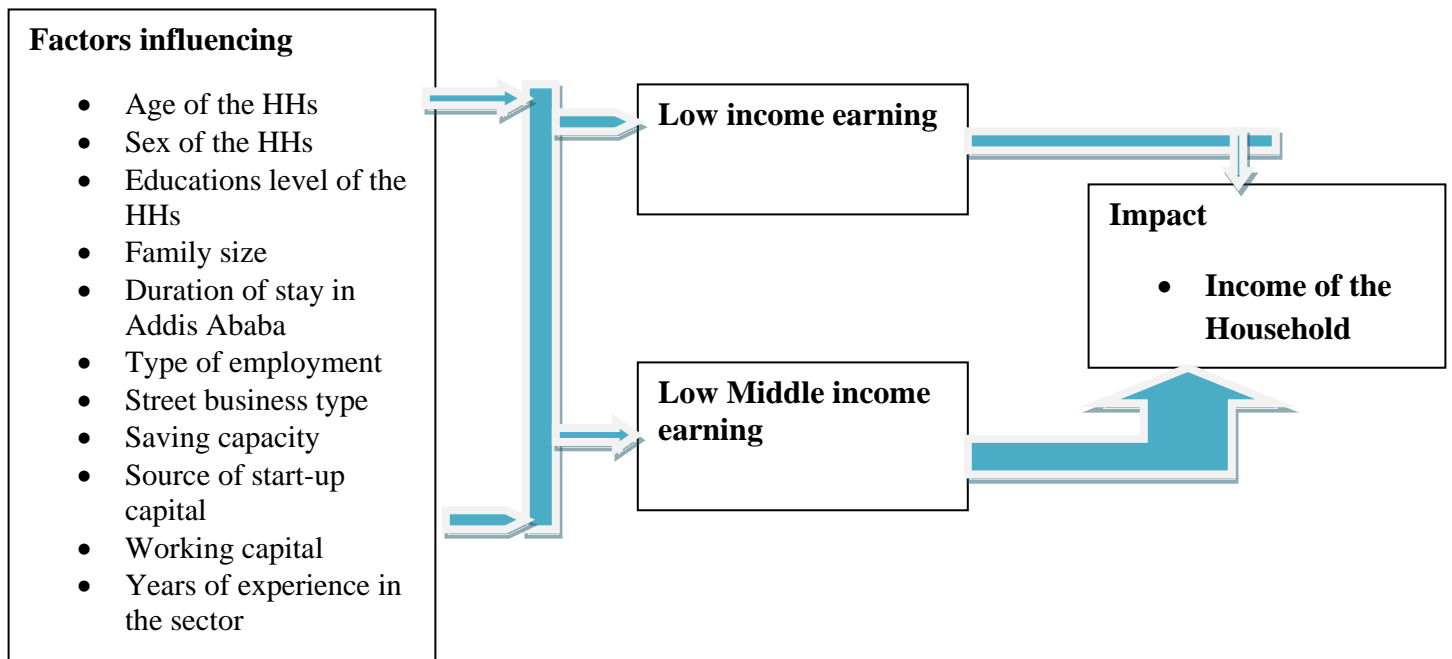


Fig. 1 Conceptual framework (adopted from Desalegn, 2019).

The study was guided by the conceptual framework in Figure 1 above. The conceptual framework above discussed shows how different factor affects the income of the rural-urban migrants in the study area.

Income of the migrants is the outcome of several factors. It is expected to be influenced by different key factors such as: Demographic factors, socioeconomic factors, and financial factors which were independent variables and it was hypothesized that these variables have influence on the income of the migrants of street vendors. The directions of the arrows show the interrelationships between the key variables of the study.

## Chapter Three

### 3. Methodology

#### 3.1 Descriptions of the study area

The study is conducted in Addis Ababa, the capital and the primate city of Ethiopia. Addis Ababa lies between 9°1'48"N latitude and 38°44'24"E longitude. It is located at the geographic centre of Ethiopia. It has an altitude ranging from 2,100 meters at Akaki in the south to 3,000 meters at Entoto Hill in the North. The city has a total area of 540 Km<sup>2</sup> (City Government of Addis Ababa, 2013). The population density is estimated to be near 5,165 individuals per square kilometer available. Addis Ababa is situated on a plateau at an altitude of 2,408 meters covering an area of 222 square kilometers. It has an annual rainfall of 1,161 millimetres. It boasts of many international bodies and embassies including the United Nations. About 40% of Addis Ababa's workforce is government employees, 31% private organization employees, 25% own-account workers, 2% employers and 2% unpaid family workers and others( UN –Habitat, 2003).

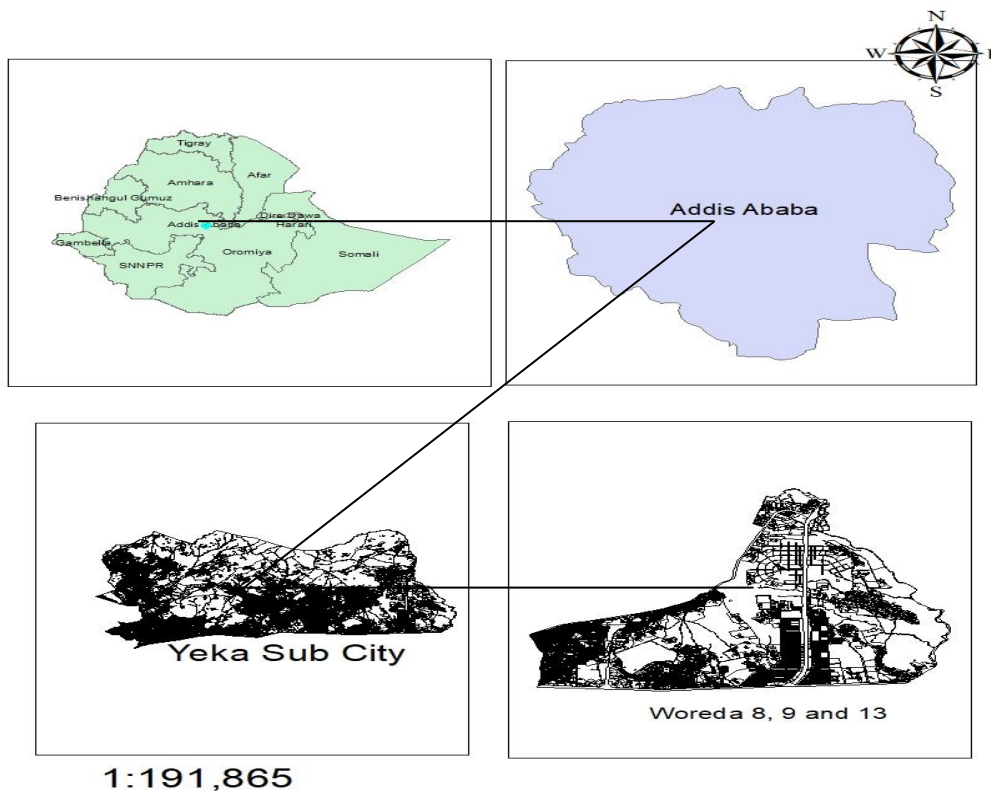


Fig. 2. Map of the study area (Google Map).

### **3.2 Description of the study design**

The research has employed mixed method of research design where survey, in depth interview and physical observation research methods were highly considered. In analyzing the determinants the income level of migrants, the study applied quantitative research of descriptive and inferential methods to collect and analyze data. The quantitative data collections are gathered from migrants engaged in street vending business. Households' total income generated from vending the street business issued to analyze the level of income. Observation at the field of business operation and interview methodology are employed to assess the challenges of migrants in the destination area and migrants' motivation factors to decide for migration.

### **3.3 Explanatory Research method**

In Addis Ababa, it is observed that street vending business operators are scattered across the sub city. The study focused on the street business carried out on the streets of Addis Ababa. The target populations are individual street vendors and hence the unit of analysis is an individual street vendor. Street vendors are chosen as the study subjects because they represent the most visible form of informal sector operators in Addis Ababa. Standard sampling and estimation techniques require the researcher to select samples with a known probability of selection. In this study, street vendors in Addis Ababa are not recorded and documented in the government statistics and this created a problem in getting sampling frame.

As discussed in the study of Getahun(2015) regarding on the absence of standard sampling and estimation techniques, simple random probability sampling techniques were applied to select the sampling for the study. It is conducted by arranging favorable time in which the street vendors are trading and random walking to check their availability for survey through the road from shola market, Megenagna bus stations to Hayat square and YekaAbado Villages.

With this arranged time and space, samples using random-walk sampling procedure was drawn. Consequently, the researcher being with assistant enumerators has arranged three days on Saturday and Sunday to observe the business activities and conduct the data collections. Hence, the data collection was conducted on two rounds of March 23 & 24, 2019 and April 26 to 28, 2019 at Shola Market, Megenagna Bus Station and Hayat Squares on random basis using 12 data collectors.

The study areas are focused on Woreda 08,09, and 13 of Yeka Sub city. The reason for selecting these areas was due to the exposure of observing the scenarios day to day while travelling from home to office and in the route from Shola market, Megenegna bus station, and to Yeka Abado village where different types of street business vending are under operation.

### **3.4 Source of Data**

To enhance the quality of data, multiple data sources are employed for the research: primary and secondary data. Primary data are collected by using data collectors. In-depth Interview conducted separately with government officials working in the sector and selected street vendors engaged on shoe-shining, street cloth vending and street tea and coffee vending businesses. Secondary information was collected from different published and unpublished books, journals and internet. . The study also incorporated the results of direct physical observation of their business area by the researcher to support to the information related on the subject matter. The source of the data based on Individuals who are migrated from rural to urban, to Yeka Sub city of Addis Ababa.

### **3.5 Data collection Instrument**

This research will have three objectives to address with following methodology. To determine the income level of migrants who are engaged in the street vending business, the study has employed survey methodology. The study applied quantitative research method (focused on the collection and analysis of numerical data and statistics) to collect and analyze socioeconomic data.

Detailed & well-structured household level questionnaire that measures the level of income, and demographic characteristics variables are used to generate data. Disaggregated levels of Income are used to measure the migrants' income on unit level to minimize a common problem of measurement error. In this study, the income levels are determined by capturing from their primary business (street vending) solely. Regarding the recalling periods of household income, households are asked to respond their income, for this study purpose, on the basis of one week or seven days so as to avoid problems associated with memorizing their earned income with an extended time frame.

Exploratory research method will be applied to seek qualitative information for first and second objectives. Key informant interview and in-depth interview are used to collect information to explore migrants' challenge in the destination area and their reason to migrate to the study area. Direct Physical observations at their business area are conducted by the researcher for deeper understanding.

As part of the data management and analysis process, data collection procedures were carefully considered in planning the operations of a research to improve the quality of interview and data collection. Pre-test of the questionnaires conducted and comments and feedback are incorporated before the actual fieldwork.

### **3.6 Method of Analysis**

In order to meet the objectives of this study the collected data were analyzed by employing several approaches. Under quantitative method, this study employed both descriptive statistical tools and non-linear econometric model (i.e. Binary logit model) for data analysis.

Results from in-depth interview and direct physical observation are also analyzed in narrations. Identifying major challenges of the migrants in the destination area, and exploring factors contributed for migrating to the study area were also analyzed briefly using descriptive statistics of frequencies, tables and charts.

#### **Model specification**

In this study, the dependent variable that indicates the level of income of the migrants' is a dichotomous variable. It contains data coded as '1' grouped under Low Middle Income level and '0' Low Income Level. Therefore, binary logistic regression is the appropriate model to analyze the level of Income Groups. In the Proposal stage, it was planned to run Multinomial logistic regression due to the fact that the income level as defined by World Bank estimate of 2016 GNI per capita pita. It categorized the income level in to four Levels: 1 = Low Income, 2=Low Middle Income earner group, 3=Upper Middle Income, 4=High Income Level. While collecting the data from the respondent, it was unable to get the last two groups of income level in the study area, upper middle income and high income levels. It can be specified as level of income is a

function of different explanatory variables which are assumed to affect the dependent variable, i.e.

***Income Level of Migrants' (Y) = f (migrants' level of education, migrants' age, Migrants' sex, migrants' household size, Years of business experience, types of occupations, saving, street business type, duration in destination, source of capital and working capital)***

$Y_i = f (X_1, X_2, X_3, X_4, X_5, X_6, X_7, X_8, X_9, X_{10}, X_{11},)$  or it can be rewritten as:

$$Y_i = f (Z_i) \dots\dots\dots (1)$$

This means there is a functional relationship between the observed survey and the latent index function,  $Z_i$ .

$$\text{Where, } Z_i = b_0 + \sum b_i X \dots\dots\dots (2)$$

$Y$  is the response for the  $i^{\text{th}}$  observation with binary variables 1 for who are grouped in Low Middle Income and 0 for those who are grouped under Low Income Earner and  $Z_i$  is the latent index function for the  $i^{\text{th}}$  observation.

$$\text{Where, } z_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots\dots\dots + \beta_k X_k + u_i \dots\dots\dots (3)$$

Where  $\beta_0$  is the intercept and  $\beta_1, \beta_2, \beta_3, \beta_k$  are the slopes of the parameters of the model. The slopes tell how the log-odds in favor of Income level change as the independent variable changed by a unit. Thus, the model is specified as follows:

$$Y = (\ln\{p(X_i)\}) / (\ln(1-p(X_i))) = (\alpha_i X_i + u_i) \dots\dots\dots (5)$$

$Y$  is the natural logarithm of the probability of low middle income level ( $P$ ) divided by probability of low income level ( $1-P$ ).

$\alpha_i$  is coefficient of factors influencing level of Income of the migrants .

$X_i$  represents factors influencing Income Level

$u_i$  denotes error term.

### 3.6.1 Description of variables and expected outcomes

The study wants to analyze the determinant factors of income of migrants, dependent variable on the basis of independent variables. Hence, various explanatory variable are discussed which affect the outcomes of the dependent variables.

#### 3.6.1.1. Dependent Variable

The main objective of this study is determining rural-urban migrants' income in the study area. The dependent variable takes the value "1" for those respondents who are grouped in Low Middle income and "0" otherwise (Low income earner group).

#### 3.6.1.2. Explanatory Variable

The independent (explanatory) variables are defined as follow:

**Age of the migrant:** Age is one of the factors assumed to affect the income of the migrants. It is a continuous variable and respondents are asked to state their age in years. Hence, it is expected that, age of the household has a significant relationship with the income level of the migrants.

**Sex:** Sex is also one of the different other factor assumed to affect the income level of migrants. It is a dummy independent variable indicating sex of the household head and is measured as binary variable; 1=Male, 0=Female.

**Educations of the migrant:** Education level is one of the factors assumed to affect the income of the migrants. It is a continuous variable and respondents are asked to state their education level in grade level. Hence, it is expected that, education level of the household has a significant relationship with the income level of the migrants.

**Experience in the sector:** Experience in the street business is one of the factors assumed to affect the income of the migrants. It is a continuous variable and respondents are asked to state their experience in years. For this study, migrants are asked only to state their experience after arriving in this city. The respondents are asked to report the number of years of work experience in providing street products.

**Household size (HHs);**It is a continuous variable and respondents are asked to state the total number of households under his/her supervision. It is measured in numbers.

**Type of occupation:** The type of occupation migrants engaged in the street vending business. It is binary independent variables and measured as binary variable; 1=self employed, 0=Paid employment.

**Saving:** Saving is one of the variables affects the level of income of the migrants. Respondents are asked to state the level of saving capacity per week and measured in birr. It is a categorical variable and measured as: 1. Nothing 2.From 10 to 50 Birr. 3 From 51 to 100 Birr 4. From 101 to 150 Birr 5. More than 151 Birr

**Street business type;** Street business in one of the factors affects the he level of income of the migrants. It is a type of business currently the migrants working on. It is measured as: 1. Shoe-shining 2. Street tea and coffee vending 3.Street cloth vending 4. Street shoes vending 5. Street socks, cosmetics, and related 6. Peanut trading and shoe-shining 7.Lottery vending 8. Others

**Duration of Years in destination area;** It is one of the factors affect the level of income of the migrants. Respondents are asked to state the number of years after migration stayed in the city. It is a continuous variable and measured in years.

**Source of Capital;** Source of capital is one of the factor affects the level of income of the migrants. It is meant the source the migrants collect the capital to launch the street business. It is a categorical variable and measured as: 1. Own Saving “Equb” 2. Assistance from Gov’t/NGOs 3.Borrowing from friends/Relatives 4.Borrowing from Money Lenders 5.From Micro Finance Institutions 6. Other sources

**Working Capital:** It is amount of capital the migrant used for the street vending business. It is continuous variable and measured in birr.

**Table 01: Summary of explanatory variables**

<b>Variables</b>	<b>Type of variable</b>	<b>Expected sign</b>	<b>Unit of measurement</b>
Sex of the migrant	Dummy	+	1 = M, 0 = F
Age of the migrant	Continuous	+	Years
Educations	Continuous	-	In grade level
Experience in the sector	Continuous	+	In years
Total family size	Continuous	-	Number
Type of Occupations	Dummy	+	(1=Self Employment , 0=Paid Employment )
Saving	Continuous	+	Birr/week
Street Business types	Categorical	+	1. Shoe-shining 2. Street tea and coffee vending 3. Street cloth vending 4. Street shoes vending 5. Street socks, cosmetics, and related 6. Peanut trading and shoe-shining 7. Lottery vending 8. Others
Duration of the migrant in Year in the destination	Continuous	+	In years
Source of Capital	Categorical	+	1. Own Saving “Equb” 2. Assistance from Gov’t/NGOs 3. Borrowing from friends/Relatives 4. Borrowing from Money Lenders 5. From Micro Finance Institutions 6. Other sources
Working Capital	Continuous	+	In birr

## Chapter Four

### 4. Results and Discussion

This chapter is divided into two sections. The first section deals with descriptive analysis of issues related to household demographics characteristics, problems of migrants' in the destination and factors affecting for migrations. Results of in-depth interview were incorporated in these sections. Besides, econometric or inferential statistics (binary Logit model) were employed to analyze the level of income of the rural-urban migrants.

#### 4.1 Descriptive Analysis

Descriptive statistics such as frequency, percentage,  $\chi^2$ , and t-test were used to describe the demographic, socio-economic, and factors affecting migration of the sampled households in identifying major challenges of migrants in destination area. Statistical t test and  $X^2$ -test comparison of variables expected to determine relationship between the dependent variable and each of the explanatory variable for identifying factors affecting migrations and migrants challenge in target area.

##### 4.1.1 Demographic profile of respondent

This sub-section presents the demographic profile of the respondents including age, sex and place of origin, education, marital status, family size and durations in the destination area after Migrations. 114 study participants were involved to analyze the level of income and assessing factors contributing for migration who engaged in the street vending business of Yeka sub city. Men respondents account for about (75) 65.79 percent of the samples and women represent (39) 34.21 percent. The chi-square test of sex distribution between the Low income and low middle income group was found to be statistically significant at  $X^2(1, N=114) = 9.1954, Pr=0.002$ . And this shows that, there is significant relationship between sex of low and low middle income earner group.

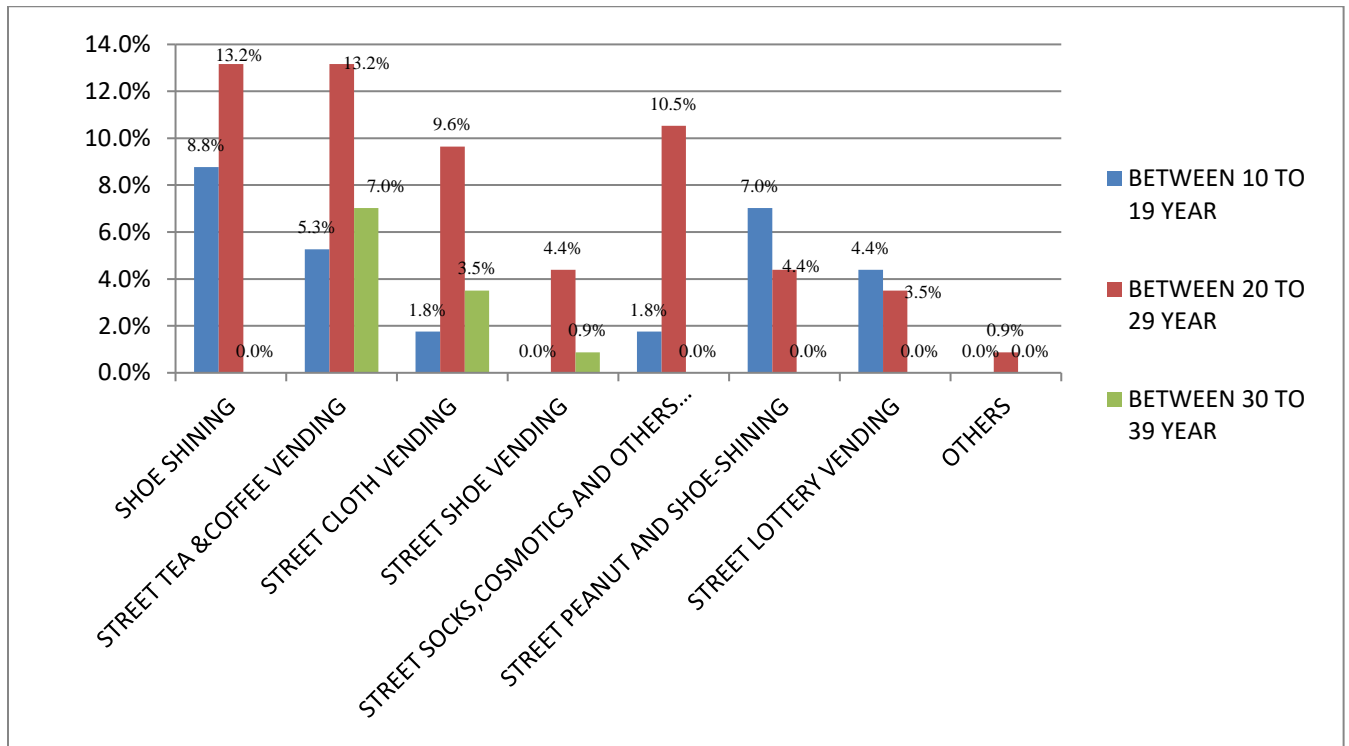
Regarding their origin of place, majority of the respondents came from South Nation Nationality of Peoples (SNNP) accounts 48 (42.11%). It is followed by Amhara, and Oromiyaregion with 38 (33.33%) and 19 (16.67%) respectively. Tigray 5 (4.39 %), Dire Dawa 3 (2.63 %), and BenschangulGumuz 1(0.88%) were also involved in the study. The chi-square test result showed that, there is significant relationship(dependence) between place of birth and the dependent variable which is income level;  $X^2(5, N=114) = 20.4169 Pr = 0.001$ . That means, there is

significance relationship between place of birth of migrants and the level of income earned in the study area.

Majority of the respondent were aged less than 29 years representing 88.6 percent. From these, 68 (59.65%) represents the highest share with age category of 20-29 years followed by 10-19 years representing 28.95 percent. From the total respondent, 11.4 % are from 30 to 39 years of age. The t-test distribution of migrants age between low and low middle income earner group was found to be insignificant, with, tabulated  $T = 1.7435$ ; at  $\Pr(|T| > |t|) = 0.0840$ .

According to figure 3, the respondents who are involved in shoe-shining and street coffee and tea provision are aged between 20 to 29 years with equal share of 13.2 %. According to the in-depth information conducted with street vendors, young street vendors are much interested in shoe-shining business and tea and coffee business. These businesses practiced with fewer budgets and less experience. From the survey result, it is found that respondents whose ages are from 30 to 39 are less involved in street vending business with 11.4%. 8.8% of the respondents who are under 19 years are actively involved in Shoe shining business type. Among the respondent, in all age groups, 25.4%, 21.9%, and 14.9% are involved in street tea and coffee provisions, street shoe-shining and street cloth vending respectively.

**Figure 3. Distribution of respondents by age and street business type**



**Source- Own Data Survey, 2019**

According to the survey, those aged grouped in 20 to 29 years are actively involving in the street business whereas respondents amid 30 to 39 are less participants in the street business making with 59.7% and 11.4% respectively. This shows majority of young population are taking street business as their major source of livelihood means while comparing the age groups.

From the total respondent 34.21% are female while the other 65.79% are male. 23.68% of female respondent are involved in street tea and coffee provision, which is their highest engagement in the street business making. The research also revealed that Street Cloth vending, Street Shoe Vending, and Lottery Vending are areas of street business where female didn't dare to engage. From the key informant interview conducted separately with female, they pointed that fear of government police Harassment as their main reason not to engage in such business.

**Table 2. Distributions of respondent by sex and street business type**

		TYPE OF STREET BUSINESS TYPE								
Sex of respondent		Shoe shining	Street tea and coffee vending	Street Cloth vending	Street Shoe Vending	Street socks, cosmetics and related	Peanut trading and shoe-shining	Lottery Vending	Others	Total
Female	Freq.	1	27	0	0	7	4	0	0	39
	%	0.88%	23.68%	0.00%	0.00%	6.14%	3.51%	0.00%	0.00%	34.21%
Male	Freq.	24	2	17	6	7	9	9	1	75
	%	21.05%	1.75%	14.91%	5.26%	6.14%	7.89%	7.89%	0.88%	65.79%
Total	Freq.	25	29	17	6	14	13	9	1	114
	%	21.93%	25.44%	14.91%	5.26%	12.28%	11.40%	7.89%	0.88%	100.00

**Pearson chi2(7) = 73.6067 Pr = 0.000**

**Source- Own Data survey, 2019**

Regarding Male involvement in the business, almost all types of street business were practiced by them. Shoe-shining business with 21.05% took the highest activity among the male respondent. Shoe-shining , street cloth vending, street socks, cosmetics & related , and lottery vending are the four main type of street business activities engaged by the male respondent with 21.05%, 14.91%, 7.89% and 7.89% respectively. As the information obtained from the interview participants, such business were highly requires movement from place to place. Hence, men are most likely having the courage to engage in these businesses.

As indicated in the above table 2, there are also men respondent who actively engaging in street tea and coffee business though they are few in number. The research, as result, revealed that there is positive significance of Sex and type of street business type engaged in the study area. The chi-square test result showed that, there is significant relationship between sex of the migrants and street business type;  $X^2 (7, N=114) = 73.6067Pr = 0.000$ . That means, there is strong relationship between Sex and type of street business type in the study area.

Being the capital, Addis Ababa is a centre for diverse ethnic groups. According to Table 3, majority of the respondent were from SNNP and Amhara region with 42.1% and 33.3% respectively. They are followed by oromia region with 16.7%.

**Table 3 – Distributions of respondent by place of origin and type of street business**

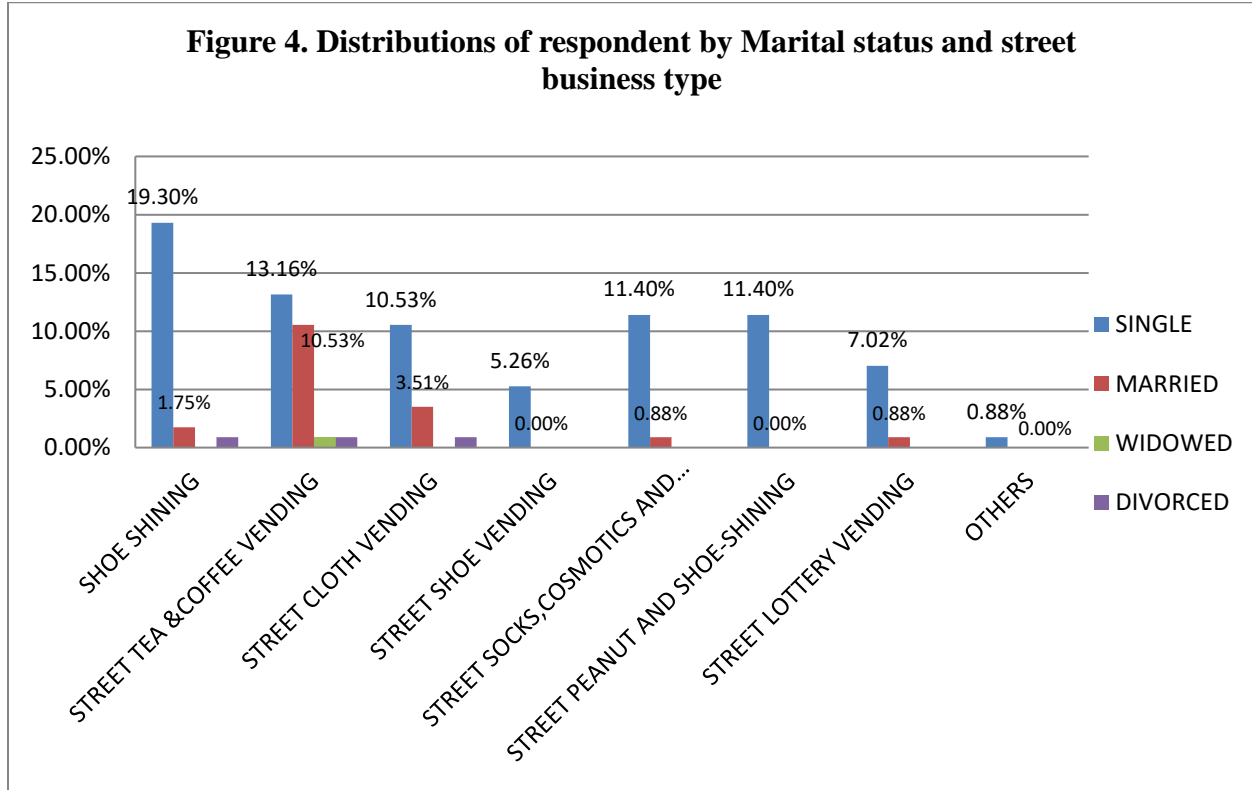
**Pearson chi<sup>2</sup>(35) = 102.0810 Pr = 0.000,**

<b>Birth Place</b>		<b>Shoe shining</b>	<b>Street tea and coffee vending</b>	<b>Street Cloth vending</b>	<b>Street Shoe Vending</b>	<b>Street socks, cosmetics &amp; related</b>	<b>Peanut trading and shoe-shining</b>	<b>Lottery Vending</b>	<b>Others</b>	<b>Total</b>
<b>Tigray</b>	Freq.	0	0	2	2	1	0	0	0	5
	%	0.00	0.00	1.75	1.75	0.88	0.00	0.00	0.0	4.39
<b>Amhara</b>	Freq.	0	19	2	2	6	0	8	1	38
	%	0.00	16.67	1.75	1.75	5.26	0.00	7.02	0.88	33.33
<b>Oromia</b>	Freq.	4	7	3	1	2	2	0	0	19
	%	3.51	6.14	2.63	0.88	1.75	1.75	0.00	0.00	16.67
<b>BenishangulGumuz</b>	Freq.	0	0	0	0	1	0	0	0	1
	%	0.00	0.00	0.00	0.00	0.88	0.00	0.00	0.00	0.88
<b>SNNP</b>	Freq.	21	3	8	0	4	11	1	0	48
	%	18.42	2.63	7.02	0.00	3.51	9.65	0.88	0.00	42.11
<b>Dire Dawa</b>	Freq.	0	0	2	1	0	0	0	0	3
	%	0.00	0.00	1.75	0.88	0.00	0.00	0.00	0.00	2.63
<b>Total</b>	<b>Freq.</b>	<b>25</b>	<b>29</b>	<b>17</b>	<b>6</b>	<b>14</b>	<b>13</b>	<b>9</b>	<b>1</b>	<b>114</b>
	<b>%</b>	<b>21.93</b>	<b>25.44</b>	<b>14.91</b>	<b>5.26</b>	<b>12.28</b>	<b>11.40</b>	<b>7.89</b>	<b>0.89</b>	<b>100</b>

**Source- Own Data survey, 2019**

BenishangulGumuz, Dire Dawa and Tigray Region are less represented with percentage of 0.88, 2.63 and 4.49 respectively. The study indicated that shoe-shining are mostly practiced who's place of origin from SNNP Region with 18.4%. Amhara Region respondent engaged in Street Tea and Coffee business (16.7%) followed by Lottery Vending with 7%. Pearson's chi-Square test shows (**Pr = 0.000**) that there is a significant difference between place of origin and street business type.

Regarding marital status, distributions of respondent indicates that 79% are Single, 17.5% are married, 2.6% are Divorced and 0.9% are widowed. This means a large proportion of street business in the study are undertaken by Single.



**Pearson  $\chi^2(21) = 25.3282$  Pr = 0.233**

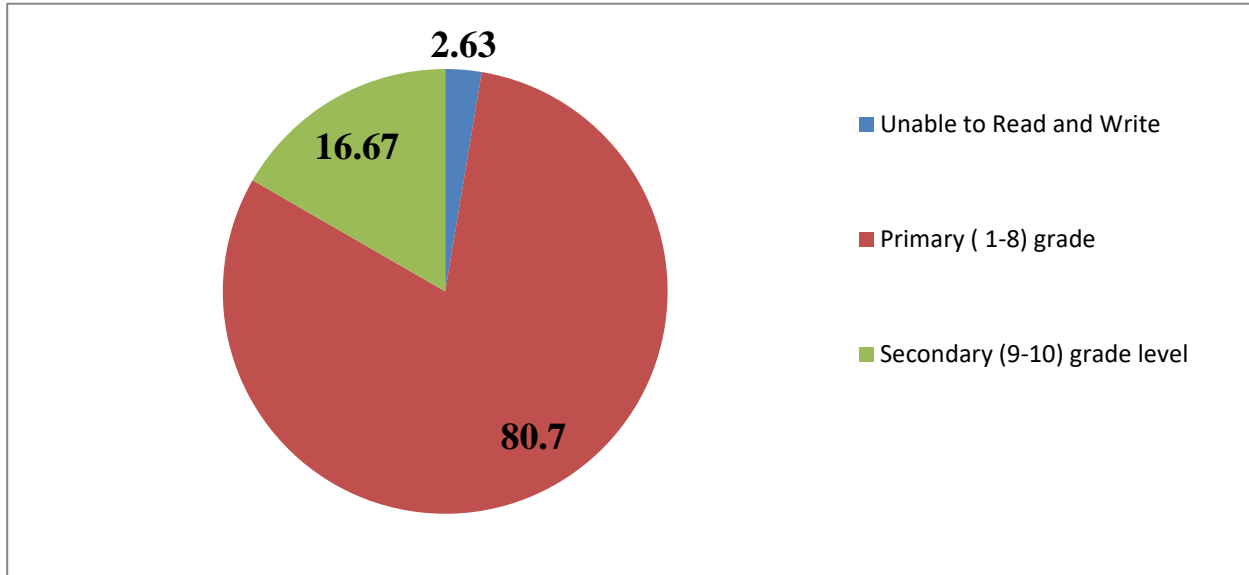
**Source: Own Survey Data, 2019.**

According to the above figure 4, single street business provider lead in all business activities. Beyond this, Shoe Shining, and street Tea and Coffee vending are the two most street business activities practiced by the Single with 19.3% and 13.16% respectively. Married street business providers are largely engaged in the provisions of tea and coffee service in the study area with 10.53%. The Pearson chi-square test showed that there is insignificant relationship/dependency between marital status and types of the street business.

It is believed that most of the informal sectors operators are largely from less educated part of the society as they unable to engage in the formal sectors of employment opportunities.

From the below Pie chart (Figure 5), one can understand that the share of less educated respondents in the street vending business.

**Figure 5. Distribution of respondents by education level**



**Pearson  $\chi^2(14) = 40.0848$  Pr = 0.000**

**Source: Own Data Survey, 2019**

As indicated in the figure 5, 81% of the respondents didn't attend high school. They have either eight grade completed or between grade one to eight. Only 16.7% of the respondent experienced secondary education level as opposed to 83.3% of the respondent. The study also depicted that, there are respondents (2.6%) who engaged in the street business making with no education at all. The Pearson chi-square test revealed that there is strong significant relation/dependency between the age category and street business type of the migrants.

While comparing the education level of the respondent with their current income, 2.63% of respondent who are unable to read and write categorized under low income earning group and no respondents of read and write group earning in the low middle income category. Majority of elementary grade completed respondent are under the category of low income group with 73.68% and 7.02% are categorized under low middle income level. It was also indicated in table 4 that, 10.53% of the secondary school completed respondents are categorized under low middle income group. The t-test distribution of migrants level of educations between low income and low middle

income earner group was found to be significant at 1% confidence level, with tabulated  $T = 4.7611$ ; at  $\Pr(|T| > |t|) = 0.000$ . This gives us evidence to reject the null hypothesis and accept the alternative hypothesis; as there significant mean difference between education level of low income low middle income earner group

**Table 4. Distributions of respondents by education and income level.**

EDUCATION CATEGORY		CURRENT INCOME PER WEEK IN BIRR		
		Low Income Group	Low Middle Income Group	Total
UNABLE TO READ AND WRITE	Freq.	3	0	3
	Percentage	2.63	0	2.63
PRIMARY (1-8) GRADE LEVEL	Freq.	84	8	92
	Percentage	73.68	7.02	80.7
SECONDARY (9-10) GRADE LEVEL	Freq.	7	12	19
	Percentage	6.14	10.53	16.67
TOTAL	Freq.	94	20	114
	Percentage	82.46	17.54	100
<b>Total</b>				<b>114</b>

**Pearson  $\chi^2(2) = 32.9451$  Pr = 0.000**

**Source: Own Survey Data, 2019**

From the total respondents, 6.14% of Secondary Education Completed are earning under the category of low income group. From the Pearson test, we observe that there is a significant difference between education level of the respondent and their income earning. This is to mean that migrants income level is depend on the education level.

According to the survey, 87.72% of the respondent are administering between One to Three families with the street business they are making. 10.53% of the respondents are holding families between Four to Six Household sizes. Only 1.75% the respondents are taking higher household sizes than others which are above seven Families.

**Table 5: Income level and household category of sample households**

Current income Per week		Household Categories		
		1-3 family members (N=100)	4-6 family members (N=12)	above 7 family members (N=2)
Low Income group earner	Freq.	83	9	2
	%	83	75	100
Low Middle Income earner	Freq.	17	3	0
	%	17	25	0

**Pearson chi2(2) = 0.9071 Pr = 0.635**

**Source: Own survey, 2019**

As indicated in table 5, the chi-square test result showed that, insignificant relationship(dependence) between household category and the dependent variable which is income level;  $X^2 (N=114) = 0.9071 Pr = 0.635$ . That means, there are no relationship/ dependency between the household size category and the level of income of the migrants' engaged in the street vending business.

According to table 5, 49.12% of the total respondents have stayed less of Three years in the destination area. 43.86% and 7.02% of the respondents have also stayed in Addis after migration from their origin of place between Three to Six years and Above Six Years respectively. As indicated in table 5, majority of the respondent (58.77%) have started their street business in less than six month. On the contrary, 1.75% respondent launched their business after two years of process.

**Table 6. Distributions of respondent by duration in destination & time taken to start business**

DURATIONS IN ADDIS ABABA IN YEARS		HOW LONG IT TAKES TO START YOUR BUSINESS IN ADDIS				
		LESS THAN 6 MONTHS	BETWEEN 6 MONTHS TO 1 YEAR	BETWEEN 1 YEAR TO 2 YEARS	ABOVE TWO YEARS	TOTAL
LESS THAN 3 YEARS	Freq.	43	9	3	1	56
	% with in Duration in Addis Ababa	76.79	16.07	5.36	1.79	100
	% with-in time taken to start business	64.18	30	20	50	49.12
BETWEEN 3 TO 6 YEARS	Freq.	19	20	11	0	50
	% with in Duration in Addis Ababa	38	40	22	0	100
	% with-in time taken for business	28.36	66.67	73.33	0	43.86
ABOVE 6 YEARS	Freq.	5	1	1	1	8
	% with in Duration in Addis Ababa	62.5	12.5	12.5	12.5	100
	% with-in time taken for business	7.46	3.33	6.67	50	7.02
TOTAL	Freq.	67	30	15	2	114
	% with in Duration in Addis Ababa	58.77	26.32	13.16	1.75	100
	% with-in time taken for business	100	100	100	100	100

**Pearson chi<sup>2</sup>(6) = 24.8593 Pr = 0.000**

**Source: Own Survey Data, 2019**

Table 6 shows that percentage share of respondent who stayed in destination area for Less than Three years, between 3 to 6 years and above six years started their street business are 64.18%, 28.36% and 7.46% respectively. The Pearson chi-square showed that there is significant relationship between duration in the study area and the number of period taken to launch their street vending business at 1%.

#### **4.1.2 Street business type of the respondent**

Ethiopian cities play an increasingly important role in economic development, both in creating value added per person and in providing a better quality of life. As a developing country, the Ethiopian urban economy is largely characterized by the informal sector. Informal employment is the most widespread sector in the country. Among other, Street Vending business is one of the

informal sector business activities. Street vending business is rampant in Addis Ababa and these includes foods products, second hand clothes, shoes, vegetables and fruits, electrical equipments, equipments used for beautification, equipments used for household purpose and others. The study also revealed that Street Coffee & Tea Vending, Shoe-shining, and Street Cloth Vending are the three major Street business type engaged by the respondent in Yeka sub-city with 25.93%, 21.93% and 14.91% respectively. Street Shoe Vending and Lottery Vending are the least Street business activities practiced by the respondent with 5.26% and 7.89% respectively. The chi-square test result showed that, there is significant relationship between the street business type and income level of the migrants;  $X^2(7, N=114) = 70.2655Pr = 0.000$ . That means, there is strong relationship between income level and type of street business type in the study area.

#### 4.1.3 Trends of Migrants' current business

According to table 7, majority of the respondent have improved their business from previous business occupations (before migrating) representing 81.6%. Respondents who didn't know whether their businesses are progressing after migration are accounted 9.65%. According to the key informant interview conducted with street business individuals, it is because of respondent were either unemployed or didn't involve in paid business activities.

**Table 7. Distributions of respondents by Business trend after migrations**

How do you compare the current with previous occupation	Freq.	Percentages
There is an Improvement ( after starting business in Addis Ababa)	93	81.58
I don't Know	11	9.65
No Change	5	4.39
Declining than Previous	5	4.39
<b>Total</b>	<b>114</b>	<b>100</b>

**Source: Own Data Survey, 2019.**

Unlike improvement in their current business, there are respondents who responded as “No Change and “Declining from Previous” with equal share of 4.39% each. Some of them started these businesses to accumulate money for migrating to Arab countries and while the others due to low return from previous occupation in the place of origin.

#### 4.1.4 Sources of capital to start-up

The distributions of respondent's shows that 51.75% of respondents' sources of capital to finance their street business are coming from the assistant they got from friends and their relatives. Respondents' additional source of capital to finance their business generated from their own saving representing 35.09%.

**Table 8. Distributions of respondent by source of capital and types of business**

Type of Street Business		Source of Start Up Capital					Total
		Own Saving/Equib	Assistance from Govt/NGOs	Borrowing from Friends/Relatives	Borrowing from Money Lenders	Borrowing from Micro Finance Institutions	
Shoe Shining	Freq.	10	0	14	1	0	25
	% within the business	40%	0%	56%	4%	0%	100%
Street Tea & Coffee vending	Freq.	11	0	10	8	0	29
	% within the business	37.93%	0%	34.48%	27.59%	0%	100%
Street Cloth Vending	Freq.	7	0	8	0	2	17
	% within the business	41.18%	0%	47.06%	0%	11.76%	100%
Street Shoe-Vending	Freq.	2	0	4	0	0	6
	% within the business	33.33%	0%	66.67%	0%	0%	100%
Street Socks, Cosmetics and related	Freq.	6	0	7	1	0	14
	% within the business	42.86%	0%	50%	7.14%	0%	100%
Peanut Trading and Shoe-Shining	Freq.	3	1	9	0	0	13
	% within the business	23.08%	7.69%	69.23%	0%	0%	100%
Lottery Vending	Freq.	0	0	7	2	0	9
	% within the business	0%	0%	77.78%	22.22%	0%	100%

Others	Freq.	1	0	0	0	0	1
	% within the business	100%	0%	0%	0%	0%	100%
Total	Freq.	40	1	59	12	2	114
	% within the business	35.09%	0.88%	51.75%	10.53%	1.75%	100%

**Pearson  $\chi^2(28) = 43.5446$  Pr = 0.031**

**Source: Own Survey,2019.**

From the study it is also observed that money lenders are becoming sources of finance. 10.53% of respondents' yet remained borrowing from illegal money lenders. Assistance from Government & non Government agencies and microfinance institutions are not yet becoming major sources of finance to these rural migrants' who engaged in the street market. Their contribution is limited to 2.63% only.

According to table 8, the source of capital to finance the shoe-shining street business derived from borrowing from friend/relatives and own saving through Equib with 56% and 40% respectively. Moreover, the sources of capital for street cloth vendors are mentioned by the respondents are from borrowing from friends/relatives and own saving through Equib with 47% and 41% respectively. It was also mentioned by the respondent that lottery vendors' main source of capital to finance the business is borrowing from friends/relatives which represents 78%. The research shows that money lenders were considered as source of capital specifically for street tea and coffee vending business sharing 27.6%. As discussed earlier, the share of government & non government agencies and microfinance institutions to the migrants' is too minimal with 0.88% and 1.75% respectively. From the Pearson test Pr=0.031, P>0.005, No significant relationships is observed among the Source of capital and types of street business.

With regard to the level of income, the chi-square test result showed that, there is also insignificant relationship between the source of capital to finance the street business and the level of income earned with the street vending business;  $X^2(4, N=114) = 12.3472$  Pr = 0.015.

**Table 9. Distributions of Respondents by Source of Capital and business alternatives**

Do you Engage in another business than this	Source of Start-up Capital						
		Own Saving/ Equb	Assistance from Govt/NGOs	Borrowing from Friends/Relatives	Borrowing from Money Lenders	Borrowing from Micro Finance Institutions	Total
NO	Freq.	35	0	57	12	1	105
	% with-in alternate business engagement	33.33%	0%	54.29%	11.43%	0.95%	100%
	% with-in Source of Capital	87.5%	0%	96.61%	100%	50%	92.11%
YES	Freq.	5	1	2	0	1	9
	% with-in alternate business engagement	55.56%	11.11%	22.22%	0%	11.11%	100%
	% with-in Source of Capital	12.5%	100%	3.39%	0%	50%	7.89%
TOTAL	Freq.	40	1	59	12	2	114
	% with-in alternate business engagement	35.09%	0.88%	51.75%	10.53%	1.75%	100%
	% with-in Source of Capital	100%	100%	100%	100%	100%	100%
<b>Pearson chi2(4) = 20.3847 Pr = 0.000</b>							

**Source: Own Data Survey, 2019**

As indicated in the table 9, majority of the respondent (92.1%) do not engage in additional occupation than their primary business while the others engage in others business representing 7.9%. Moreover, 54.3% of respondents who didn't consider alternative business as their occupation are relied on borrowing from friends/Relatives to finance their business. Own Saving through "Equb" followed with the share of 33.3%. Around 56% of the respondents who are engaged in another business are getting the finance by themselves through "Equb". Pearson Chi-Square test shows that there is statistically significant relation between engaging in other business and sources of Capital.

#### 4.1.5 Income level of the respondent

According to the result obtained from the survey that, 94(82.46%) of the respondent are grouped under Low Income, below 555.60 ETB<sup>1</sup> per week and 20 (17.54%) leveled as Low Middle Income earner, between 556.20 to 2186.60 ETB.

**Table 10. Distributions of respondent by income level and type of street business**

Income level per week in Birr		Types of Street Business								
		Shoe shining	Street Tea and coffee vending	Street Cloth vending	Street Shoe Vending	Street socks, cosmetics & related	Peanut trading and shoe-shining	Lottery Vending	Others	Total
Low Income Group ( Below 555.60 ETB per week	Freq.	23	28	2	5	14	12	9	1	94
	% within business	92%	96.55%	11.76%	83.33%	100%	92.31%	100%	100%	82.46%
Low Middle Income Group ( between 556.20 to 2186.60 ETB) Per week	Freq.	2	1	15	1	0	1	0	0	20
	% within business	8%	3.45%	88.24%	16.67%	0%	7.69%	0%	0%	17.54%
<b>Total</b>	Freq.	25	29	17	6	14	13	9	1	114
	% within the business	100%	100%	100%	100%	100%	100%	100%	100%	100
<b>Pearson chi2(7) = 70.2655 Pr = 0.000</b>										

**Source: Own Survey Data, 2019**

The survey indicated that 100% of lottery vending, 100% of street socks vending, 96.6% of street tea and coffee vending, 92.3% of peanut trading and shoe-shining, 92% of Shoe-Shining, and 83.3% of street Shoe vending respondent are all low income group earner. Among other things, 88.2% of street cloth vendors and 16.7% of street shoe vendors are categorized under low middle income group. The Pearson test showed that there is a significant relation with income level of the respondent and types of street business they engage.

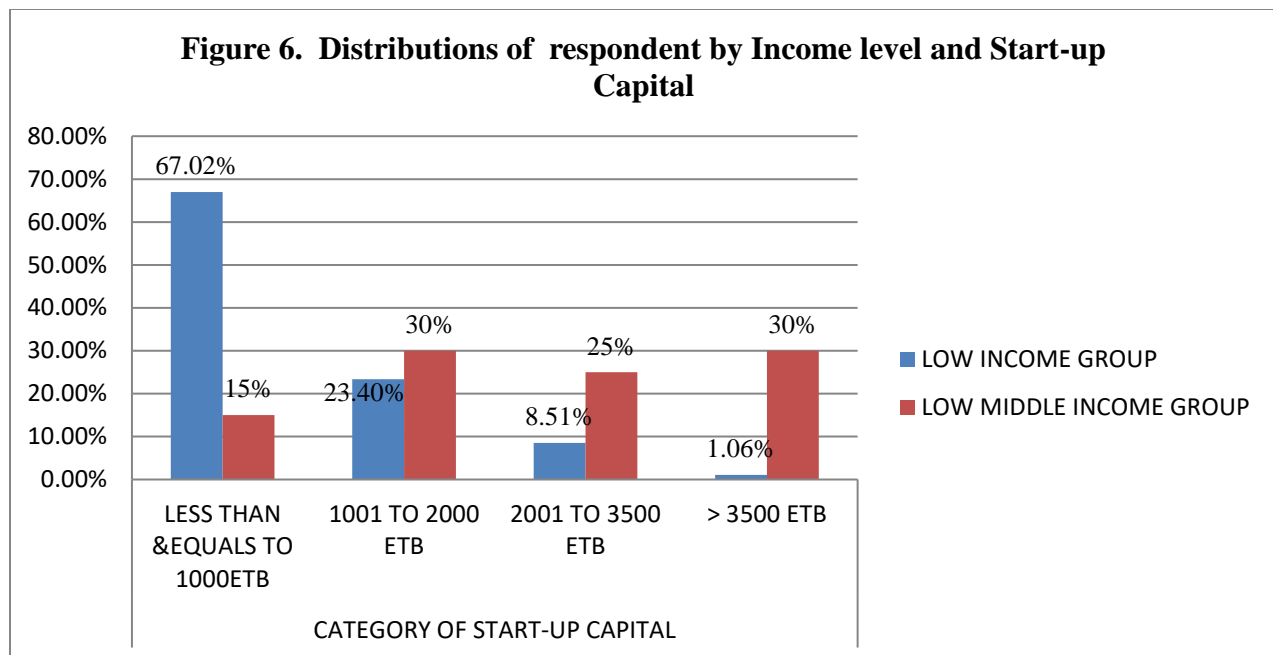
<sup>1</sup> The exchange rate was calculated on the basis of April 26,2019 and 1 USD converted by 27 by 28.75 ETB.

**Table 11. Distributions of respondent by income level and years of experience in the business**

Income Group		Years of experience on the business						Total
		1	2	3	4	5	6	
Low Income Group	Freq.	47	34	8	2	1	2	94
	% within income group	50%	36.17%	8.51%	2.13%	1.06%	2.13%	100
Low Middle Income	Freq.	12	6	1	1	0	0	20
	% within income group	60%	30%	5%	5%	0%	0%	100%
Total	Freq.	59	40	9	3	1	2	114
	% within income group	51.75%	35.09%	7.89%	2.63%	0.88%	1.75%	100%
<b>Pearson chi2(5) = 1.9103 Pr = 0.861</b>								

**Source: Own Survey Data, 2019**

According to table 12, 50% and 36.1% of low income group respondent have stayed one and two years in vending the street business respectively. Others respondents (3.1%) in low income group have five and six years of experience in providing the street business in the study area. Majority of the low middle income group respondents (90%) are less experienced in the street business sector. The Pearson test (  $P > 0.005$ ) revealed that there is no significant relation between the income level and years of experience.



**Source: Own Survey Data, 2019.**

According to figure 6, 67.2% Low Income Group respondent have started their business with 1000 ETB and less of it. 23.4%, 8.51%, and 1.06% of low income group respondent also started their street business the capital of between 1000 & 2000 ETB, between 2001 to 3500 ETB, and above 3500 ETB respectively. Moreover, 30% of Low Middle Income Group respondents budgeted to start their street business between 1001 to 2000ETB and Above 3500 ETB equally.

#### **4.1.6 Saving status of the respondent**

From the study, it is obtained that 11.4% of the respondent are saving between 10 to 50 ETB per week while 58.8% of the respondents are having the habits of saving between 51 ETB to 150 ETB per week. 21.93% of the respondents are also having the capacity to save beyond 151 ETB per week. Unlike the above options, 7.9% of respondent do not have the habit of saving during their stay in the street business. According to these groups, mismatch between their revenue and expense has enforced them not to save rather prioritize on their household consumption at different level.

**Table 12. Distributions of respondent by saving capacity and income level**

Weekly Income Per week		Saving Per Week					Total
		Nothing	10 to 50 ETB	51 to 100 ETB	101 TO 150 ETB	>151 ETB	
Low Income	Freq.	8	13	32	28	13	94
	% within income	8.51%	13.83%	34.04%	29.79%	13.83%	100%
Low Middle Income	Freq.	1	0	5	2	12	20
	% within income	5%	0%	25%	10%	60%	100%
Total	Freq.	9	13	37	30	25	114
	% within income	7.89%	11.40%	32.46%	26.32%	21.93%	100%
Pearson chi2(4) = 21.9228 Pr = 0.000							

**Source: Own Survey Data, 2019.**

According to Table 12, 34% and 29.8% of low Income Group respondent are saving 51 to 100 and 101 to 150 ETB per week while 8.5% of respondent in this group do not have the habit of saving from their street business earned Income. Moreover, 60% of Low Middle Income Respondent responded to save greater than 151 ETB per week and though there are respondents in this group who saves their portions of money from their income, No respondent was found who save between 10 to 50 ETB per week. The result shows that there is positive significant relation between the income level and saving variables.

#### **4.1.7 Respondents start-up capital to launch business**

The distributions of respondent regarding the start-up capital are categorized under the following manner. Respondents who started their business with 1000 ETB and below are represented 66 (57.9%). 24.56% of respondents started their street business with the capital between 1000 and 2000ETB. 11.4% and 6.14% of respondents launched their street business the capital 2001 ETB & 3500 ETB and above 3500 ETB respectively.

#### 4.1.8 Problems of migrants at the destinations

According to table 13, it is indicated that migrants' major problem in the destination while migrated for street business work. Among other Migrants are facing difficulties in accessing houses in destination sharing 38.6%. Percentages of respondent faced a problem in finding employment Opportunities are accounted 20.18%.

**Table 13. Distributions of respondent by problem in the destination area**

<b>What type of problem you encountered in Addis Ababa</b>	<b>Freq.</b>	<b>Percent</b>
Access for Housing	44	38.6%
Employment Opportunities	23	20.18%
Social Services (Health, education..etc)	14	12.28%
Unable to Cover Food and related cost	13	11.40%
No problem encountered in the destination	20	17.54%
Total	114	100

**Source: Own Survey Data,2019**

Among the respondent, 17.54% have reflected that they didn't face any problem in the destination area. There are migrants in the destination area that faced difficulties in benefiting the social services from the city administrations. They are represented with 12.28%. There are migrants who are challenged to cover their daily subsistence in the destination. These respondents are represented with 11.40%. Those migrants who had relatives in the destination area are benefited from the assistance of their relatives/friends in hosting them until they are familiarized with the urban situation and getting started the street business. Regarding Relatives/Friends living before migration, 70.2% of the respondents do have relatives /friends in the destination while they migrate to Addis and the rest of 29.8% do not have such arrangements.

#### 4.1.9 Challenges faced to street vendors in the operation area

In most cities, street vending is regarded as an illegal activity. There are municipal and police laws that impose restrictions on the street trading. Urban authorities do not take street vending as a profession. They impose restrictions on the use of urban space for street vending. Respondents are asked to describe their main challenges while vending the street business to the public before

starting and after starting the business. Before starting the business, respondents were thinking the following challenges to happen. Lack of working Capital (37.7%), Problems of Living Cost (25.4%), Inadequate Skills and Experience in the field of operations (22.8%), fear of Government police and private guards (7%) and Absence of Market Place (7%) are problems described by respondents.

**Table 14. Distributions of respondents by problems after starting business**

<b>Problems faced after starting your business</b>	<b>Freq.</b>	<b>Percent</b>
Housing difficulties	30	26.3
Shortage of Working Capital	23	20.2
Harassments from Government and Private shop guards	28	24.5
Absences of market Place	19	16.67
Access for Credit	4	3.5
Market Fluctuations/Low Return	6	5.26
Lack of Demand by the Public	4	3.51
Total	114	100

**Source: Own Survey Data, 2019**

According to table 14, 26.3% of respondents have faced problems of housing to live in. Respondents have mentioned that harassments are observed from government police and private guards on street vendors representing 24.5%. With a total percentage of 20.2, Shortages of working capital for business expansion and improvement are also problems associated with street vendors. Moreover, these street vendors have lacked credit access for their business. This means 3.5 % of the respondent mentioned that they are challenged with the provisions of credit access in the destination area. Market fluctuation/Low return of the market price and Lack of Demand of the product they are providing by the public with 5.26% and 3.51% respectively are also responses generated from respondent while asked to mention their challenges after starting business. The Same results are generated by Yared (2016). According to the result obtained from

him on his study conducted in Addis Ababa, Street vendors facing lack of working place, harassment and eviction from selling place by police and private shop guardians, lack of market, non-profitability of the business, lack of credit, lack of freedom and social security during operation of their business and cleanness of their working environment. The most alternative source of finance of the sampled vendors was borrowed from friends or relatives with above 35.17% of the respondent, followed by ‘Equib’ and assistance of friends or relatives 12.09%, and 24.18% respectively. The same results was also obtained by (Miltullah, 2003), major challenge facing street and informal traders is with site of operation and right to trading space, environmental condition, security, transport, municipal services, and finance. Results from Ethiopia Etsubdink(No Date) also showed that, harassment from government police and private shop guards is the major obstacle for street vendors.

#### 4.1.10 Respondents feeling on gender bias

According to the respondents, 62 (54.39%) believed that there is no gender bias on street vending business participants while the other respondents ( 45.61%) yet believes gender bias among the street vending business areas.

**Table 15. Distributions of respondents by attitudes on gender and sex variables**

Sex of Respondent		Is there any gender bias in the street business		
		No	Yes	Total
Female	Freq.	7	32	39
	% within gender	17.95	82.05	100
Male	Freq.	55	20	75
	% within gender	73.33	26.67	100
Total	Freq.	62	52	114
	% within gender	54.39	45.61	100

**Source: Own survey Data,2019.**

According to table 15, among the female respondents, 82.05% believes that there is gender bias in the street business area and others 17.95% of female didn’t feel as there is gender discrimination among the street business. Moreover, 73.33% of male respondents believe that there is no gender bias happening while the other 26.67% didn’t consider the existence of gender

bias in the street vending business. Hence, from the survey, male and female respondents are not equally feeling the existence of gender bias in the street business environment.

#### **4.1.11 Factors contributed for rural-urban migration**

Migration is a strategy for moving out of poverty that is accessible to the poor in rural Ethiopia. Different factor of migration are listed by different researchers making them group as push and pull factors. Both push and pull factors of migration in the study area will be discussed in the following sections.

##### **4.1.1.1 Push factors**

Respondents are asked to describe their reason for migrating to the study area from their place of origin. 44.7% of the respondents mentioned that they left their place of origin for Addis Ababa due to the Unemployment reason. Lack of better social service in their area of origin, and Family pressure shared 19% each contributed for push factors. Disagreement with families (10.53%), Poverty reason (7.02%), Lack of farm land (3.51%), and Marriage reason (0.88%) are others pushed factors where the respondents forced to migrate to the study area. On another study, Hayat, (2000) also argued that the poor performance of Agriculture sector enforced rural people to migrate. Similar results were obtained by Feleke (2005) on his study that rural vulnerability and limited livelihood resource opportunities are main reason for male migrants to Addis Ababa. According to the interview conducted with Male Street vending operators, unemployment and family pressure was their main reason for migrations. In Addis Ababa, they are unable to get rented house. Due to this, they preferred to get rented with groups whom they know each other. According to them, absence of market place made always risk their property and life. The street vendors are challenged with local police officers as they are harassed by them. On the other side, three street vendors (3 female) working on the street vending business of tea and coffee provisions have been randomly selected for in-depth interview while they are on their business vending. According to them they came to Addis Ababa from Wolaita Zone of SNNPR and East Gojjam of Amhara Regional State respectively. The former participants used to engage in farming activities being with their families. The major reason for female migrants to Addis Ababa was disagreement with families. There have been frequent disagreements among the family members as the parents were highly demanding them to support with financial means. Due to such case, both of them (neighborhood both in birth place and work area) left their place

of birth to Addis Ababa. Regarding their major challenge in working area, they are not happy with the government police as they are beaten by them. Their property also confiscated by police officers. Currently they are working with desperate manner as they are having low return from their business.

As observed on the street vending business around Megenagna and Hayat Square, their challenge was different on the basis of their street business they engaged on. Hence, street vendors such as Cloth, shoes, Socks, Electronics and different ornaments are facing problems with market place and harassment from government police officers and private shop guards. It was seen that the whole or part of their property either inherited or thrown away. They sometimes are observed while beaten and detained. Regarding those vendors like Fast food providers including Tea and coffee, it seems better than while comparing to the others. While comparing with the females, male Street business providers are mostly challenged by the police officers.

**Table 16. Responses of respondents’ push factors**

Push factors	Freq.	Percent
Unemployment Reason	51	44.74%
Lack of better Social services	19	16.67%
Lack of Farm Land	4	3.51%
Poverty Reason	8	7.02%
Family Pressure to migrate	19	16.67%
Marriage Reason	1	0.88%
Disagreement with Families	12	10.53%
Total	100	100

**Source: Own Survey Data, 2019**

#### 4.1.1.2 Pull Factors

According to table 17, majority of the respondents (55.26%) migrating to the destination area due to the employment opportunities they are looking for in the city. 24.56% of the respondents are migrated for searching of better income. Respondents (11.4%) also revealed that they are attracted to the social service being provided in the destination area. 8.77% of the respondent migrated due to the fact that they migrated to pursue their education in the destination area. The

Same results also obtained by Feleke(2005) that increasing opportunities for labor market and the presence of social support from the earlier migrants in the destination area pulled them to Addis Ababa.

According to the key informant interview conducted with the head of code enforcement of Yeka Sub city, street cloth, street shoes, different types of ornaments, electronics, shoe-shining, coffee and tea vending including fast food are major street business activities practiced in the sub city. The head also mentioned that migrants are easily joining the sector due to it requires less capital, doesn't require license, and would generate high profit. Peoples may sometimes come to Addis to spend their leisure time with their families or friends they might have a social connection with. But they will be attracted by the profit and decide to stay with them.

**Table 17. Distributions of respondent by migrants' pull factors**

Pull factors	<b>Freq.</b>	Percent
Education	<b>10</b>	8.77%
Employment Opportunities	<b>63</b>	55.26%
Availability of Better Social service	<b>13</b>	11.40%
Searching for Better Income	<b>28</b>	24.56%
Total	<b>100</b>	100

**Source: own survey data,2019**

## 4.2 Econometrics Analysis

### 4.2.1 Determinants of income level of street vending business

The main objective of this paper is to analyze the determinant factors of income level of the migrants in the street vending business on Yeka sub city of Addis Ababa. Rural peoples are still migrating to the city attracted by the income to secure their livelihood. Hence, determining the level of migrants' income in the street business environment will indicate the overall situations as it is their major concern while migrating.

Table 18 presents the results of the binary logistic regression coefficients of factors affecting the level of migrants' current income in the street vending business. A positive sign indicates that higher values of the variable increase the probability that the street vending business operators in the informal sector generate higher income and the lower the variables the less household become.

**Table 18. Results of the binary logistic regression model on determinants of income level of migrants**

*Number of obs = 114, Prob> chi<sup>2</sup> = 0.0000, Log likelihood = -7.530027*  
*Pseudo-R<sup>2</sup> = 0.8559, Wald chi<sup>2</sup> (14) = 204.50*

Current Income	Coefficients	Odds Ratio	Standard Error	Z	P> z
Age	1.183828	3.266857	1.767514	2.19	0.029**
Sex	-9.472479	0.0000769	0.0004259	-1.71	0.087*
Education	-2.492307	0.0827189	0.095839	-2.15	0.031**
Family Size	-0.038845	0.9618998	0.9671179	-0.04	0.969
Duration	-3.798585	0.224024	0.049552	-1.72	0.086*
Type of Employment	6.279251	533.3892	6310.325	0.53	0.596
Street business type	1.355567	3.878961	3.922279	1.34	0.180
Saving	0.0638035	1.065883	0.9363649	0.07	0.942
Source of startup capital	3.112338	22.47352	43.06853	1.62	0.104*
Start-up capital	-0.0040647	0.9959436	0.003246	-1.25	0.212
Years of Experience	11.19005	72406.11	441525.6	1.84	0.066*
Constant	38.29329	4.27e +16	6.06e+17	2.7	0.007

Source: Own Survey Data, 2019

Where: \*, \*\* and \*\*\* denotes levels of significance at 10%, 5% and 1%, respectively

Significant Variables that determine current income of the respondents were:

**Age:** was significant variable (at 5 percent significance level) that affect current income of the respondents and the odd ratio is 3.2668 with positive coefficient and is interpreted as when respondents age increases their income also increases by a factor of 3.2668, *citrus paribus*. Accordingly, as the street vendors who are engaged in different business get older their income that they are earning will also increase by the factor of 3.2668 other things remained constant. In the study, relatively, older women have engaged in tea and coffee vending business.

**Sex:** was significant variable (at 10 percent significance level) that affect current income of the respondents and But the odd ratio is 0.0000769. Even if Sex is significant variable, its effect is not much influential on the dependent variable. This means that sex variable do not influence the level of income. Whether the street vending business is worked by men or women, the effect on generating income do not depend on their sex.

**Education:** was significant variable (at 5 percent significance level) that affect current income of the respondents. The odds ratio is 0.0827 and the coefficient is -2.492307. It is interpreted as when respondents are being educated their income decreases by a factor of 0.0827, *citrus paribus*. The study indicated that educated street vendors are less likely income earner in the street business than less educated vendors.

**Duration:** Duration is significant variable (at 10 percent significance level) that affect current income of the respondent. The odds ratio is 0.02240 and the coefficient is -3.798585. It is interpreted as the migrants stayed longer period in the destinations, their income decreases by a factor of 0.02240, other things remained constant. Total number of years stayed in Addis Ababa has negatively related with the incomes of street business. The more senior residence in the destination the less income earned in the street vending business. .

**Source Start up.** This Variable is significant (at 10% of significance level) that affects the respondents' current income level. The odds ratio is 22.47352 and the coefficient is 3.112338. The variable source of startup capital is positively related with the income variable. As the source of capital is owned by the respondent themselves and not going to be paid, the income level increases by a factor of 22.47352, other things remained constant.

**Years of Experience.** It is significant at 10%. It also affects the level of respondents' income. The odds ratio is 72406.11 and the coefficient is 11.19005. The variable years of experience has a positive relationship with Income Variable. This is to mean that when respondents stayed longer periods in vending the street business, their income increases by a factor of 72406.11, other things remained constant.

In general, the result of the regression reveals that variable age, sex, education, durations of stay in Addis Ababa, source of start-up capital, and years of experience in the business have statistically significant effect on income level of the migrants' engaged in the street business. Different results are obtained from Dipak Bahadar (2012) in Nepal that number of employed, and investments have a significant & positive relation with street vendors' income while education level has a significant effect on income but negative relation.

## CHAPTER FIVE

### 5. CONCLUSIONS AND POLICY IMPLICATIONS

#### 5.1 SUMMARY AND CONCLUSIONS

During the last few decades, the informal sector has been growing fast in Addis Ababa, Ethiopia due to the influx of many young workers into the sector who come from rural areas of the country with the expectation of a better life in the city. The informal sector employment includes casual, temporary jobs such as lottery selling, street vending, petty trade and other similar activities - coping strategies and earning strategies to escape food poverty. The informal sector is believed to play an important role in food security as it provides jobs, reduces unemployment, bolsters economic activity, and alleviates poverty.

There are numbers of migrants migrated from SNNP, Amhara and Oromia regions. Migrants from different regions experienced different types of street business and also different with sex. Young migrants are preferred to engage in less capital supported business such as shoe-shining and tea and coffee vending for Male and Female respectively. These migrants preferred to engage what has been started and recommended by their senior friends /relatives. Men are observed to work longer hours than women. They spent their time to generate more Income for their livelihoods. But yet, they still under the low Income group. Migrants are launching their street business in very short period of time and little capital as most of them are engaging in Shoe-shining and Provisions of Tea and coffee. Most of them are primary education completed.

Street tea & coffee vending, shoe-shining businesses and street cloth vending business are the three mostly practiced activities in the study area. Migrants who are operating the street business are getting the finance either from borrowing from friends/relatives or own saving through Equib. The contribution of microfinance institution and government agencies was found to be minimal. Most of the streets vending business operators are except with some street cloth vending is grouped under low income.

Housing problems are identified as major challenge in the destination area as they are unable to get a suitable house rent. Existence of such problems has aggravated the housing availability to the host communities of Addis Ababa. Harassment from Government office and private shop guards are also migrants challenge in the study area. The sector seems much ignored by

government policy. Lack of Market place and inadequate start-up capital are also major problems. Unemployment, lack of better social services, and family pressures are prioritized pushing factors of migrating from rural to the city. Since rural peoples were lacking the aforementioned services in their origin of place, they attracted to the cities. They are attracted to get employment opportunities, searching for better Income and better social service in the destinations.

In general, variable age, sex, education, durations of stay in Addis Ababa, source of start-up capital, and years of experience in the business have statistically significant effect on income level of the migrants' engaged in the street business in the study area.

Therefore, migrant's involvements in the street vending business have contributed to sustain their life in the destinations areas despite of multiples of challenges existed. Hence, improving the street vendor's situations in improving their life situations either in their place of birth or in the destination areas should be prioritized.

## 5.2 POLICY IMPLICATIONS

Having concluded the objectives of the paper in the afore-mentioned ways, the following policy recommendation is recommended.

- ✓ It is recommended that creating linkages with woreda level TVET and private based potential manufacturing Industries. Majority of the rural Unemployed young are primary education graduate. Hence, appropriate short term courses have to be organized with revision of curriculum so that it will address the capacity of these unemployed younger. After graduation, short term trained young will be employed in those selected industries with an agreed scenarios.
- ✓ **Institutionalize the system:** Regulations should not grant unrestricted powers to police officers to set fees or fines. Capacity building should be offered to police officers and street vendors so that all parties understand street vendors' rights along with their obligations. It will also help street vendors shift in to formal business. The City authorities should also work with street vendors and their organizations to identify regulations that appropriately address the practical reality of the work process and the

role of vendors in the urban economy, and effectively protect vendors' basic rights to livelihood and property.

- ✓ Facilitating credit sources to mitigate financial problems of the poor will also be essential. This will finally help vendors stop relying on informal means of financings and start working with formal sectors of business.

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# ANNEXES

## ADDIS ABABA UNIVERSITY

### CENTER OF DEVELOPMENT STUDIES

#### DEPARTMENT OF RURAL LIVELIHOOD AND DEVELOPMENT

The purpose of this study is to determine the level of migrants' incomes who are engaged in the street vending business in Yeka Sub-city. Your genuine response is vital for the successful accomplishment of this objective. Thus, you are kindly requested to answer the questions. I would like to assure you that your response will be used solely for academic purpose. Thank You!

#### **I. Explanatory Survey Questions for Migrants engaged in the street vending business**

##### **A. Demographic**

1. Age of the Street business provider.
2. Sex
3. Where is your birth place? From which Region /Woreda do you came from
4. What is the highest level of education that you have completed?
5. Marital status A. Single B. Married C. Widowed D. Divorced
6. What is your Family size?
7. How long did you live at this place, in Years?

##### **B. Business Engagement**

8. What was your occupation before coming to Addis? A. Unemployed B. Farming  
C. Daily laborer D. Petty traders. E. Government employee. F. Other, specify
9. Type of employment A. Self employment B. paid employment
10. What type of street business are you engaging now?
  - a. Shoe-shining b. street tea and coffee vending c. street cloth vending d. street shoes vending e. street socks, cosmetics, and related f. peanut trading and shoe-shining g. lottery vending h. Others
11. Do you engage in another business than this? A. Yes B. No
12. If yes, Can you mention please

13. How do you relate/compare your present occupation with previous business? A. No Change  
B. There is an improvement C. Declining than previous

**C. Income, Savings and expenditure**

14. What was your income on weekly in Birr?  
15. Was it sufficient to fulfill your household requirements? A. Yes B. No  
16. How much income do you earn per week in Birr? A. Less than 555.60 ETB per week B.  
Between 556.20 to 2186.20 ETB Per week  
17. How much do you spend for your expenses per week in Birr?  
18. How much are you saving on average per week in Birr?A. Nothing B. From 10 to 50 Birr.  
C. From 51 to 100 Birr D. From 101 to 150 Birr E. More than 151 Birr  
19. What was the source of this start-up capital? A. Own Saving “Equb” B. Assistance from  
Gov’t/NGOs C. Borrowing from friends/Relatives D. Borrowing from Money Lenders E.  
From Micro Finance Institutions F. Other source, specify  
20. How much was your start-up capital while running your current business in Addis? \_\_\_\_\_  
21. How many years did you spend on this activity? \_\_\_\_\_ Years  
22. What is your business hour per day?  
23. What is your number of days per week?

**D. Migrations Situations**

24. Had any of your relatives/friends lived here before you came? A. Yes B. No  
25. What types of problem you faced while you arrive in Addis?  
A. Access for Housing  
B. Employment Opportunities  
C. Social services ( Health, transport, and others)  
D. Unable to cover Food and related cost  
E. No problem at all  
F. Others , specify  
26. How long it took to launch your business?  
27. What were the serious difficulties you faced when you started this business? Multiple answer  
is possible  
A. Lack of start-up capital  
B. Inadequate skills /experience.

- C. Gov't police and private Shop guards
- D. Problems of Living Cost
- E. Other (specifies)

28. What were the serious difficulties you faced after you have started this business?

/Multiple answer is possible

- A. Housing
- B. Shortage of working capital
- C. Harassment from Gov't police and private shop guards
- D. Market place
- E. No access to credit
- F. Market fluctuations /Low Return
- G. Lack of demand
- H. Other (specifies) \_\_\_\_\_

29. How are you treated by the municipal authority? And, how do they see your trading sites?

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30. What are the pushing factors for your migrations?Multiple answer is possible

- A. Unemployment reasons
- B. Lack of better social services
- C. Lack of Farmland
- D. Poverty
- E. Family Pressure to migrate
- F. Forced marriages
- G. Internal Displacement
- H. Others, Specify

31. What are the pulling factors for your migrations?Multiple answer is possible

- A. Education
- B. Employment opportunities
- C. Better social service
- D. Better Income
- E. Family reunifying

F. Others, Specify

**II. In-depth interview for Key Informant Interview ( Guide for Yeka Sub city Government Officials )**

Name\_\_\_\_\_Age\_\_\_\_\_Sex\_\_\_\_\_Profession\_\_\_\_\_

Position\_\_\_\_\_Work experience\_\_\_\_\_

32. Major street vending business in the areas?

33. What are migrants' major reason for migration

34. What are the major problems of rural-urban migrants facing in this woreda?

35. What measures does your office to alleviate the problems?

**III. In-depth interviews guide for migrants' engaged in the street business vending**

36. When do you come to Addis Ababa?

37. What motivated you to come to Addis Ababa?

38. What challenges did you face in destination area?

39. Do you have any negative influences from police andkebele officials regarding your work?

40. What is your reason for choosing Yeka sub-city

**IV. Checklist for observation**

41. Migrants' challenge while working as street vendors.

**Thank you!**

**Addisu Abebe**

## DECLARATION

I, undersigned, declared that the thesis entitled "**ANALYZING RURAL-URBAN MIGRANTS' INCOME LEVEL IN THE INFORMAL SECTOR: THE CASE OFSTREET VENDOR OF YEKA SUB-CITY OF ADDIS ABABA** " is my original work and has not been presented for any program in any other institution and ,all sources of materials used for this thesis have been properly acknowledged.

**Declared by:**

Name: Addisu Abebe

Signature: \_ \_ \_

Place: Addis Ababa

Date: September ,2019