

**THE URBAN INFORMAL SECTOR IN
NAZARETH TOWN : THE CASE
OF WOMEN PETTY TRADERS IN
“GIMB GEBYA”**

**A Thesis Submitted to the
School of Graduate Studies
Addis Ababa University**

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**Addis Ababa University
School of Graduate Studies**

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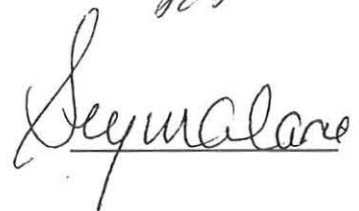
**BY
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ABSTRACT

The last two decades have witnessed an enormous influx of urban women into various income-generating activities in major towns like Nazareth. Though this observation has been acknowledged in many circles, no particular attention or reference has been made to women's participation in petty trade activities in the urban informal sector. A number of key issues pertaining to the stresses and strains experienced by these women in trying to make ends meet remained unaddressed and unresolved.

Hence, the main purpose of this study is to understand, analyses and draw attention to the situation of petty trade women in Nazareth "Gimb Gebya". The study sharply focused and sought to know the characteristics of women petty trader, particularly their socio-economic status, the nature of their activities and factors determining sustainability of women informal sector activities. In doing so, the study had an over all objective of proposing viable government policy interventions aimed at enhancing the productivity of women petty trader activity.

In order to achieve this objective, a sample of 200 women petty trader were selected and relevant data were gathered mainly through questionnaire and analyzed using descriptive statistics, and inferential statistics.

The finding of the study revealed that, most of these petty trader in the study area tend to be young, less educated, migrant and dominated by the ethnic group i.e. Gurage. The study also revealed that the majority joined the informal sector due to economic hardships and family responsibility. The majority of women businesses were owned and managed by the women themselves and use their own saving more often to finance the start up of their business. They tend to have little or no access to credit institutions, to formal training and to many public services and amenities.

The study also revealed that the level of success interms of growth, expansion and the amount of income generated in a month depended on several factors. It was found that, Education, Marital Status, Migration Status, Family Size, Size of Initial Capital; Type of business location; keeping of records, ownership of property determined the amount of income or profit margins of women petty trade activities. This means that any development programme which focuses on women petty trader should consider the strategic and practical need of women.

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Abbreviation

AAU	=	Addis Ababa University
CERTWID	=	Center for Research, Training and Information on women Indevelopment.
ILO	=	International Labour Organization.
JASPA	=	Jobs and Skills Programme for Africa.
NCC	=	Nazareth City Council
NGO	=	Non Government Organization.
ECA	=	Economic Commission for Africa.
UN	=	United Nations.
UNDP	=	United Nations Development Programme.

Definition of Terms

Apprentice :- includes production, administrative and service workers who working to gain experience with or without payment.

Entrepreneur :- is a person who owns, organizes manages and runs an enterprise assuming the risk of a business.

Equb :- is a traditional financial arrangement which operates as a revolving fund.

Gullit :- is one type of a petty trader (in most cases retail) activity where the activity is usually carried out in an open air on raised flat surfaces and on the road sides. However, there are some Gullit where that have sheds mad from simple materials such as fabrics, canvass, plastics, wood --- etc.

Gimb Gebeya :- is the name of the study market and literally means "Gimb" (fenced) and Gebeya (market) and hence fenced market.

Initial Capital :- A capital that has been contributed by the Individual Owner at the start of the operation of the activity. Initial capital could be cash or assets .

Injirera :- is a traditional pancake which is made of tef; a stable crop in Ethiopia.

Idir :- An association organized to support each other during death.

Kebele :- is the lowest administrative unit of urban administrative structure in Ethiopia.

Kollo :- roasted cereal.

Mitad :- A flat clay material which is used to bake Injera.

Operator :- An individual who owns and / or runs an Informal sector activity.

Retail – trade :- This division includes the resale (sales without transformation) of new and used goods to the general public for personal or household consumption or utilization.

Unpaid family worker :- A member of a household who is working for the activities of the household without payment.

CHAPTER ONE

1. INTRODUCTION

1.1. Background and Statement of the research problem

Across the world, the least developed countries share one major challenge: the provision of gainful employment to the large and rapidly growing urban labour force and increasing household income (Jorgen; 1996:1). Regrettably, inspite of the attention devoted to employment, unemployment appears to have become chronic and intractable.

The situation is most severe in the least developed countries of Africa. According to recent study, unemployment in the continent of Africa increased from 7 percent in 1978 to 22.8 percent in 1990 and it is projected to reach 30 percent by the year 2000 (UNDP; 1995:p.7) with most of the unemployed being women and youth. The same source further indicates that the unemployment rates of women in Africa is three times as high as that of men.

Like several developing African counties Ethiopia has the same unemployment problems which result from economic stagnation and decline. In addition, there is unique Ethiopian situation which is the result of two developments. This is clearly pointed out by ILO study in Ethiopia as follows.

On the one hand, war and destruction, persistent drought and environmental degradation and lack of sectoral output growth and investible funds in the economy have seriously constricted the growth of labour demand. On the other hand high rate of population growth, the eviction of large number of Ethiopians from Eriterea, large scale

retrenchment in the public economy and the economic dislocation and subsequent migration from rural areas have increased the rate of growth of labour supply (ILO/JASPA; 1993)

As a result of this unfortunate imbalance between demand and supply in the labour market, the proportion of unemployed and underemployed people in Ethiopia is growing rapidly and is reflected in the prevailing state of mass poverty and economic retrogression.

According to the census results of CSA for the period 1984 and 1994, it is found that the level of unemployment in the country has increased from 169,621 in 1984 to 779,522 in 1994, which is a significant increase (CSA; 1984 and 1994).

The problem is observed to be more serious in the urban areas than in the rural setting due to the rapid rural-urban migration as well as the undiminished fertility of the urban population. The same source further indicated that, while the level of unemployment has increased five fold between 1984 and 1994 in the urban areas, it has increased only three fold in the rural areas for the same period. (Ibid: 1984 and 1994)

While unemployment in the urban areas is a critical problem for the population at large the impact on women is especially pronounced. A further look at the incidence of unemployment by sex, from the census result (CSA; 1984 and 1994) show that in urban areas the rate of unemployment for females was 9.49% while it was 6.84% for males. The corresponding rates of unemployment in 1994 were 24.21% for females and 20.51 for males. This implies that females were more affected by the incidence of unemployment than their male counter parts over the time period being investigated.

In Ethiopia, as in many developing countries, women have always faced many constraints when searching for employment either in the public or in the private sector of the economy. They are disproportionately underrepresented in the formal public sector and they are more represented among the less educated and unskilled laborers. According to the 1994 census, among government employees only 27.3 percent are women (CSA; 1994). Women are grossly under represented in professional and technical categories. For instance, the proportion of urban women in professional category is 16 percent while they are 28% in technicians and associate professional category (Table 1) Females form only 14.5 percent of the legislators, senior officials and managers.

The statistics from federal civil service confirm that the participation of women in the formal sector is very low. Out of the total number of 303,590 civil servants in the country, women employees account for only 86,756 (28%) (Mahtsente, 1999 cited in NOP, 1999). Furthermore, the statistics revealed that the overwhelming Majority (98.2%) of women civil service employees' work as secretaries, cleaners and other low level jobs.

Table 1: Economically active population ages 10 years and above by place of residence and sex, 1994

Major Occupaton Groups	Sex	Total		Urban		Rural	
		No	%	No	%	No	%
Economically active	Male	14,711,261		1,373,531		13,337,728	
	Female	11,171,936	43	892,692	39	10,279,247	43
Legislators, senior officials & managers	Male	43,451		38,839		4,613	
	Female	6,984	14	6,724	15	260	5
Professionals	Male	37,932		36,395		1,536	
	Female	7,577	17	7,076	16	501	24
Technicians and Associate professional	Male	166,503		125,845		40,655	
	Female	58,207	17	50,179	28	8,028	17
Clerks	Male	61,061		54,685		6,377	
	Female	50,768	26	49,200	47	1,568	20
Service workers & shop and market sales workers	Male	369,420		296,995		72,423	
	Female	607,954	45	331,677	53	276,277	79
Skilled agricultural and fishery workers	Male	10,649,884		175,381		10,474,503	
	Female	7,570,838	62	66,810	27	7,504,027	42
Crafts and related trades workers	Male	285,291		225,654		59,638	
	Female	280,222	41	112,998	33	167,224	74
Plant and machine operators and assemblers	Male	99,016		87,901		11,114	
	Female	10,612	49	9,180	9	1,432	11
Elementary occupations	Male	2,880,797		250,181		2,630,616	
	Female	2,482,063	10	203,959	45	2,278,105	46
Not stated	Male	117,906		81,654		35,252	
	Female	96,711		54,889		41,825	

Source: Central Statistical Authority (1998)

There are numerous reasons for the segregation of the labour market, most of which are deeply rooted in social attitudes and traditional thinking towards gender roles. These include women's low level of marketable skills as a result of limited or no education and training, limited access to credit and employers attitudes towards women including the expectation of higher labour costs due to maternity leave and high absenteeism due to family responsibilities. Most important, entry into the formal sector has been limited by low level of expansion of the formal sector itself. Empirical

evidence in Ethiopia has shown that the expansion of the formal sector has been sluggish and therefore incapable of absorbing the rapidly expanding population.

Because of the limited capacity of the formal economy to provide sufficient employment coupled with women's domestic responsibilities and their low level of education and skills women are turning to the informal sector both in the rural and urban areas, as the only viable alternative for employment and survival. It can be observed from the data in Table 1 that women are mainly engaged in the informal sector activities as crafts and related trades activities, service workers and shop and market sales workers.

In addition, the urban informal sector sample survey of CSA (1996) confirmed that, the participation women in the informal sector is high. Out of the total number of 584,911 of informal sector operators in 48 major towns of the country, women account for 383,511 (65.57%).

The recent increase in the number of female entrants into urban informal sector is also attributed to many other factors which are related to the changing socio-economic situation in the country. In particular the following factors have and will continue to exert considerable pressure on women to join informal sector. These are:

1. The widening of the gap between a fast expanding labour force and a slow rate of job creation in the formal sector. The gap is likely to widen in the future because of the abolishment of government policy on guaranteed employment, the freezing of employment in the civil service since recent years and an impending re deployment in the public sector.

2. The continuing fall in real wages within wage employment sector as and low income which is not enough to sustain the livelihood of their households. Consequently, women have to supplement, this by engaging in various trading activities in the informal sector.
3. Increased rural-urban migration due to deteriorating conditions in rural areas. In addition Nowadays women are increasingly becoming heads of households obliged to support their families. It is therefore inescapable for them to engage in informal sector activities as the only alternative to earning income in order to raise their children.
4. Above all, ease of entry, flexible working conditions and small initial capital requirements help explain why women especially those heading house holds predominate the sector.

Given the harsh economic situation currently prevailing in the country, the informal sector will generally continue to play even a greater role in peoples socio-economic lives. Women economic activities in such enterprises are a major source of income and an important element in a diversified survival strategy for an increasing number of households in urban areas.

In Nazareth, the last two decades have witnessed an enormous influx of urban women into various trading activities. The urban informal sample survey of CSA (1996) indicated that, out of the total 12,129 people engaged in informal sector, about (57.38%) are females.

In spite of the involvement of women in informal sector there are still several problems facing them in their efforts to upgrade themselves into a situations where incomes are higher, working conditions dependable. While many women start small scale businesses very few women are able to sustain these businesses. It has also been observed that the majority of small scale business owned and managed by women do not grow beyond their original size. Their stocks often dwindle as the working capital is consumed instead of being re-invested for further expansion of their businesses. While this situation may be attributed to the very characteristics of the informal sector, some of the factors are external to it. Currently it is not known what factors are responsible for the stagnation or deterioration of the majority of women's business activities.

Though this observation has been acknowledged in many circles, no particular attention or reference has been made to women's participation in petty trade activities in the urban informal sector. A number of key issues pertaining to the stresses and strains experienced by these women in trying to make ends meet remained unaddressed and unresolved. However, although it has been widely documented that women are engaged in a variety of informal sector enterprises in the urban areas. (CSA; 1994; ILO/JASPA; 1986; CSA; 1996) little qualitative and quantitative data have been collected to provide clear insights into the Choice, planing and implementation of these activities, the characteristics of the entrepreneurs, and income variation among the entrepreneurs. In addition, there has been very little information on what goes on within a typical informal sector operator household, how resources are controlled and income distributed.

In view of these gaps in knowledge about the informal sector women entrepreneurs, this study attempted, inter alia, to generate information pertaining to the stresses and strains experienced by urban women in trying to make ends meet in a deteriorating Ethiopian economic environment.

1.2. Objectives of the Study

The research is undertaken with two broad objectives in mind: To identify the characteristics of urban women entrepreneur and economic activity they perform on the one hand and to identify some of the major problems which entrepreneurs face, the type of assistance needed and possible solution to their problems.

The Specific Objectives were:

1. To examine the factors that led women to join the informal sector.
2. To identify the socio-economic and demographic characteristics of these women.
3. To find out the sources of capital of women in the informal sector.
4. To examine the nature of business carried by women in the informal sector.
5. To determine the social and economic factors which impede the sustenance and growth of female owned business, in the informal sector.
6. To investigate the major determinants of earnings of women petty traders.
7. To suggest some institutional and economic measure that need to be in place to improve women petty traders.

1.3. Justification for the study

One of the justifications for studying women petty trader is that, the last two decades have witnessed an enormous influx of women into urban informal sector in Nazareth.

Though this observation has been acknowledged in many circles, no particular attention or reference has been made to urban women participation in this sphere. A number of key issues pertaining to urban women entrepreneur in petty trade have consequently remained undressed and unresolved. Understanding, analyzing and drawing attention to such issue is timely.

In addition, these low income urban women have tended to be ignored and rarely benefit from the government development expenditures. They are the poor elements of the society. How to get economic development efforts to benefit this group lead to the interest of the researcher to study the informal sector women operator. It is believed that the identification of these poor women and their activities would help them designated economic development targets to which economic development efforts could be directed.

Hence, It is hoped that this study would lead to the formulation of relevant policies activities, promotion of women participation in business and the creation of organized employment opportunities for women in the urban areas.

1.4 Research Hypotheses

The following were the hypotheses pertaining to the determinants of monthly earnings of women petty traders.

1. The Social-demographic Characteristics of women petty trader significantly determine the level of women's monthly earning. These are:
 - human capital variables like Education, Age,
 - Martial status, Migration, Family size,

2. The Social-Economic Characteristics of women petty trader significantly determine the level of women's monthly earning: These are
 - Owning property, Contribution or support from other family members
 - Number of dependents
3. Business characteristics of women petty trader like Initial capital, Type of Location, keeping record, Number of years in business significantly determine the level of monthly earnings.
4. Institution Related variables like women's access to credit, Government support significantly determine the level of monthly earnings.

1.5 Research Methodology

1.5.1 Data Sources

The study used both primary and secondary data in analysis. The first phase of data collection exercise involved drawing basic background information on the history of the town, the demography of the town, the general economy and the general profile of informal sector of the town from secondary data including official documents of Nazareth City council, CSA reports, MA Theses Secondly, a review of various types of literature on informal sector in general and on women's small scale informal activities in urban areas in particular was obtained from different ILO publication, CSA Urban informal sector survey, CERTWID publication on women in the informal sector and other. The main body of information, i.e., the primary data, was collected through questionnaires and relevant data on socio-demographic and economic profile of women petty traders, the character of their business, the source of capital, income level, obstacles to business were gathered.

The questionnaire was translated into Amharic and pre-tested before the final survey was conducted. Based on preliminary survey results the questionnaire was modified and improved upon. After the necessary modifications, the questionnaire was administered by enumerators during the field survey. The enumerators were selected on the basis of their personal characteristics and educational level (all are high school graduates). Acquaintance with the town and above all with the study area is also taken into consideration. They were given adequate training on how to approach the interviewees and gather the required information correctly moreover, their performance was closely supervised by the researcher.

1.5.2 . Sampling and Survey design

The target population for the survey was women traders aged fifteen and above in “Gimb Gebya” in Nazareth. The lower limit of 15 years was used because females below fifteen years were considered to be too young to participate in the informal sector. No upper age limit was set as it was assumed that older women can also participate in the activity.

According to the information obtained from the Municipality of Nazareth, the list of all women petty traders is not available except those who have stalls and shops. A large number of women however are found working without stalls and shops. Thus the author constructed sampling frames using a census method even though it was difficult to locate those mobile activities like second hand clothe venders. A total of 600 women were found engaged in different trading activities. Manageable sample size of was determined as 33% of the total giving a sample size of 200. This sample size of 200

women petty traders were selected using stratified random sampling and a uniform sampling fraction (see Table 2).

Table 2: Respondents selected for interviewing in Nazareth by commodity group

	Activity group	Size	% Share	Sample Size
1	Fruit and vegetable	198	33	66
2	Selling Injera, Bread; kollo	70	11.66	23
3	Other food items	165	27.5	55
4	Selling Charcoal	16	2.66	5
5	Selling raw material for local drink	36	6	12
6	Second hand cloth seller	64	10.66	21
7	Houses hold utencile	51	8.5	18
	Total	600	100	200

Source: Authors' over head count (February, 2000)

1.5.3 Method of Data Analysis

The data gathered through primary sources was analyzed continuously as the study progressed. The first stage of data analysis comprised the preparation of code book for the questionnaires. The questionnaires were edited, coded and analyzed using the (SPSS) computer programme. The analysis was aimed at disclosing the characteristics of women entrepreneur and the nature of their economic activities. In order to perform the above an analysis, descriptive statistics were utilized. This includes frequencies, percentage, mean. In addition the research sought to disclose determinants of women monthly income. In order to identify variables which affect monthly earning of women, the study used Bi-variate analysis based on chi-square test, multiple regression and step-wise regression model. In addition, tables are used to show the results of the analysis and facilitate the interpretation of the data figures are used to present visual impression of the study area.

1.6 Problems and Limitations of the study

This study was centered on women participating in income generating activities. In most case, these women were too busy with their customers to avail themselves for interviews. Appointments were made for later days or time, when they were free, this slowed the pace of the research.

The original questions were written in English and translated into Amharic during the interview. In the process of translation or elaboration some questions lost their original meaning. This forced the interviewers to explain further and this wasted a lot of time which had been allocated for research.

The section of research that attempted to know the amount of income gained by women in a month was fraught with problems. Women were not willing to disclose the amount of money they gained. They were often suspicious of the motive of the survey. Most of them were probably evading taxation & did not want to disclose all their (sources of income). Hence the income data reported in the study has to be seen in light of these.

1.7 Organization of the Theses

This thesis is organized in seven chapter, In the first chapter, attempt has been made to state the background of the study, to define the problem of the study; determine the aim and objective of the study; and indicate the research process through which it has been achieved.

Chapter two deals with the review of Literature on conceptual definition of informal sector; women's work in the informal sector in general and Factors which affect the income-generating potential of women entrepreneurs in the informal sector.

Chapter three presents a general backgrounds to the study area, Nazareth chapter four, five and six are devoted to data presentation, discussion and an analysis of findings.

The final chapter presents review of the major findings, conclusion as wells suggestions for policy measures and further research directions.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Concept and definition

Since the pioneering studies of the International labour organization (ILO) (ILO: 1972) and Hart (1973), the literature on the informal sector has grown phenomenally. Considerable work has been done on issue of definition, size, composition, implications for policy and economic indicator and the link which the informal sector has with the formal. This has contributed to a fuller understanding of the phenomenon of the informal sector in different national and cultural contexts.

In spite of the growing recognition of the informal sector, it has so far proved impossible to reach a clear and generally accepted definition of the concept. There is far from universal agreement on what constitutes an "informal activity" or what distinguishes it from a "formal" production unit. The different approaches to the concept of informal sector can be organized as follows.

1. Approaches that identify, formal-informal dualism on the basis of specific empirical characteristics of activities, organization, production and technology. This approach has been widely applied in studies of developing countries.
2. Critiques of the dualistic characterization mentioned above, consider the informal sector to be a system of production closely related to and depended on the rest of the (capitalist) economy. The economy is characterized as being fragmented with

many inter connected sectors rather than as being divided into two distinct (formal and informal) sectors. The form of employment or the wage labour relation is considered important in demarcating different sectors.

3. In the context of developed countries, small scale and informal enterprises have been associated with flexibility of labor use. This has been termed the 'flexible specialization approach'
4. The characterization of informal sectors by absence of regulation and state recognition is the one that is gaining ground. This approach has been applied to both developing and developed countries.
5. Another element in contemporary literature is the "multiple mode of livelihood" (MML) approach.

These five sets of views have several overlapping features but each differ in the emphasis placed on different factors associated with the informal sector.

2.1.1. Dualism in the Urban Economy: the ILO and other approaches

Research on activities encompassed by the term "informal sector" grew out of studies, in the fifties and sixties, on the dualistic nature of developing societies. The concept of dualism or a dual economy relates to various asymmetries in organization and production, and dualism in the structure of an economy as between traditional and modern, peasant and capitalist sectors was considered to be a distinguishing characteristics of developing countries. Development was seen interms of a shift from a traditional to a modern, from an unorganized to organized, from subsistence to a capitalist economy (Lewis;1954; Jorgenson;1961; Harris and Todaro 1970).

The formal / Informal dichotomy is probably the latest of the dualistic models to come to the development literature. The distinction between formal and informal activities emerged from the attempts of scholars to apply the dualism frame work to labour markets in urban areas of developing countries. The emphasis on urban labour markets was derived from dissatisfaction with development policies that were slow to trickle down and that left a large pool of visibly unemployed. Problems of urban unemployment and under employment, of the working poor, of the large number of self-employed persons, were factors that motivated several studies on informal sector activities (ILO; 1970; Joshi and Joshi; 1976)

The ILO study was particularly influential in this respect and one of the most important contribution of ILO to the development literature is the concept of informal sector. The International Labour Office adapted and popularized the term informal sector in a series of studies that focused on the problems of employment in the urban areas of developing countries. These studies were in response to the growth of large cities and mass unemployment in developing countries. The large increase in the urban labour force of many countries, a consequence of rapid population growth and urbanization, was often not absorbed by the growth in employment and many workers, in particular migrants, turned to other activities to earn meager income. These activities; which were often characterized by self employment, constituted the core of the informal sector. (Joshi and Joshi, 1976:6).

Among the many studies undertaken by the ILO, the early mission to Kenya (ILO, 1972) was important in formulating the concept of informal sector. One of the mission's main finding was that.

In a developing country like Kenya, the main employment problem was not unemployment, but the existence of large number of “working poor”, many of them working very hard indeed in the production of goods and services, but whose activities were not recognized, recorded, protected or regulated by the public authority. This phenomenon was defined in the report as the informal sector. (ILO;1972).

Although the term “informal” had been used earlier. The ILO borrowed the term from a study of urban labour markets in Ghana by Keith Hart. Hart distinguished formal and informal income opportunities on the basis of whether the activity entailed wage or self employment (Hart, 1973).

While it was recognized that most informal enterprises were unremunerated and unregulated by the state, this was not considered necessary features of informal sector enterprises. Natrass (1987), for instance, gave an example of a small scale labour-intensive petty producer operating with a license. Furthermore, the ILO recommended government interventions that would assist informal activities that were unregulated and unprotected by such means as providing cheap credit and training workers.

In order to define a target group for government action aimed at promoting employment-oriented development, the ILO specified a set of characteristics of informal enterprises.

These were:

- (1) Small scale of operation;
- (2) Family ownership;
- (3) Reliance on indigenous resources
- (4) Labour intensive activity, technology adopted to local conditions;
- (5) Skills acquired outside the formal school system.

(6) Ease of entry into the activity; and

(7) Operation in unregulated competitive markets (ILO; 1972).

These are essentially features of organisation and technology, which, it is suggested, distinguish informal enterprises from formal ones. The emphasis however, appears to have been placed on the organizational structure of a unit of production rather than its technology. This is formalized in models such as that of Datta Chaudhuri (1989) where technology is identical across the two sectors.

It is useful to compare this concept of the "informal sector" with the conventional meaning of a "Sector". In Simon Kuznets formulation, "Sectors within the production structure of a country', economy can be distinguished because they produce different goods by processes that differ in technology and organization" (Kuznetes, 1971, cited in Swaminatran, 1991). It should be noted that the distinction between formal and Informal sectors in the ILO approach is not based on characteristics of products, production processes and technology. The same goods and services, and perhaps even the same technology, may be found in both formal and informal sectors.

A similar but more detailed list of characteristics distinguishing formal from informal enterprises or what he termed the upper and lower circuits of an economy was presented by Santos (1979). The characteristics covered the spheres of organisation, technology, relations of enterprises with governments and other institutions such as banks, and the nature of product and factor markets.

In an early study on surplus labour in the cities of developing countries, Joshi and Joshi (1976) distinguished between organised and unorganised activities on the basis of a) market structure, b) technology, and c) relationship with government. (Joshi and Joshi; 1976:pp 44-46) Unorganised or informal activities were defined as those using an indigenous and labour-intensive technology, operating in competitive markets and having no relation with government. By contrast, the organized sector typically comprised large firms operating in Oligopolistic markets, with capital intensive technology, protected work force, and enjoying access to government. This approach is similar to that of the ILO studies but introduces the absence of intervention by the state as an explicit feature of informal activities.

The above mentioned approaches have resulted in a large number of operational definitions, varying with the context. The informal sector has been defined as a sector comprising "enterprises operating out of a temporary physical structure" (House, 1984), and as a sector comprising unskilled workers, skilled manual workers and handicraftsmen (Desgupta, 1973). It has been defined as a sector that includes "small scale wholly African owned enterprises employing not more than 10 persons" (Aryee, 1976, cited in Swaminathan, 1991), as a sector consisting of self employed [persons] with less than 13 years of schooling" (Terrell, 1976) and as a sector of "small scale enterprises whose labour input is predominantly provided by relatives of the owner" (ILO, 1976, Cited in Breman, 1976). In a study of Fayoum city in Egypt, the informal sector was defined as "community of traditional artisans and traders, small in scale and bound to a long established range of goods and services" (Hotmann, 1986, cited in Swaminathan, 1991). Another operational definition of the informal sector used the criterion of "non-occurrence of fixed hours or days of operation" (Sethuraman, 1976:81) to identify

enterprises. Given the heterogeneity of activities in the informal sector, different empirical characterizations are (inevitable)

The ILO studies have succeeded in calling attention to a neglected part of the economy of developing countries. They have also highlighted the empirical diversity of activities and enterprises that come under the general rubric of the term "Informal sector". At the same time, there is an arbitrariness in the choice of features that demarcate the "the informal sector". Case studies of informal activities show important exceptions to each of the seven features specified by the ILO. Gerry for instance, shows that entry into informal activities can be quite selective and competitive rather than easy and that many small enterprises depend on imported rather than indigenous good (Gerry, 1974). Family-owned enterprises often employ non-family labour. It is also difficult to arrive at a definition of a small scale enterprises. It could be defined, for example, on the basis of number of workers, capital stock, turnover or energy consumption. These indices could be misleading, at times, as when a group of small firms is controlled, or indirectly owned by a large firm. Furthermore, the specified characteristics may not always be compatible with each other. When an enterprise is not owned by his family, to take an instance, entry into the occupation may be quite difficult for a workers (Joshi, 1980). An approach similar to that adopted by the ILO has been used by some scholars in developed countries too. Berndt (1976, cited in Swaminathan, 1991) in a study based in Detroit, Michigan, identified the informal sector interms of factors such as the scale of production, level of capital investment, organization of labour and institutional protection. In her study of informal sector activities, Berndt attempted to show the role played by informal activities in developed countries in providing specialized goods and services.

2.1.2 Sector Dependencies And Inter Linkages Approach

In contradistinction to the ILO approach, some researchers have stressed the complementarities, continuities and linkages between formal and informal sectors rather than their separateness. Breman, for instance, argues against adopting a dualistic or compartmentalized view of the labor market, and instead suggests that the labour market be viewed as “fragmented”, on the ground that the distinctions between formal and informal sectors are more noticeable at the poles (Breman, 1976 and 1977). The informal sector is characterized as being dependent and subordinate to the capitalist sector, with the capitalist or formal sector exploiting the informal sector by obtaining cheap labour and wage goods. Bromley argues that informal enterprises are not “independent, unorganized,... little related to the authorities or big business...” (Bromley, 1978: 1161) as suggested by the ILO studies but have important links with the formal sector. In his study of street traders in Cali, Colombia, he found that a large number of traders fell into “potentially exploitative working relationships with large enterprises.” It has also been argued that “self employment” is a catch-all term that often hides relations of dependence, as for example, among sub-contractors and commission sellers who, it is argued, can be considered disguised wage workers. If relations of dependence and the absence of security of work and income are of concern then a preoccupation with self-employed is understandable (Breman, 1977).

Critics of the dualistic approach have provided an alternative formulation of the informal sector based on petty commodity production, that is concomitant with, and subordinate to, capitalist production (Moser, 1978). A majority of petty commodity producers are considered to be part of the informal sector. Moser’s approach also recognizes a continuum of economic activities rather than a two sector distinction. So, “workers are

seen to be employed in a number of different categories outside the well defined wage sector of large-scale enterprises” (Ibid: 1056). These include, among others, wage workers in small enterprises, self employed persons, unpaid family workers and casual workers in the wage sector. Here, the form of employment or the wage labour relation is considered an important feature demarcating the different but inter-connected sectors of an economy.

The importance of interdependencies between sectors is also reflected in the Latin American discussion on marginality, a term used to refer to the urban poor in general, and to those not integrated economically or socially into society. Marginality is considered to be a consequence of a pattern of uneven and dependent development of an economy on the periphery that is dependent on economies of the center.

The views discussed in this section emphasize the links between enterprises in the formal and informal sectors and argue against viewing the “informal sector” in isolation. Links with the capitalist or formal sector, it is argued, set crucial constraints on the potential growth of small enterprises and petty commodity producers. Policies for raising incomes and employment among petty producers, therefore, would need to take account of the structure of an industry as a whole (Moser, 1978).

2.1.3. Flexible contracts: the developed country experience

The growing literature on “flexible specialization” in developed countries has also focused attention on small scale enterprises. Flexible specialization refers to the development of a specialized and small scale system of production that exhibits flexibility in production in contrast to the relatively rigid and large scale, mass production factory system. In the Second Industrial Divide, Pierre and Sabel sketch

the recent growth of small production in the craft tradition, with flexible specialization -- combination of flexible technology and specialized production-- in several developed countries, notably Italy, Germany and Japan (Piore and Sabel, 1984). This development is linked to the economic crisis that has affected the industrialized countries in the seventies and eighties. The emergence of highly specialized small firms is seen as a response to changing market conditions, in particular greater fluctuations in demand, and the requirements of specialized production in short cycles. On the supply side, technological advances in electronics and computer technology have helped by increasing the potential flexibility of capital and generating flexible production techniques. Other factors that contributed to the rise of small firms include changes in the nature of the labour force, such as greater disutility from repetitive work, the specialization and diversification of demand, and the increased capacity of developing countries to make standardised products.

Flexibility in this model refers to several aspects of production and organization including flexible technology (e.g. multipurpose machines), workers with a wide range of skills and flexible firms (producing a range of products). Flexibility is also a characteristic of the labour market given the "small enterprises' power to make workers redundant whenever they want" (Brusco, 1982, cited in Swaminathan, 1991). In other words, the system's flexibility in shifting output quickly comes from the power of small firms to hire and fire workers as needed. If small enterprises in developed countries and "informal" activities in developing countries have some features in common, they relate to this flexibility of labour use and the associated nature of labour contracts.

The negative aspects of small-scale production should not, however, be ignored. Writing about the fashion industry in New York, Waldinger points out that the particular conditions of demand -- seasonally and specialized production -- for garments have resulted in a high turnover of immigrant cheap labour and a return of the sweatshop (Waldinger, 1978, cited in Swaminathan, 1991). Growing wage inequality in the United States, measured in terms of average weekly earnings, has also been attributed to changes in the organizational structure of industry, and to an increase in labour market flexibility (Harrison and Bluestone, 1990, cited in Swaminathan, 1991). In many cases, an expansion of informal production has led to a deterioration in working conditions.

The unpleasant side of small enterprises is brought out vividly by Ybarra in a study of the footwear, textiles and toy industries of Valencia, Spain (Ybarra, 1989). In these three sectors, informal production accounted for over a third of total production. The negative consequences of the growth in small enterprises included a worsening of labour conditions and a decline in wages. Workers in the household were found to suffer physical and psychological risks from the type of work performed and the unsatisfactory work place. Apart from unsanitary conditions of work, workers often handled toxic substances without safeguards. The sub-contracting of work has resulted in the use of low-skill processes. Ybarra argues that informalisation has led to the "elimination of incentives for technological progress, innovation and investment" (ibid:225).

In conclusion, the small-scale sector in developed countries has certain features of organization and labour use that are similar to those found in the informal sector of developing countries. While the small-scale sector cannot be viewed in isolation from

the rest of the economy, nevertheless, there are some useful lessons to be learnt from a comparative study across countries. The technological dynamism of small-scale enterprises in certain industries in developed countries, for instance, offers useful guidelines for a discussion of the potentiality (in term of technological innovation and accumulation) of informal activities in developing countries. Another lesson for developing countries, form the experience of the small-scale sector in Italy or Germany, is that their strength derives form clustering and the economies of agglomeration (Schmitz, 1988). At the same time, an expansion in small scale production is often associated with backward features of employment such as bad working conditions and exploited labour, that should not be ignored; they should serve as a warning against an unqualified promotion of small scale enterprises.

2.1.4. Regulation as the defining feature of the informal sector

The view that “informal” activities are those that are unregulated by the state, and are outside the boundaries of legally sanctioned activities, has been gaining considerable ground in recent studies undertaken in both developing and developed countries. According to weeks, for instance, “the structural position of an economic operator”, by which he means whether or not the operator is “officially recognized, fostered, nurtured and regulated by the state” (Weeks, 1975:3) is the defining characteristic of informal enterprises. While most studies of the informal sector noted the absence of legal regulation, this was not emphasized in some of the views discussed earlier. In this section, I shall examine approaches that give state regulation a central role in defining the informal sector.

In his work on urban labour markets in developing countries, Dipak Mazumdar distinguished between the formal and the informal sectors by the presence of labour legislation in the case of the former. He termed the formal sector as the “protected” sector, one wherein employment was protected by actions of governments or trade unions or both (Mazumdar, 1976). The informal sector, according to Mazumdar, comprised workers excluded by labour legislation. There have been many different versions of this approach.

The growing literature on the “informal sector” in developed countries also emphasizes the relations of participants in informal activities to the state. In a paper on “informal” activities in developed countries, ports and Sassen-Koob define the informal sector as the “sum total of all income-earning activities with the exclusion of those that involve contractual and legally regulated employment” (Portes and Sassen-Koob, 1987, cited in Swaminathan, 1991). More broadly, the informal sector has been defined as “a specific form income generating production... unregulated by the institutions of society in a legal and social environment in which similar activities are regulated” (Castles and Portes, 1989:15). In this particular definition, note that regulation is not the task of the state alone but also of society, and could be interpreted as including regulation by custom. Regulation can also be undertaken at different levels of government (such as by the national government, state or provincial government and local government).

For those defining the informal sector in terms of regulation, the organizational character of enterprises is relegated to a minor role. As Castles and ports write, “the informal economy does not result from the intrinsic characteristics of activities but from the social definition of state intervention” (ibid: 32).

While the absence of regulation in the sense of specific rules has been used as a criterion for defining the informal sector in both developing and developed countries, a divergence between the two groups of countries is likely with respect to the origins of the informal sector. This is because some small-scale informal enterprises may be created in order to evade tax and labour laws and so derive from specific types of regulation, while others may be the product of historical circumstances and unrelated to the extent of state regulation. A major factor in the growth of the informal garment industry in New York, for example, is considered to be the evasion of regulations covering taxes, health and safety, minimum wage laws (Sassen-Koob, 1989). The growth of street vendors in Nairobi or Manila, however, is more likely to be based on poverty and the need for survival, on the lack of employment opportunities elsewhere, than on avoidance of regulations imposed on merchants in the formal sector.

In The Other Path, Hernando de Soto defines the informal sector as “the refuge of individuals who find that the costs of abiding by existing laws in the pursuit of legitimate economic objectives exceed the benefits” (Desto, 1989:xxii). This definition highlights a causal factor that is believed to underlay the growth of the informal sector, namely government rules and regulations. From his study of the informal sector in Peru, De Soto concludes that state intervention and regulation hinder the development of enterprises and so calls for a new kind of legal system, one that promotes “economic efficiency”. De Soto views enterprises in the informal sector as being creative and operating under healthy competition. Efficient laws are necessary, he writes, “in order to free and increase the vendors’ entrepreneurial energies, and to allow them, within the competitive process in which they are immersed, to use their talents to the full” (ibid:91-2). To allow informal activities to develop their full potential, De Soto calls for

greater private property rights and less state intervention. Although there are genuine problems created by excessive bureaucratisation, and badly designed laws may impede development, it does not follow that remedying the legal system is sufficient to promote economic development. This approach also ignores the positive role of public intervention in the development of small-scale production. As discussed earlier, the view of the informal sector as “competitive” can also be questioned. Judith Tandler, for example, points out that many informal enterprises are characterized by cooperation rather than competition, and that De Soto’s own evidence supports the view of cooperation among informal enterprises (Tandler, 1987:14).

An important counter-example comes from Italy where some of the most successful small enterprises have benefited from state intervention. Local governments aided small enterprises by providing credit, equipment and social services. The interventions of public institutions that provided services such as daycare centers at little or not cost were important for the growth of small enterprises. There is thus evidence for “a supportive relationship between the official and informal economies” (Capecchi, 1989:212).

2.1.5 Multiple Modes of livelihood (MML) Approach

Another element in the contemporary literature is the “multiple modes of livelihood” (MML) approach advanced by Mustapha (1992). “Multiple mode of livelihood” implies that in addition to the formation/ growth of an informal sector, a phenomenon of the present period (in the Third World at least) is that those sections of the population dependent on fixed salaries must seek additional income by engaging in multiple jobs. Multiple mode of livelihood represents individual and household ‘survival strategies’ in

the face of falling levels of real wages, increased costs of goods and services and increased unemployment. Initially confined to the working-and artisanal classes, multiple modes of livelihood operators are now engaged in by large groups of the middle-class and professions.

Multiple mode of livelihood strategies are related to two other phenomena. The first of these survival strategies is a differentiation in consumption patterns during Third World recession and adjustment, whereby salaried and wage employees have to find new, cheaper substitutes for formal (western) goods and services. The second is increased differentiation of formal producers and service providers, as a section of the middle-class moves part of its resources into capitalizing its 'sideline' operators. Of course many of these are not so sideline, although a feature of multiple mode of livelihood is that formal sector employment continues to be used as a source of revenue, and as a source of other resources (political and business connections e.t.c.) even though it only supplies a fraction of household income.

Though the concept of "multiple modes" derives most of its meaning from the concept of survival strategies, there may still be the need to specify its salient characteristics. Firstly, multiple modes of earning a livelihood should primarily be seen as a process of income generation, since poverty, crisis and survival are not absolute terms. Secondly, unlike informal sector activity, multiple modes of earning a livelihood may systematically include 'criminal' activities -i.e. those that specialize in the production of goods and services socially defined as illicit. However, in reality, most activities falling under the multiple modes of earning a livelihood may simply be quasi-illegal or non-legal, like informal sector activity (Mustapha, 1992:190). Thirdly, the contemporary intensification

of the multiple modes dynamic is an international phenomena, consequent on structural and technological changes going on in the world economy.

In the Ethiopian context, the urban low and middle-working class wage is no longer adequate to support the average family (let alone the extended family dependents). Not even the trading activities of wives/or their salaries, can guarantee continued access to minimum levels of subsistence. For a majority of workers, the answer is to engage in multiple modes of activities. Not only are working class wives enmeshed in the informal sector, the workers themselves must engage in second, or even more income generating activities depending on their sex and professions. For example, women secretaries are getting more and more involved into paid typing privately within and outside working hours: teachers/lectures are pre-occupied with commercial coaching or tuition: while doctors/nurses/clinical officers are busy attending to patients in their private clinics after working hours.

2.2 Operational Definition

This brief survey of the literature revealed a variety of meanings given to the term Informal sector and illustrated the range of activities and enterprises that have on different occasions been accommodated under the rubric of the “informal sector”.

In view of the foregoing conceptual difficulties, this paper isolates some of the characteristics which cut across most of the cited studies to formulate an operational definition of the informal sector.

Informal sector activities are socially and economically worthwhile productive activities and services normally initiated with the honest (legal) objective of producing a product or offering a service for sale or own use. Informal sector enterprises covers a whole range of economic activities including household work, barter exchange, and other small scale unregistered operations, e.g., food vending, operating small kiosks, small scale electrical and mechanical repair and maintenance services, construction, mining and quarrying, transportation, furniture making, shanty eating places, local beer brewing etc. Although in some cases the means used in performing these activities may not comply with legal requirements (e.g. quality and health standards) the activities have highly desirable objectives such as building a house, manufacturing a product or providing services.

The operational feature of the informal sector in Ethiopia have consistently been found to conform closely to ILO's (1972) stylized description of the sector. There are considerable similarities in terms of small scale labour intensive operation ease of entry, predominance of family ownership, and reliance on manual skills and indigenous resources.

For the purpose of this study, the paper will consider informal sector activities as those. "Who are engaged in income generating activities without licence, are not protected by laws. Change from one activity to the other as time and seasonality factors demand lack access to loans and credit and are ill equipped in formal schooling, training and business skills" (Orodho; 1992).

Whatever the operational definition adopted, it appears that informal sector employment accounts for a significant share of employment, urban and rural, in developing countries. In the developed economies, in recent years, research on the existence of informal sector employment has grown rapidly.

While the precise boundary between formal and informal sectors is often difficult to draw, the two sectors are clearly distinct. Furthermore, they are not isolated: numerous links between enterprises in the formal and informal sectors were noted including, for instance, the sub-contracting of work by formal enterprises to informal enterprises. In the presence of such links, to be effective, public policies targeted at the informal sector must examine the implications of a selected strategy for the formal sector, and vice versa.

2.3 The Role of Urban Informal Sector in the development of the national economy

The role of informal sector in the development of the national economy has been a subject of a large number of studies both in the past and at present. It is generally agreed that informal sector play a crucial role in economic growth and development any country. The major roles of urban informal sector clearly pointed out and summarized by Regional development dialogue discussion paper (1996) as follows:

- (1) It facilitates expansion of non agricultural occupations in countries which have been too dependent on a rural-agricultural economy and unable to make a quick transformation to a modern urban industrial economy because of capital, technological, material, and other resource constraints. The need to switch to non agricultural occupations for structural transformations is crucial for countries with a

huge rural agricultural population base. Many countries in Asia, Africa, and Latin America reflect these economic-demographic characteristics. The urban informal sector (UIS) serves a key transitional role in the required structural transformation of such countries.

- (2) It offers an urban foothold to society's disadvantaged who are often the poor rural migrants, the land less, the unemployed, the victims of natural disasters, or the ones who are uprooted by social persecution(s) or by complex interactions of market, social, political, and cultural factors.
- (3) It provides income-earning opportunities for the urban poor whose numbers are increasing in the face of declining share of rural-to-urban migration in urban growth. Large numbers of urban poor, born in the cities, also rely on the informal sector for income-earning opportunities as do their rural counter parts who join them.
- (4) It contributes to keeping down the costs of urbanization. Urbanization costs are low in countries with cheap labour which is readily available in cities through the presence of the informal sector.
- (5) It stimulates the growth of a market economy and straightens market dynamism. This idea has been well-propagated by Desoto (Desoto; 1989), who showed how the "informals" in Lima, Peru either made use of the market or created their own. They inject competition into the economy and provides checks against monopoly.
- (6) It supplies basic goods and services at affordable prices. Although basically the result of cheap labour, the Informal sector flourishes by making available basic goods and services particularly (but by no means exclusively) to low-income urban dwellers, at convenient locations such as bus stops, road crossings, and public

gathering places, and times and occasions such as festivals and public meetings when they are needed most.

- (7) It provides a conducive environment for the expansion of dynamic local entrepreneurs many developing countries lack an entrepreneurial class. The “comprador” class nature of many formal sector business interests sometimes leads to the sacrifice the nation interest as well as the interests of the broad masses of people. This phenomenon can be observed in various forms of participation in capital outflows from a developing country. In the face of such situation, which prevails in many developing countries, the Informal sector participants appear a truly dynamic entrepreneurs.
- (8) It stimulates innovation and technological adaptation Many studies have documented the inovativeness of small scale informal sector workshops engaged in repairing and rebuilding consumer durables, intermediate capital goods, spare parts, and machinery. Parallels may be drown between these Informal sector workshops and the early stages of the industrial revolution when the workshop system gave birth to the modern factory system.
- (9) It enriches the cultural life of a city with activities as diverse as newspaper and magazine hawkers; indigenous healers drawing the attention of patients using loudspeakers; and street musicians entertaining pedestrians. All these adds to the cultural life of a city and recreation for low-income residents.
- (10) If facilitates the maintenance of links between urban migrants in third-world cities at their rural roots. In the absence of the Informal sector and the role it plays in maintaining links between rural and urban people a city would resemble a colonial city an enclave super imposed form outside with the sole purpose of retaining neo-colonial dominance.

(11) It show less need for developed and costly infrastructure. They are generally loose foot and also convenient for geographical spread of industrialization.

(12) It contributes to the provision of other essential urban services. In low-income urban settlements, the Informal sector has become the principal means of delivery of basic urban services including water provision and waste disposal. (RDD, Vol.17, spring 1996).

2.4 Women in the African Informal Sector

Since Easter Boserup's (1970) classic work, titled Women's role in economic development, there seems to be greater awareness in the significant role played by women in the general development process-especially in Agriculture. Apart from agriculture, the informal sector is the second largest employer of female labour force in African countries. According to an ILO estimate (1990), about 16 million women were employed in the informal sector in sub-saharan Africa in 1990; representing about 35 percent of the sector's total labour force. (ILO/JASPA; 1990).

Factors explaining women's increase in the sector were also pointed out. Specifically, income generating activities taken by women in the informal sector have expanded rapidly throughout the African continent due to formal sector retrenchment, unemployment, decreasing incomes and rising food prices. In this regard, a UNDP publication has argued the "additional female employment in the informal sector is one of the Mechanisms by which African families survive economic crisis" (UNDP: 1995:p.7). The world's women has also argued that the informal sector is essential for the economic survival of African women-particularly for these "poor and disadvantaged

women who are involved in petty trading or work in home based industries such as beer-brewing, soap-making and tailoring” (UN; 1990:p.94).

A part from the socio-economic crisis which have pushed many African women into the informal sector, there are many other reasons why women preponderate this sector of the economy. Women have increasingly turned to the informal sector because they have literally been excluded from wage employment in the formal sector. As the world's women rightly puts it “public and private wage employment are generally monopolized by men and women are confined to the economic dead-end of subsistence agriculture” (Ibid:1990:p.94)

A part from this, the requirements for entry into the formal sector in Africa are such that a majority of women find it extremely difficult if not impossible to fulfil. Barred from seeking jobs in the main stream economy due to lack of education and training, women who wish to become economically independent have often found the informal sector as their refuge.

In addition, poverty as was agreed during the United Nations conference on Trade and development is by far the most compelling force which drives women to seek employment (UNCTAD; 1990) Another reason for entry into the informal sector, is that for most wage earners, income is not enough to sustain the livelihood of their households. Consequently, women have to supplement this by engaging in various trading activities in the informal sector. In Africa, women head about 35 percent of the households. These women have to support their families. It is therefore inescapable

for them to engage in informal sector activities as the only alternative to earning income in order to raise their children (UN/ECA; 1996:p.34).

As rightly argued by Manda; “economic activities in such enterprise are a major source of income for a considerable proportion of economically active population and an important element in diversified survival strategy for an increasing number of households in urban areas” (C.Manda; 1990:p.4) Above all, ease of entry, flexible working conditions and in the case of self-employed (in some African Countries, about 80 percent of the total labour force is self-employed the informal sector), small initial capital requirements help explain why women especially those heading households predominate the sector (Ibid:1990).

It is customary in discussion on the informal sector to dichotomize the sector into “the community of the poor” and the “intermediate sector.” Living stone (1986:51) sees “the community of the poor” as embracing urban dwellers engaged in a variety of marginal activities offering no more than the barest means of maintaining themselves in the city...”.

This dichotomy’s particularly useful in establishing the women’s locational position in the informal sector. Women dominate in the community of the poor for a number of reasons: they can not get employment in the formal sector as easily as men; they usually have to combine their earning role with that of wife and mother, and petty trading and such like is compatible with this; since the more lucrative of informal sector businesses require greater over head and skills. Women tend to stick to those parts of the informal sector that are cheap to run and have few overheads.

Available evidence reveals that about 80 percent of female labour force in the informal sector is engaged in trade related activities (Ibid:1996) In discussing the role of women in the informal sector, Palmer has confirmed that women's activities have mostly been in trading products of personal use such as food, beer, charcoal, clothes and handwork which have often been produced intermittently to meet a periodic need or a particular shortage (Palmer; 1991:p.106-108). Hanson has given the example of shortages of cooking oil, bread and onions to illustrate the adaptability and responsiveness of these women in petty trading. (Hansen: 1975). The "Mama Benz" of Togo are renowned for trading in textiles. Similarly a number of Ethiopian women are indulged in trading of textiles and clothing. In Nigeria and Cameroon, 94 percent and 90 percent of street food vendors. Respectively are women. (UUDP: 1995:p.5) On the other hand, in Zambia and Congo, women account for two-thirds of informal production in the services and trade sector excluding transportation.

Hence, petty trading in urban areas are popular activities that have attracted research attention. Several recent studies focus on the entrepreneurial survival strategies deployed by women in their eternal struggle to mitigate the effects of deteriorating economic conditions.

On the basis of the above analysis, it can be concluded that women's informal sector activities were simply an extension of their traditional roles as mothers, wives or daughters. Consequently food processing and marketing, serving hand craft production, petty trading, weaving and knitting were the major activities undertaken by them in their sector of the economy. These are indeed low status, low skill and low paying jobs which require little or no education.

Despite the significant role which the sector has and continue to play in the economic survival of most of the continents population in general and women in Particular, it has as argued by UNIDO received little support and often active discouragement by governments in Africa (UNDO/ECA; 1994).

As a result of this lack of support on the part of African Governments, entrepreneurial initiatives can hardly be developed. Besides, small enterprises cannot raise capital, obtain technical and managerial training and gain access to infrastructure services. It is not therefore surprising that the sector's productivity has been low and that the major activities have concentrated mainly in trade.

On the basis of the foregoing analysis, it is clear that the informal sector has not been a panacea for women. It is far less secured than formal sector employment and it has generally paid less than the minimum wage. Besides, women, the main operators of the sector have set up their own business most often using family savings or borrowing from families and friends. To this extent, the lack of finance for start-up operations as well as working capital has certainly constraints the expansion of activities in the informal sector. As a result, operations of most women involved in the sector have tended to be modest or relatively small.

Apart from the lack of finances and working capital, women informal sector operators do face other problems and constraints which inhibit the development, type, quality and the volume of their output. For example, women in the informal sector work in businesses that are unregistered and unregulated; often under conditions that

frequently threaten health and sometimes “tantamount to slavery” (S. Bullock; 1994:p.51).

Most women in this sector, do not only lack urban work experience; they are faced with the illegality surrounding many production of trading lines and the periodic police raids and Signal interruptions in the flow of the business. In addition, like in the case of agriculture, women in the informal economy face heavy work burden since they are forced by their peculiar situation to combine many activities at the same time. Though they bear the costs of setting up their informal sector activities, they often have not controlled the profits which they get from such activities. They have often been exploited even though their involvement in informal sector activities could possibly increased their family income and as such lead to their economic independence.

Despite the difficulties encountered by female operators of the informal sector, it is important to point out that the sector has remained an alternative means of solving the unemployment problems in Africa. It has remained indeed potentially dynamic and could generate jobs if a favourable environment is created for its development. It is perhaps for this reason that some African Governments are beginning to appreciate the role and importance of the informal sector in national economies.

2.5 Factors Affecting Women’s Income-generating Potential and Business Sustainability (Conceptual framework)

Women’s income generating potential and sustainability of the enterprises is affected by various factors. Many writers (Oroduo, John A; 1992) have tried to identify the factors influencing the amount of income gained in a month. Although none of the

writers could give a complete list, the most frequent variables mentioned in all studies are academic factors like level of formal education, competency in mathematical and business skills; demography factors like age of entrepreneurs, family size of entrepreneurs, marital status, number of dependants, spousal support start-up capital investment, capital base, record keeping and access to credit, government support.

All the variables mentioned above can be broadly categorized as socio-Demographic factors', socio-economic factors, institutional support related factors. These factors are also the bases of the problems faced by women in their income-generating endeavors, the effect of these factors on women's income-generating potential and business sustainability are discussed below.

2.5.1 Socio-Demographic Factors

2.5.1.1 Academic Factors

Research in developing countries (John; 1992) has shown in certain +cases that the level of formal education of entrepreneurs is associated with enterprise characteristics such as growth and performance. This is because higher level of education is associated with greater verbal, communication, computational and comprehension skills all of which are important in business decision making and management.

Hence formal education (years of formal schooling) is a variable which is assumed to significantly influence the amount of income women gain in a month. Through formal schooling, it is assumed that women acquire knowledge and skill which are vital for success in income-generating activities. Formal schooling enhances exposure to a

number of issues, for example, in accounting, management and practical skills. If these are put into proper use, then the fruit is the more income gained in a month. It is because of these reasons that it was argued that education influences the amount of income women gain in month.

According to a UN report (1990), there is an intimate relationship between education and developing entrepreneurial competence. The report states that there are essential skills and qualities required for the carrying out of day to day entrepreneurial activities and training can provide these competencies and that a business person must have the ability to see and re-evaluate business opportunities and to initiate appropriate action that will ensure success training can improve on women's ability to handle complex situations.

Hence, it can be argued that entrepreneurs who are competent in mathematical and business skills are more likely to undertake enterprises based on economic factors such markets, availability of raw materials etceteras. These entrepreneurs will have adequate skills to add simple sums, make a budget, calculate profit, estimate enterprise cost, project future demands for their goods and services, and create good public relations with their customers.

It is quite evident that competency in a number of languages, particularly Amharic, an asset to women entrepreneurs. This is a must in an urban area such as Nazareth which has a multi-ethnic and multinational population.

2.5.1.2 Demographic Factors

The demographic factors considered in this study include age of entrepreneurs, the family size of entrepreneurs. Age is also considered relevant to informal sector small scale enterprises performance in that fairly younger entrepreneurs are likely to be more educated and therefore associated with success while older entrepreneurs will be associated with lesser success. This premises is based on the argument that younger entrepreneurs are likely to be more ambitious, possessing greater energy, drive and initiative, the older entrepreneurs, on the other hand, are likely generally to be brisk, averse to innovation and would not want to lose what they already have. Some older people may establish their own businesses only as a way to maintain income until or after retirement.

The other factor which is considered to be an important determinant is of income gained by entrepreneurs is family size. According to this survey, this is the total number of children a women has given birth to who are directly under her care. That is, her income is used to provide some of the basic requirements (education, clothing and housing among others) for these children.

Therefore family size influences the amount of income women earn, if an operator has many children, she is likely to gain little income in a month and vice versa. If a women has many children, she will have to use a lot of money to sustain their well being. Thus the money she reinvests in her enterprise will be negligible. Thus she cannot expect to gain a large amount of income like her counterpart who does not have a lot of commitments with her income and reinvests it in her enterprise.

In addition, the age of children is the other factor considered to be an important determinant of women's informal sector earnings. It is crucial whether a woman has young or old children, this is because, the younger the children are, and the less income a woman earns. Since a woman with young children has a tendency to devote most of her time to bringing up the children. Consequently, only a little time is left for her income generating activity. This then will reduce her ability to gain income.

In most cases, women with young children are only part-time operators, or they have to employ maids or baby-sisters to take care of the young children when they engage in income generating activities, women with older children do not experience these problems. They are often full-time operator and therefore are capable of getting a substantial amount of income than women with young children.

2.5.2 Socio-Economic Factors

The process of small-scale enterprise development is best abetted by family structure and obligations, support from family members especially the spouse, and control of finance within the house hold that favours its expansion. Nabugazi (1990) notes that the vulnerability of women in the small-scale industrial sector is linked to the unequal extra-enterprise social relations in which they engage. To him, family structure and obligations, property laws, male control of finances and decision making within the household militate against the success of some of enterprise operated by women.

2.5.2.1 Support from Family Members

Carter and Cannon's study (1992) showed that business development cycle was affected by the ability to draw on family experience and support. According to Hilhorst

and Oppenoorth (1992) the dynamics and continuity women's enterprises are often influenced by household composition.

2.5.2.2 Control of Income Within the Household

To Hilhars and Oppenoorth (1992) decision-making and control of finances within the household is important determining the success of women's enterprises. Even when women bear the costs and risks of sitting up an enterprise, they may not control the benefits. Thus to them, it is not enough to increase the capacity of women to generate income.

They give an example of west Java where it was noted that if women's enterprises grow in scale and capitalisation, quite commonly husbands who previously played a minor, if any role in the enterprise – insert themselves as managers, the women regressing to the status of unpaid family member. Also when a certain activity becomes profitable, even when previously considered as women's work, men seek to become involved.

Another problem is that men may reduce their contribution to the household budget when it becomes clear that a woman's income has increased. This restricts her capacity to save and invest in her enterprise. When men's contribution to the household decreases, women need assistance to ensure that their husbands become more integrated into household production and family life.

2.5.3 Institution related factors

Although the government has acknowledged to support the informal sector in Ethiopia, the implementation of some government policies have not been conducive to active participation by women entrepreneurs.

One common observation is that most women's working conditions are usually perilous in that many of them work in small temporary and make shift locations, outside walks and open air. Since the temporary structures from which they operate (street trading and hawking etc.) are officially defined as illegal, women traders are perennially subjected to official harassment and women incur colossal losses when demolition take place. There are cases where all products (vegetable, fruits, cereals etc.) are either confiscated, thrown away or even burned. This is quite asset-back for they have to start a fresh already discouraged.

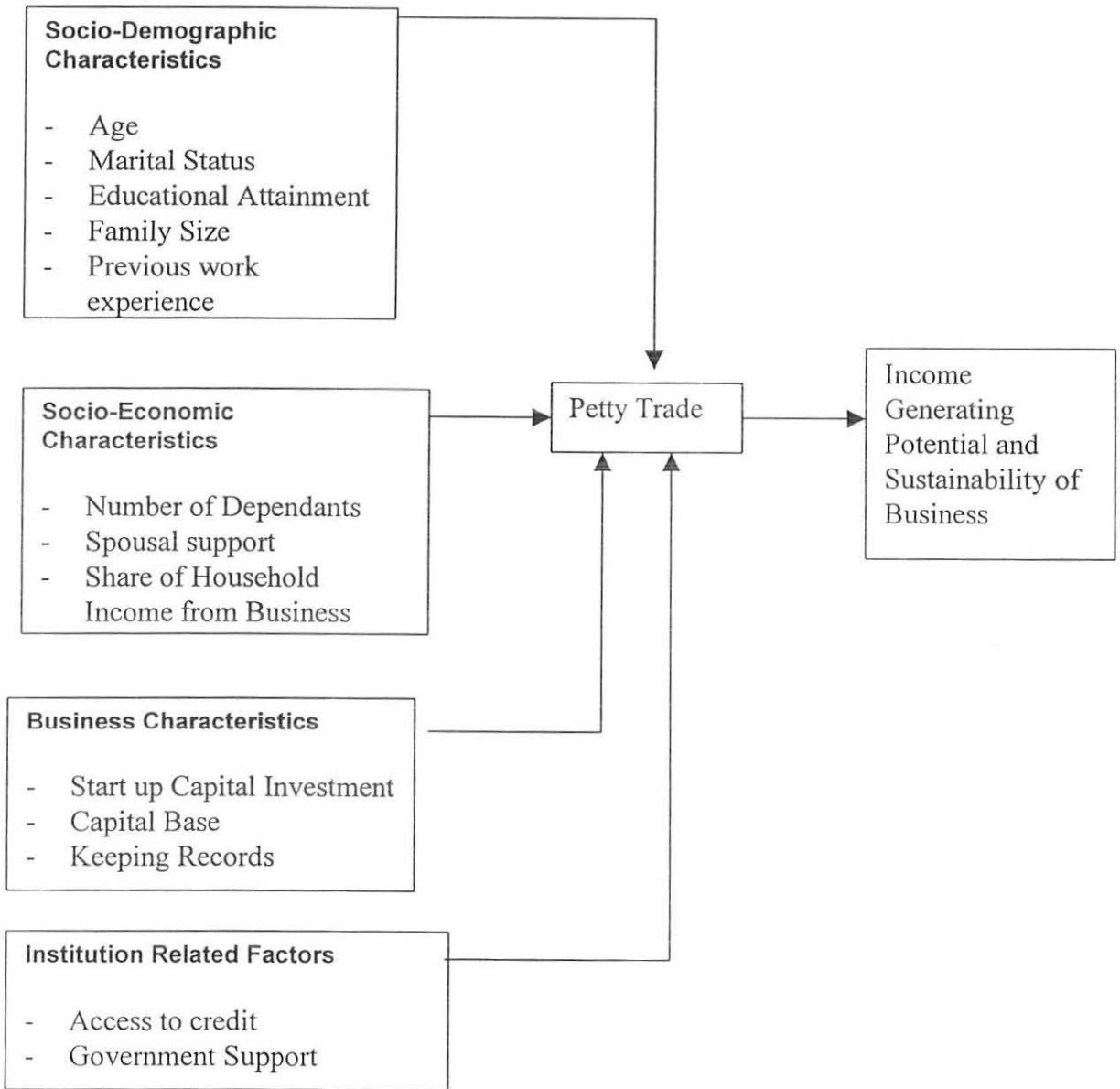
In addition, access to credit is a major factor which affect women' income generating potential. According to the United Nation Economic Commission for Africa (1990), there is a growing recognition that finance is a major accelerating factor to entrepreneurial development. Through credit, funds can be made available for financing entrepreneurial activities.

In the absence of institutional credit, according to Nabuguzi (1990) informal credit mechanisms play an important role in the functioning of women's enterprises. He notes that these credits are more easily accessible than the institutional credit for female entrepreneurs and informal credit not only provides long and short term loans, but also act as saving and rotating funds.

He further argues that the proper functioning or malfunctioning of women's enterprise in the small scale industrial sector, is these for partly dependent on their sources of capital and the mechanisms through which their profits are ploughed back into the business. And these methods of financing are crucial in the undertaking of women enterprises in the small scale industrial sector.

The consideration of the relationship between the characteristics of women informal sector entrepreneurs, the indicators of enterprise sustainability and institutional related indicators, have been identified in this study to guide the understanding of factors affecting women's income generating potential. Fig 2.0 exhibits the conceptual model which encompasses the major variables and their possible pattern of influence on each other and eventually on the income generating potential and sustainability of the enterprises.

Fig. 2: Correlates of Successful Women's Income Generating Enterprises



CHAPTER THREE

3. GENERAL BACKGROUND OF THE STUDY AREA

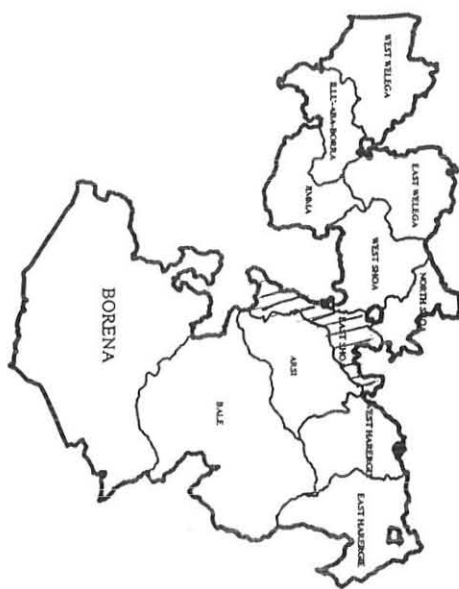
3.1 Location and Physical Features of Nazareth

Nazareth, the capital of East Shoa Zone, is one of the largest towns in Oromiya region. It is located within the central part of Ethiopia, mainly in the Awash river basin at a road distance of about 100 km to the south East of Addis Ababa. (see figure 1). It is specifically located on the Addis Ababa – Harar road at 8^o32' North latitude and 39^o12' east longitude.

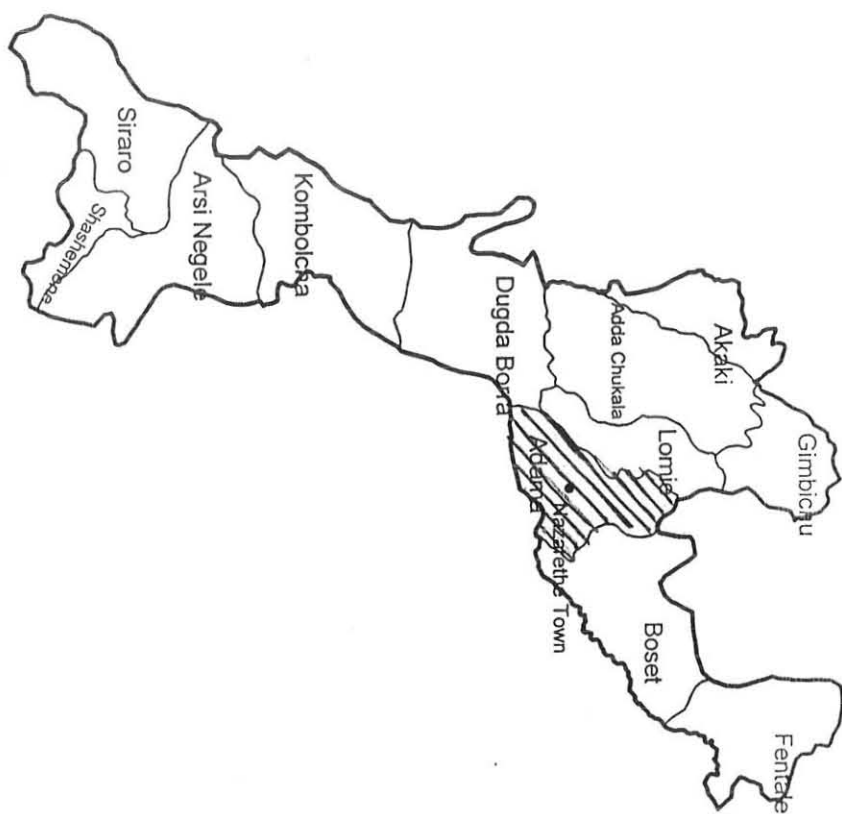
This geographical location gave the town a good strategic position in terms of economic and cultural significance. The town is found along the main transport routes and serves as the main outlets for the whole region across Awash, because the major roads in the south Western and Eastern Ethiopia converge at Nazareth. Moreover, as it is located in the central part of Ethiopia, it serves as one of the centers for the mixing up of different cultures and languages of the people of Ethiopia.

The total area of the town is about 32 km², out of this total area 46.5% residential, 2.2% is commercial; 13.8% is service; 29.9% is Industrial. Recreation and agriculture occupy 4.5 and 3.1% respectively.

Fig 1.A. Location MAP of the study AREA

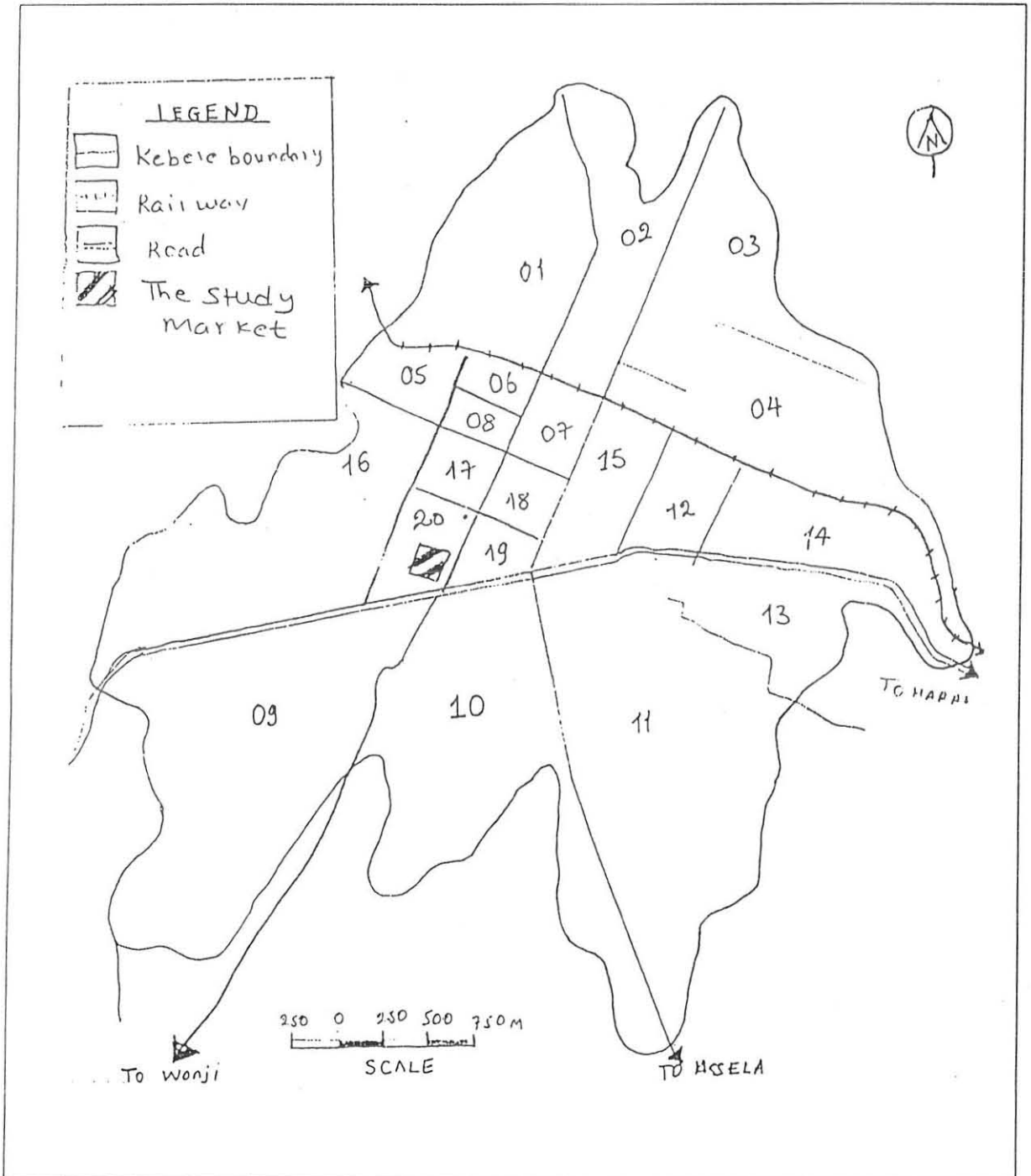


The Oromiya Region



East Sida Afa

Fig. 1b The Location of "Gimb Gebeya"



Source: Adapted From Yimer Mohammed (1992)

The relief structure on which the city situated is a basin-like flat land surrounded by scarp slopes and hills at all sides except the one facing to the south. This flat land with an average altitude of about 1625 M.a.s.L is surrounded by fault scarps and a ridge called 'Kechema' on the North East. (Yimer; 1992). The soil of the town is predominately light sand and fine clay which is easily blown in to dust storms during the dry months.

Climatically, Nazareth belongs to the "Qolla" (tropical) climatic zone. Nazareth's average annual temperature is about 20⁰c with maximum temperature slightly exceeding 30-32⁰c during the months of April and May. Summer temperatures are low giving it wild and pleasant weather conditions. The annual rainfall which comes during the months of June, July and August ranges between 700-900 mm.

3.2 The Emergence and Growth of Nazareth

The foundation and subsequent development of Nazareth town is closely related to the construction of the Ethio-Djibuti Railway, which led to the emergence of many urban centers along the line such as Dire Dawa, Awash, Adama (later Nazareth), Mojo, Bishoftu (later Debre-Zeit) Akaki and others which initially started as railway stations.

The town of Nazareth, was established as a railway station (node) in 1917 on a hilly terrain, specifically at a place called 'Aroge' (old) Adama which was selected for its favourable weather condition and absence of malaria (Atnafu: 1997). The town was at Aroge Adama for only about eleven years. In 1927/28 a train accident occurred and the accident was soon reported to the government and it was decided to move the station from Aroge Adama to Adisu (new) Adama, the present location of the town,

in order to avoid similar accidents in the future. Since then, the town had been known as Adisu Adama until its name was changed to Nazareth in 1945. In 1945, Emperor Haile Selassie visited the town. The king Emperor was pleased by its scenery and so named it 'Nazareth' (Atnafu; 1972) from that day on the new name has been commonly used. Recently the Oromiya Regional Government Announced the official name of the city to be the former-Adama. However, most people as well as the mass media still continue to use the name Nazareth.

Since its emergence, the town of Nazareth has continued to grow as it has gained increasing importance due to its strategic location that greatly contributed to its fast and steady growth in population, urban economic functions and physical expansion.

During the Italian Occupation Adama was an important economic and administrative center as well as a strategic military base. The Italians built the town based on a new master plan and connected it with many of their principal provincial centers by modern communication systems such as telephone, telegraph, radio and by roads. The construction of railway and Italian occupation have made Nazareth a center of interaction between and among different regions and their respective urban centers in Eastern Ethiopia.

After the Italian period, the town of Nazareth continued to play an important role in administrative and economic aspects. It served as the capital "Yererena keryu" "Mikartil worda", "worda" and "Awraja" respectively. From the years 1985 to 1989 it served as the capital of the East Shoa Administration Region, which covered all the previous provinces of Shewa and Arsi. Since 1993, with the new administrative framework,

Nazareth became the capital of East Shewa Zone in the Oromia National Regional state and hence the hub of many government, non government and public offices.

Today Nazareth is a multi functional town in the sense that it serves as a transport, administrative, commercial, military and recreational center, and recently it is becoming an industrial center as well. Also, it has a well developed master plan. The layout of the town is well designed with clear geometrical grid pattern where roads, streets and lanes are either parallel or intersect at right angles giving it the appearance of a well planned city.

Administratively, Nazareth is divided into three 'kefitegna' that comprise twenty urban dwellers association, or 'kebeles' as they are commonly called, with the city council or the municipality at the top of the administrative structure. Most of the commercial activities and the 3 open markets are concentrated in kebele 20 and 07 and along the corridors in the core area of the town.

Generally speaking, together with the economic growth, population and settlement of the town have increased tremendously. The continuous spatial expansion of the municipal boundary could be attributed mainly to the fast population growth and diversified economic activities of the town.

According to the data from CSO (Cited in Girma; 1977) population of the town was 13,000 in 1950 which rose to 76284 in 1984, growing at an average rate of 4.7% per annum (see table 3). Six years later (1990) the population of the town is said to have been 98,436, which gave annual average growth rates of 5.1. According to the 1994

census, the population of the town raised to 127,842 with the growth rate of 5.8 percent per annum, which is above the national average urban growth rate that is 4.0 percent per annum.

Table 3: Trends of the Growth of Population of Nazareth

Year	Population	Growth Rate	Change %
1929	8,000	-	-
1950	13,000	2.3	62.5
1970	37,620	5.3	189.4
1984	76,284	4.7	102.8
1990	98,436	5.1	29.0
1994	127,842	5.8	29.9

Source: Girma Beshada (1998). *An analysis of Squatter Settlements Around Nazareth*. Addis Ababa University, Addis Ababa.

According to Table 3, the population of Nazareth has grown tremendously. No more than a small railway station in the early 1900s. Nazareth grew from the population of 13,000 in 1950 to about 130,000 in 1994.

As it is common else where in Ethiopia and other developing countries the rapid population increase in Nazareth could be attributed to migration. The sample survey carried out by CSO revealed that about two-third of the population of Nazareth were born outside of the town: 50% from Shoa and 14% from other provinces (CSO, 1972) more recently the 1994 population census indicated that, among the total population of Nazareth, 53.2% are migrants and 48.22 percent were non-migrant. The level of migration by sex indicate that 48.14% of male and 51.86% of female were migrants. This imply the high level of women migrant in the town (CSO; 1994).

As a direct effect of socio-economic and population growth, the settled area of the town has shown a dynamic expansion. According to the information obtained from Nazareth city council document, it was during the Italian occupation that the town began to grow considerably. During this period the town had a total area of 3 gashas' (120 hectares) soon after independence in 1945, the area grew to 8 gasha (320 hectares). (NCC. N.p). The same document indicates that the municipality boundary of the town further incorporated a total area of 25 gashas (1000 hectares) in 1949/50. At present the municipal boundary of the town covers a total area of 81 gashas (3240 hectares) and hence the average spatial growth rate of the town from 1949/50 to 1989/90 is 1.4 hectares or 5.6% per annum.

The urbanized area which for many years was confined to near and around the railway station has since the last three decades or so sprawled to the outer zones mainly to the southern fringes, along the road from Addis Ababa to Asab, Hararge, Arsi and Sodere. The south word expansion of the town could be due to the availability of adequate water supply, lesser susceptibility to flood, the concentration of roads that lead to the country's important economic centres and regions namely, Asab, Harar, Dire-Dawa and the Southern regions including Sodere resort area, Asela and Goba. Morphologically, the settlement pattern of the town spreads radially along the direction of the main roads.

3.3 Factors that Contributed to the Growth of Nazareth

As pointed out by Girma (1997), many factors have contributed to the growth and development of Nazareth over the decades since its establishment and particularly since 1960s. These are:

- i. Nazareth continued to be important as a railway station in handling significant proportion of the import-export trade of Ethiopia and the large number of passenger traffic;
- ii. The modality of the city to the country's major transport arteries and its rich hinterland. Nazareth lies at a junction of roads linking Addis – Abeba with the most important ports of Assab and Djibouti, the Addis Abeba – Harar – Dire-Dewa line and roads joining Addis Abeba with southern regions, namely, Arsi, Sidamo, Gamo-Goffa and Bale;
- iii. Its central position for different development schemes, particularly the agro-industrial development projects of the whole Awash Valley such as the Wonji-Shewa and Metehara sugar plantations along with the associated sugar factories, the horticulture farms of Merti, Jeju and Tibila, the Middle Awash fruits and vegetable farms of Nurahera, Melka-sadi and others, the existence of large scale mechanized farms of Arsi and Bale as well as the many small-scale and medium sized industries concentrated in and around Nazareth are among the prominent development activities that have given impetus to the growth and development of Nazareth. This region is probably the most developed and best known region to have attracted investment more than any other part of the country in the recent past. Therefore, being well placed among the towns in the region in terms of socio-economic facilities, it serves as a regional center facilitating the activities of these sectors;
- iv. The Proximity of the city to hydro-electric power installations on the Awash River which are located at Koka and Melkasa and its position along the high-power electric line from Melka-Wakena to Addis Ababa, ensured adequate energy

supply for industrial expansion and domestic consumption in Nazareth and its environs;

- v. Nazareth's increasingly growing importance as trade and commercial center, particularly in cattle and grain marketing as well as retail and whole sale business. Most of the warehouses built were meant to store grains from Arsi, Bale and from the commercial farms in the Rift-Valley from where they are finally exported abroad;
- vi. The environmental scenery of the city, its favourable climate and proximity to resort centres such as the Sodere hot springs with modern swimming pool, the Boku steam bath, and the Gergedi hot waters, all serving as sites of recreation and health resorts. These have been strong attractions for tourists, week-enders and people with health problems;
- vii. The city's increasingly growing importance as the centre for various health and educational facilities such as hospitals, many specialized private clinics, technical secondary school, a TTI, technical college and the like.

Generally, the favourable geographic location of the city and its fast growing socio-economic importance, particularly its centrality and proximity to the economic potentials of the Awash valley and its prospective development have for many years contributed to the fast growth and development of Nazareth.

3.4 Demographic and Socio-Economic Profile of Nazareth

3.4.1 Demographic Aspects

Nazareth is one of the largest and rapidly growing urban centers in Ethiopia. Regarding its population size, Nazareth ranks third in the national urban hierarchy following next to Addis Ababa and Dire-Dawa.

According to the 1994 census of CSO, Nazareth has a population of 127,842 or 6.51% of the oromiya region's total population, out of which 62,965 (48.47%) are male and 65,877 (51.53%) are females (CSA, 1996:32).

Table 4: Percentage Share of Nazareth Population in the Oromiya Region

% Share of Nazerath Population	Total Population	% of Total	Percent Male	Percent Female
Oromiya region	1962804	100.00%	48.39%	51.61%
Misrak Showa Zone	444376	22.64%	48.45%	51.55%
Adama wereda	153134	7.80%	48.41%	51.60%
Nazareth	127842	6.51%	48.47%	51.53%

Source: CSA, 1996. The 1994 Population and Housing Census, Addis Ababa.

The average sex ratio is 94; i.e., there are 94 males per 100 females. This means that females are relatively more than males in the town. It is also indicated in the census report that 33.7 percent of the population of the town are children below the age of fifteen years, about 4.5 percent above the age of sixty years while 61.8 percent belong to the age group of 15-60 years (CSA; 1996:141). This gives an overall dependency ratio of 161.7, implying that each 100 person of the productive age has to support about 161 persons.

3.4.2 Ethnic Composition

The ethnic composition of the population of Nazareth indicate that, the Amhara with 44.42 percent of the total population is a dominant group, the second major ethnic group is the oromo with 26.23 percent. The other ethnic groups are the Gurage (7.29 percent), the Tigre (6.27 percent). There are also other ethnic groups like Welaita

(0.69 percent), Kembata (0.54 percent) and others with less than 500 population consisted 2.84 percent. (see Table 5).

Table 5: Ethnic Composition of Nazareth Population

Total Population	Percent of Total	Percent Male	Percent Female
All persons	100.00%	45.47%	54.53%
Amhara	44.42%	45.08%	54.92%
Gurage	7.29%	54.50%	45.50%
Kambata	0.54%	54.59%	45.41%
Oromo	26.23%	49.28%	50.72%
Tigre	6.27%	47.04%	52.96%
Welaita	0.69%	57.84%	42.16%
Others with less than 500 population	2.84%	49.23%	50.77%

Source: CSA, 1996. The 1994 Population and Housing Census, Addis Ababa.

3.4.3 Educational Level

The classification of Nazareth population of ten years and above by the level of education shows that, the literate people with 80.02% are the majority. Out of the literate people, 86.05 percent are males and 74.46 percent are females. Those who have no schooling or who are illiterate comprise 19.58 percent, out of which, 33.15 percent are males and 66.85 percent are females, implying the high level of illiteracy among women.

Table 6: Educational Level of Nazareth Population

Total Population	Percent of Total	Percent Male	Percent Female
All population aged 10 and above	101195	47.95%	66.85%
Illiterate	19.58%	33.15%	48.44%
All literate	80.02%	51.56%	53.24%
Primary 1-3	10.09%	46.76%	50.48%
Primary 4-6	21.25%	49.58%	48.52%
Junior Secondary 7-8	14.36%	51.48%	44.89%
Senior Secondary 9-12	26.08%	55.11%	23.81%
Above sec	2.50%	76.19%	59.37%
Non regular	5.74%	40.63%	50.74%
Not stated	0.40%	49.26%	74.46%
Percent Literate	80.02%	86.05%	

Source: CSA, 1996. The 1994 population and Housing Census, Addis Ababa.

3.4.4 Economic Characteristics

Among the population aged ten years and over, 46549 or 46.89 percent were reported to be economically active and 52763 or 52.14% to be economically in active (CSA; 1996). The distribution of the economically active population by sex showed that among the male population aged ten years and over, 29.93% percent were found to be economically active while in the case of females it was 16.97 percent. The activity rate for the town was reported to be 47.35 percent; 63.19 percent and 32.84 percent; for total, males and females respectively.

Among the economically active population of the town the participation rate in gain full employment is estimated to be 69.7 percent, with 66.4 percent for males and 33.6 percent for females. The proportion of unemployed persons out of the total economically active population is 29.28 percent.

Table 7: Employment Status of Nazareth Population

Total Population	Percent as of Total	Percent Male	Percent Female
Total 10 and over	47452	63.82%	36.18
Total unemployed	29.28%	53.97%	46.03
Unemployed with work experience	5.64%	66.48%	33.52
Unemployed with out work experience	23.64%	50.98%	49.02
Unemployment rate	29.28%	24.76%	37.25

Source: CSA; 1996. The 1994 Population and Housing Census, Addis Ababa.

Among the employed population, the majority (more than 80 percent) are engaged in trade and services in the private and public sectors. The 1987 data compiled by the city council shows that there were 28,551 people employed in different sectors of the economy. The proportion employed in each sector can be depicted as follows: manufacturing 11%, trade 31%, construction 3%, finance 1% and other service sectors constitute 42% (NCC, 1987) Despite this, employment statistics shows that 30 percent of the active population is unemployed, the majority of whom are females.

Just like most urban centers in Ethiopia, Nazareth's economy is based on non-farm activities and these activities take place both formally and informally by creating sizeable employment opportunities for the residents. The following examines the situation of informal sector in the town.

3.4.4.1 The Situation of Informal Sector in Nazareth

The most important dimensions of the urban economy of Nazareth town are the informal establishments or activities. Accordingly a large number of economic activities are carried out by sizeable number of people in Nazareth which generally go

unrecorded in the official account. The CSA (1997) data indicates that there were about 12,109 people employed in the informal sector. This accounts for 30% of the total employment (see table 8).

According to the table below, a large number of informal sector operators are concentrated in a limited area of activities, i.e.; 46.2% in manufacturing; 33.2 in trade, hotel and restaurants activities. The remaining 20.6% of the operators are distributed among the other activities. Therefore Nazareth's informal sector activities is generally characterized by high concentration of manufacturing, trade hotels and resultants.

According to the outcome of the survey, the output by major manufacturing industrial group includes, among many others, production of light consumer goods like local drinks, and clothing (mainly weaving of cultural clothes and tailoring). Informal sector activities, also includes hotels and restaurants. It also includes street side vending known as "gullit", small shops and other retail trade and sales of local drinks and food, where the majority of the operators are women.

Table 8: Distribution of Informal Sector by Operation and Persons Engaged in Nazareth, 1996

No.	Major Industrial Group	Number of Operators	Persons Engaged	Total Employment	Percentage Share in Total Employment
1	Agriculture, hunting, forestry and fishing	1107	623	1730	14.3
2	Mining and quarrying	-	-	-	-
3	Manufacturing	4028	1565	5593	46.2
4	Construction	124	98	222	1.8
5	Trade, hotel and restaurants	3477	541	4018	33.2
6	Transport	65	-	65	0.5
7	Community and Personal Services	444	37	481	4.0

Source: Central Statistics Authority (CSA, 1997). Report on Urban informal sector sample survey Statistical Bulletin, 174, Addis Ababa.

This situation could be attributed mainly due to the low level of initial and working capital requirements for these activities. According to the CSA (1996), 58 percent of the informal sector establishments/activities in Nazareth have an initial capital of only up to birr 250. Establishment with capital birr 251-500 account for about 12% and those who have capital of birr 1001-2000 and birr \2001-5000 account for about 6.3% and 5.7%, respectively. Only 4.5% and 4.9% of the establishments, have an initial capital that amounted to birr 5001-10000 and more than 10000 respectively. Therefore, inadequacy of working capital and the high demand for these basic and cheap products and services especially by the majority of the low-income group of the population, might be the major reasons for concentrating in these two production and service groups (see table 9).

The reason for shortage of capital is that people involved in the informal activities cannot meet collateral requirement to borrow from Bank. For instance, only 1.5% of the informal sector operators borrowed from the bank. According to the same survey, the major sources of capital for this sector are own saving, borrowed from relatives/friends, and assistance from relatives that accounted for 31.9% and 28.7% each in respective order.

Concerning the contribution of the sector to gross value or value-added in the national income account, CSA's survey tried to estimate that, all informal activities in Nazareth town generated a total of Birr 57.9 million in gross value of income in 1996 and has a share of 2.9% of the national gross value of income generated in the urban informal sector. The total value added at market price generated by this sector was birr 20.1 million and has a share of 2.6% of the national value added generated by urban similar

activities. This figure indicates that the contribution of the informal sector to income generation is worth considering.

Table 9: Distribution of Informal Establishments by Initial Capital and Capital Source, 1996

Initial capital (in birr)	Establishments		Source of Capital by Number of Establishments							
	No	%	Own saving	Borrowed from relatives/friends	Assistance from relatives/friends	Borrowed from bank	Borrowed from Lenders	Assistance from government, NGOs, etc.	Others	Total
Up to 250	5,335	57.7	2952	2651	2654	143	14	118	713	9245
251-500	1,128	12.2	31.9%	28.7%	28.7%	1.5%	0.2%	1.3%	1.7%	100%
501-750	369	3.9								
751-1000	310	3.6								
1001-2000	580	6.3								
2001-5000	527	5.7								
5001-10000	421	4.5								
10000 and over	462	4.9								
Not stated	113	1.2								
Total	9,245	100								

Source: Central Statistics Authority (1997). Report on urban informal sector sample survey, statistical bulletin 174, Addis Ababa.

Regarding the major clients/customers of the sector, the survey indicated that, 81.6% of the total customers were private households followed by retailers/wholesalers (15%) and manufacturers (2.4%). The fact that consumers are the largest clients to the informal sectors indicates that the sectors are close to customers at the gross root level which put them in a better position to respond to the immediate needs and income of the poor people. Income generated in the informal occupation is expended in the town, particularly for the low income group. In addition the composition of the customers of the informal sector indicates the existence of business interaction within itself and other sectors.

The informal sector linkage to other sectors can be manifested, among others by the type of Merchandize or raw materials used. In this regard, the informal sector as a whole uses mainly local agricultural products, natural resources and local industrial products. As raw materials inputs from natural resources and local industrial products account for about 61.6%, 6.4%, and 19.8% respectively. Hence informal sector has higher linkage with each other, i.e. reinforcing each other.

However, the sector is not devoid of problems. It faces a wide range of constraints and problems. According to the survey of the urban informal sector conducted by CSA in 1996, the major problems of the sector in Nazareth were identified. The survey classified the problems into two categories:

a. Difficulties faced when starting the operation in the informal sector

The operators ranked the difficulties they faced when starting their operations, by order of importance. These are

- Lack of sufficient capital
- Getting market
- Lack of premises
- Inadequate skill, etc. (see table 10)

Table 10: Informal Sector Activities and Types of Major Operating Difficulties

No	Types of Difficulties	No of establishment affected	%
1	Lack of premises	1,247	13.5%
2	Access to raw materials	347	3.8%
3	Lack of expert services	269	2.9%
4	High price of raw materials	404	4.4%
5	Government regulations	100	1.0%
6	Inadequate skill	805	8.7%
7	Getting market	1737	18.8%
8	Lack of sufficient capital	4,011	43.4%
9	Lack of credit	18	0.2%
10	Others	305	3.39%
	Total	9,243	100%

Source: Central Statistic Authority (1997). Report on urban informal sector sample survey statistical bulletin 174, Addis Ababa.

b. Difficulties Faced During Operation

- Shortage of working capital
- Limited market
- Family responsibility
- Lack of premises (for detail see table 11)

Table 11: Informal Sector Activities and Types of Major Operating Difficulties

No	Types of Difficulties	No of establishment affected	%
1	Inadequate skill	105	1.1%
2	Problem with workers	41	0.4%
3	Restrictions of free movement of good	201	2.2%
4	Lack of clarity of regulations	54	2.7%
5	Difficulties in obtaining license	195	2.1%
6	Family responsibility	1,067	11.5%
7	Social obligations	222	2.4%
8	Sales on credit	300	3.2%
9	Cultural problems	-	-
10	Shortage of working capital	3827	41.4%
11	Limited capacity	305	3.3%
12	Limited market	1,583	17.1%
13	Lack of premises	509	5.5%
14	Lack of raw materials	468	5.0%
15	Others	168	1.8%
	Total	9,245	100%

Source: Central Statistic Authority (1997). Report on urban informal sector sample survey statistical bulletin 174, Addis Ababa.

The survey further showed the future plan of the informal sector operators pertaining to employment. The majority of the establishments responded that they will maintain the existing employment (72.4%) and only 8.1% indicate that there is a good opportunity of employment expansion together with maintaining the existing labour force.

Despite the harassment (Chasing by police and municipality) of the informal sector, 72.8% of the owners of the establishments responded that they will continue the activity. A further 74.8% have planes to expand. This signifies that the informal sector is a flourishing type of urban economy that needs greater attention by policy makers.

CHAPTER FOUR

4.0 Some Characteristics of Urban Informal Sector Women Entrepreneur in Nazareth “Gimbi Gebya”

This chapter discusses some of the major characteristics of informal sector women entrepreneurs who are participating in various income-generating enterprises in the study area. A knowledge on who the informal sector women entrepreneur would provide policy makers with information concerning the operators in the sector to be used in devising measures to improve their situation.

4.1 Social and Demographic Characteristics of Respondents

4.1.1 Age Structure

The age distribution of women entrepreneurs is shown in Table 11 the general impression created by the table 11 is that the majority of women entrepreneurs (62%) were aged between 15 and 30 years old, with 39 percent of them falling in the 21 - 30 years chort, followed by 20.5 percent of women belonged to age group of 30 - 40 years and 17.5 percent of women entrepreneurs aged 41 years and above.

However, a closer examination of the table reveals that some enterprises attracted relatively younger entrepreneurs than others. In particular, it is interesting to note that 80 percent of entrepreneur in charcoal selling were between 15 - 20 years old. A further manipulation of the table reveal that a total of 76.2 percent of used cloth sellers, 70.2 % of fruit and vegetable seller respectively were bellow 30 years old. On the contrary

45.5% of household goods sellers was composed of women entrepreneurs who are above 30 years of age.

Table 11 Women participating in various petty trade activity and their ages

Age (years)	Fruit and Vegetable		Other food Items		Injera,Dabo Etc		Charcoal		Row material for local drink		Second Hand Cloth		House Hold item		Total	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
15 - 20	19	28.4	3	5.5	6	26.1	4	80.0	2	16.7	5	23.8	5	29.4	44	22
21 - 30	28	41.8	26	47.3	9	39.1	-	-	5	41.7	11	52.4	5	29.4	84	42
31 - 40	14	20.9	20	36.4	3	13.0	1	20.0	3	25.0	2	9.5	3	17.6	46	23
41 - 50	2	3.0	2	3.6	1	4.3	-	-	1	8.3	2	9.5	1	5.9	9	4.5
51 - 60	4	6.0	3	5.5	3	13.0	-	-	1	8.3	1	4.8	2	11.8	14	7
60 +	-	-	1	1.8	1	4.0	-	-	-	-	-	-	1	5.9	2	1
Total	67	100	55	100	23	100	5	100	12	100	21	100	17	100		

Source: Survey results

The above age-structure given in Table 11 show that, the majority of respondents involved in the survey (82.5%) were aged between 15 and 40 years. In particular 62% of them are aged between 15 and 30 years falling in the youth age group. This is the most productive, innovative and energetic group in any population. It would thus appear that faced with unemployment in the formal sector may cannot stay idle at this stage, since it is when they marry and set up their own families and have to fulfil their productive and reproductive obligations which may compel them to engage informal income-seeking activities. The informal sector, therefore, would be an attractive alternative to this age group than waiting for employment in the formal sector which may never materialize.

4.1.2 Marital Status

The finding of the survey indicates that, of the 200 Women entrepreneurs interviewed, about 49% constituted married women, followed by 26% single, 12.5% divorced or separated and 12.5% were widowed.

Table 12 Women participating in various petty trade activities and their marital status

Marital status	Fruit and vegetable		Other food items		Injera and Dabo		Charcoal		Raw material for local drink		Second hand cloth		House hold items		Total	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Married	38	56.7	30	54.5	12	52.2	-	-	5	41.0	5	23.8	8	47.1	98	49
Single	12	17.9	13	23.6	5	21.7	4	80.0	4	33.3	9	42.9	5	29.4	52	26
Divorced	9	13.4	2	3.6	3	13.0	-	-	2	16.7	6	28.6	3	17.6	25	12.5
Widowed	8	11.9	10	18.2	3	13.0	1	20.0	1	8.3	1	4.8	1	5.9	25	12.5
Total	67	100	55	100	23	100	5	100	12	100	21	100	17	100	200	100

Source: Survey result

When specific activities are viewed separately, over half of women trader in fruit and vegetable, other food items and Injera, Dabo etc. are found to be married than other activities. While 80% of charcoal sellers, 42.9% of used cloth seller and 33.3% of raw material for local drink seller are found to be single (never married) women.

It is evident from the survey result that a large proportion of respondents were married (49.0%). The variable marital status appears to have a significant impact on women's entrepreneurship development. The urge to fulfil marital obligations, e.g. child support and feeding the family could be a major explanatory factor for the entrepreneurial activities.

Another group that is highly represented among the women in this study is that of single women, i.e. those who are widowed, divorced or never got married. These constituted 51% of the respondents and a number of them were in fact household heads. It can be argued that for many of such women, petty trade is the only possibility to eke out living for themselves and their dependants.

4.1.3 The Number of Children and Dependents

The information regarding the number of children of women entrepreneurs is contained in table 13. The table shows that 26.5 percent of women entrepreneur have (1-2) children while 21.5 percent of them had (3-4) children to look after and 18.5 percent of them had (5-8) children. Only 1 percent of women have (9-12) children and 32.5 percent of women did not have child. These children are dependent on the women for food, housing, school fee, clothing, medical care etc.

Table 13: Number of Children

No of Children	Frequency	Percent	Cum. Percent
1-2	53	26.5	26.5
3-4	43	21.5	48.0
5-8	37	18.5	66.5
9-12	2	1.0	67.5
No Child	65	32.5	100
Total	200	100	

Source: Survey Data

In addition to the dependent children women entrepreneur had other dependents such as their mother, relatives from the extended families and husband without any meaningful income. According to the survey results, 59.5 percent of women had 1 to 4 dependents, 19.5 percent of them had 5-8 dependents, 2.0 percent of women entrepreneur had over 9 dependents and 28 percent of women had no dependents.

It is important to note the large number of dependents per respondents. On average women had 2.6 dependents. The maximum number of dependants reported were 18 and the minimum number was none. Many women claimed that it was their obligation

to support these dependants and therefore had no alternative but to indulge into informal sector activities.

4.1.4 Educational Level

Generally it is assumed that education has a positive effect on productivity of labour and it is a key factor to improve the level of economic performance of any activity.

The study revealed that, the majority of women entrepreneur in the study area had little or no education. 35 percent of the women were found to be completely illiterate while 11.5 percent of women can read and write only. It should however be stressed those group who read and write could hardly claim to be literate. Further more, the survey data shows that, 23 percent had some primary education, 16.3 percent had some junior secondary education and 14 percent of women had some secondary level education.

Table 14: Educational Profile of Respondents

Educational Level	Frequency	Percent
Illiterate	70	35.0
Read and Write	23	11.5
Grade 1-6	46	23.0
Grade 7-8	33	16.5
Grade 9-12	28	14.0
Total	200	100

Source: Survey results

From the above table, it can be seen that the level of participation was seen to decline with progressive levels of education. Hence, petty trade, therefore, are attractive to those less educated and school dropouts for whom little exists at present interms of formal sector employment.

4.1.5 Ethnic Composition

Since the study was carried out on a cosmopolitan (multiethnic) area, it was able to capture women of different ethnicity from across the country. However, the results of this survey indicated that, women entrepreneurship tended to be dominated by a few ethnic groups. The distribution of women entrepreneurs by ethnicity is presented in Table 15.

Table 15: Distribution of Women entrepreneurs by Ethnicity

Ethnic Group	NO	Percentage
Amhara	52	26.0
Gurage	114	57.0
Oromo	29	14.5
Tigre	5	2.5
Total	200	100.0

Source: Survey results

The above table shows that most of the women entrepreneurs (57%) were from the Gurage tribe. This is a very significant proportion. This reflects the Gurage culture encourages not only geographical mobility but also entrepreneurial activity more than the other ethnic groups.

4.1.6 Migration Status

The urban informal sector is generally considered to consist largely of persons who have migrated from rural areas to the towns. This is confirmed by the surveys. It was found out that 71.5 % of the operators came from outside Nazareth, while only 28.5% were born in the town.

It is therefore, clear from the above result that there have been a combination of strong forces that attracted a large number of people from different parts of the country towards the town. Specifically, the main reasons for people to migrate to the town is due to the strategic position of Nazareth interms of its economically significant location close to the National Capital of the country and its increasingly growing importance as trade and commercial center. In this regard, Girma (1997) in his study indicated that, 2.2% of the growth rate of the population is due to immigrants and 3% as a natural increase.

Another aspect not usually given much attention in migration studies is about the last urban or rural origin of migrants. Understanding of such pattern, together with the reasons why migrants leave their place of origin have important policy implications.

Table 16: Percentage of Migrants by Place of Previous Residences

Place of Previous Residence	No	Percent
Urban	88	44.0
Rural	112	56.0
Total	200	

Source: Survey result

Table 16, shows that about 56 percent of the respondents had rural origin, while the remaining 44 percent had urban origin. The rural origin of the respondents could be attributed to the declining agricultural terms of trade and falling living standards endemic in the rural areas during the last two decades. Consequently, the majority (particularly youth) run away from the rural areas in general, and agricultural activities in particular, opting to sell their labour in the urban areas, especially in the urban

informal sector. Informal sector, activities are regarded by the migrants as more profitable, promising and easier than agriculture.

In this regard, Sethuraman (1976) described the sector as the haven for these who have forsaken the rural sector for urban life and jobs; when these people fail to secure the sort of life and jobs for which they left their villages, they are forced to adopt survival strategies which consider unemployment to be a luxury they cannot afford; they are thus forced into the urban informal sector to survive instead of returning to their villages.

The survey result confirmed this premises. As shown in Table 17, about 27.5 of the migrant women said they moved to the town primarily in search of jobs. The other important cause for migration to the town was following parents, relatives and friends. This proportion accounted for 21.5 percent; actually many women mentioned that they came following others, to indicate how they came but the motive to come was to find job. Therefore, these women should be categorized under "To find job".

Table 17: Reason for Migration

Reason	Frequency	Percent
To find job	55	27.5
To open business	6	3.0
Followed parent, friend	43	21.5
Marriage	38	19.0
Seeking modern Social services	4	2
Due to war and drought problem	4	2
Other reasons	50	25
Total	200	100

Source: Survey result

Marriage was found to be the third most important reason for migration to the town. About 19% of women mentioned to come to Nazareth due to marriage. Job searching is the most important reason for migration to the town.

The survey result also shows that the majority of women (60 percent) have lived in the town for more than 15 years while 18 percent have lived in the town from 10 to 15 years and 12 percent have lived in their place of residence for 1 to 5 years. The minimum period of stay in the town was 1 year and the maximum was 58 years with the mean of 18 years.

The data on residence seems to suggest that a majority of the participants in informal sector activities are not recent migrants but individuals who have lived in their areas of residence for a reasonably good length of time. In fact the mean and median periods of length are above five years.

During the survey period, women operations of informal sector activities were asked to state their place of origin in terms of zone and region and the result obtained from the survey on these questions are presented in Table 18.

According to the data in Table 18, the largest number of petty trader women, which account for 42 percent of the total originated from the Gurage Zone; the second largest group of women petty trader which account for 24 percent of the total are indignant and came from the surrounding area of the town. The Arsi Zone ranks third by contributing about 8.5 percent of petty trader. Then the other important contribution comes from

Wello (4.5%), West Shewa (3.5%). North Shewa (3.5%), Addis Ababa (2.5%) and Tigray (2.0). The remaining zones has little contribution.

Table 18: Regional / Zone origin of respondents

Place of origin	Frequency	Percentage
Nazareth	56	28.0
Around Nazareth	2	1.0
Gurage Zone	84	42.0
Arsi Zone	17	8.5
North Shewa	7	3.5
West Shewa	6	3.25
Wello	9	4.5
South and East Shewa	3	1.5
Bale	1	0.5
Gojjam	2	1.0
Gonder	1	0.5
Tigray	4	2.0
Sidamo	1	0.5
Harar	1	0.5
Asab	1	0.5
Addis Ababa	5	2.5
Total	200	100

Source: Survey result

From the finding the survey, it is plausible to conclude that the effect of proximity to the city; high population densities and Nazareth's attraction to business minded people; transportation availability is reflected in the origin and volume of the in-migrants. The high share of Gurage zone is due to the culture of the people that is much related to business activities. While the in-migrants from Arsi, Bale Shewa and East Shawa is due to their proximity and easy access to the City. The other significant contribution from the Northern parts of the country may be due to high population densities, soil degradation; drought and security problem prevailing in these parts of the country.

4.2 Description of the Business enterprises engaged in by women

This section of the chapter reviews the salient feature of women owned enterprises in the urban areas of Nazareth. The informal sector possesses certain characteristics which set it apart from the formal sector. It is important to have a clear understanding

of those distinguishing characteristics in order to formulate appropriate policies and programmes to guide the growth and development of this sector. These characteristics however, are not very well known, in spite of path breaking publications by ILO (1972, 1985). It is essential to understand the composition of the informal sector especially in respect to size, in come generation, employment structure, etc. In addition, gender issues as they relate to the informal sector deserve our attention. All these will not only inform policies but will also provide understanding for the resilience and persistence of the informal sector in Third World Countries.

4.2.1 Reason for participating in the informal sector

One of the key questions in understanding the nature of the informal sector in any particular economy is what causes people to operate in the sector. The knowledge of such causes would provide the basis for decision making by governments, NGO and individuals on the appropriate measure to be taken in order to improve the situation of the sector and to exploit its employment and income generating potential.

The survey result revealed that most respondents were compelled to enter the informal trade activities by economic hardships and family obligations. Table 19 indicates that about 36 percent of the women interviewed joined the informal sector primarily to supplement the households meager incomes so as to cater for basic family needs especially food and clothes, for children's school fees and other scholastic materials, e.g., books and uniform. This finding, therefore justify, the emerging trend in many third world cities, where the majority of urban households adopt the "multiple modes of livelihood" (MML) strategy described by Mustapha (1992). Multiple modes of livelihood

refers to a situation where those sections of the population dependent on fixed salaries seek additional income by multiple jobs. For most wage earners, income is not enough to sustain the livelihood of their households. Consequently, women have to supplement this by engaging in various trading activities in the informal sector.

Table 19: Major reasons for participating in the business

Major reasons	Frequency	Percent
Lack of job opportunity	59	29.5
To supplement family income	72	36.0
Means of self help and family sustenance	30	15.0
To promote myself	5	2.5
Poverty/lack of alternative	24	12.0
Released from other work	2	1.0
To make busy oneself	4	2.0
Easy to start	4	2.0
Total	200	100.0

Source: Survey result

The second major reason mentioned by women entrepreneurs was lack of job opportunity which account for 29.5 percent. This indicate that, women Barred from seeking jobs in the main stream economy due to lack of education and training have often found the informal sector as their refugee.

In addition, about 15 percent of women said that they had to participate in petty trade to raise income to support themselves and their dependants as they were household heads. This category included mostly single mothers, divorced women, widows, separated and abounded women. In this regard a UN study indicated that, in Africa, about 35 percent of the households are headed by women. These women have to support their families, it is therefore inescapable for them to engage in informal sector activities as the only alternative to earning income in order to raise their children (UN/ECA; 1996: p.34).

Another major reason which account for 12 percent was poverty or lack of any alternative. Many women said that, they joined the sector because of economic hardship and as a means of survival. In this regard, a united nations conference on trade and development agreed that poverty is by far the most compelling force which drives women to seek employment (UNCTAD; 1990).

In a few cases, about 2.5 percent of the respondent mentioned the urge for economic independence or improvement of socio-economic status as motives for seeking income earning activities. While the remaining 5% mentioned other reasons like released from other work, to make oneself busy and easy to start.

4.2.2 Previous work experience of the respondents.

In addition, during the survey period women operators in the urban informal occupation prior to joining market trading. The results of this question is presented in the following table 20.

Table 20: Distribution by previous work experience

Previous work experience	Frequency	Percent
Self – employed		
Business	26	13.0
Farmer		
	5	2.5
Employee		
Government employee	3	1.5
Private sector employee		
Domestic servant		
	5	2.5
	25	12.5
Unemployed		
House wife	66	33
Student		
Unpaid family labour		
No response		
	45	22.5
	18	9
	7	3.5
Total	200	100

Source: Survey results

The result from the above table show that, the majority of respondents (64.5%) were unemployed or had no job experience (housewives, students, unpaid family labourer), while 16.5 percent were self – employed (owners or farmers) and 15.5 percent were employee (Domestic servant, government and private sector employee).

However, a closer scrutiny of the percentage contained in the table reveal that most respondents (33%) were housewives. This indicate that women find retail business occupation to be quite favorable business since they can handle other domestic chores like child bearing and rearing etc. The table further shows that, about 22.5 percent of the respondent were students joining market trading. This indicate that the informal sector is providing employment to school drop outs and school leavers, in which they create their own employment to the extent he capital and skills at their disposal would permit.

The third major group, which account for 12.5 percent of the respondents were Domestic servants. This woman entered informal sector activity because it gives them relative freedom and economic independence. Informal discussion with this women revealed that, they have been expensed to different problem, like sexual harassment and unwanted pregnancies during their Domestic services and one of this women told to the researcher that, she has two children born from her employer.

4.2.3 Type of women's informal trade activities

The study found that women entrepreneurs in Nazareth “Gimbi Gebeya” were engaged in the following activities: 1) selling fruits and vegetables, 2) selling other food items; 3) Selling Injera, Dabo, Kollo; 4) selling charcoal; 5) selling raw material for traditional

drinks; 6) selling second hand clothes; 7) selling household utensils both handicraft and manufactured goods.

Table 21: Type of women informal trade activities

Type of business activities	Frequency	Percent
Selling vegetable and fruit	67	33.5
Selling other food items	55	27.5
Selling Injera, Dabo-kollo	23	11.5
Selling charcoal	5	2.5
Selling raw material for traditional drinks	12	6.0
Selling second hand cloth	21	10.5
Selling household utensils	17	8.5
Total	200	100.0

Source: Survey result

As can be seen from the data in table 21. The major activity where a large proportion of women involved was fruit and vegetable trade. This activity attracted 67 women representing 33.5% of the entire sample. This activity was found to be popular among women in Nazareth probably because it did not require a substantial amount of initial capital to start and its very low competition from the male traders, for its is traditionally a female preserve. In addition, it was found that this type of entrepreneurs had no fixed position and was performed in open air market on a fairly small-scale basis (see photo - 1 in the next page).

The second important activity is selling other food items which account for 27.5%. This category include selling grain, cereals spices, processed food, dairy products, chicken and egg and catering the food-kiosk other than selling injera, bread and kollo.

Another important category is selling second hand clothes which account for 21%. Many of these women in the market was found either sitting along the corridors of market stalls or walking around the market trying to sell clothes to passers-by. Mostly these women sell low price and low quality second hand clothes (See photo – 3 in the next page).

The activity of selling “Injera,” “Dabo”, “Kollo” make up for 11.5 percent of the respondents. One of the major feature of this activity is that they work at a certain hours of the day particularly at the morning and in late afternoon. Most of the women who engage in this activity are the poorest section of the urban dweller who want to supplement their meager income (See Photo – 3).

Here is also worthwhile noting that these women engaged in selling Injera, Dabbo and Kollo, involves, much more than just “buying and selling”, it often requires considerable amounts of time and labour to prepare in their homesteads and at times it takes longer and requires more labour to prepare the products than to sell them at the market place. According to a recent study by Dejene Aredo (1999), the minimum time required to bake an Injera using the traditional Mitad is about 3 to 5 minutes. In spite of these, they can feed their families from the sale of their product and the product itself.

Furthermore, about 17% of women found selling household goods both handicraft products like, pottery products, e.g., kettle; “mitad”, “akembalo”, and other manufactured product, which include plastic and metal products. E.g. furnace, iron plate, etc.; ceramic products etc.

Photo 1: Vegetable and Fruit seller



Photo 2: Household goods (Iron tools) seller



Photo 3: Second hand Cloth and Injera seller

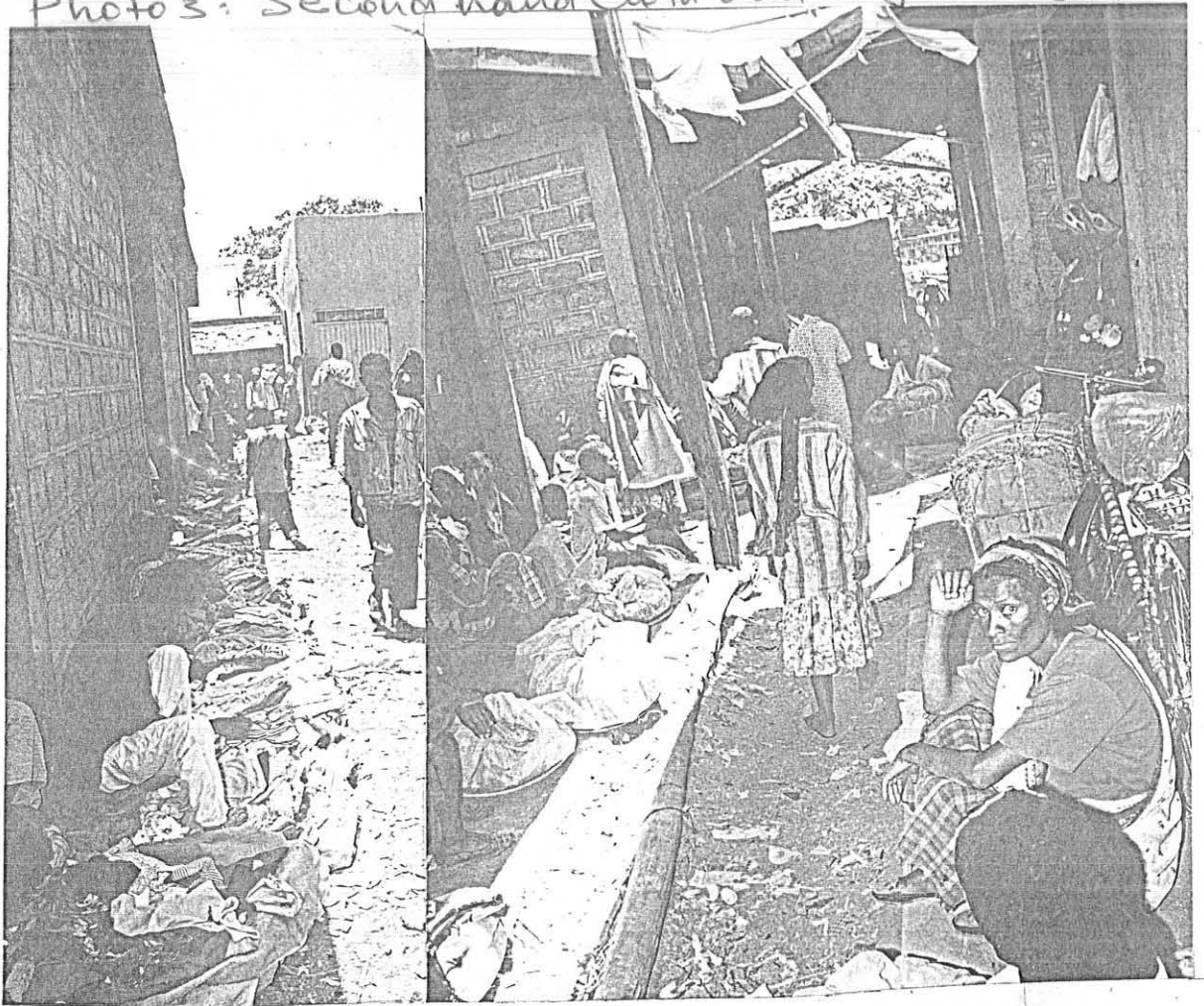


Photo 4: Grain seller



Photo 5: Raw material for local drink seller



Photo 6: Charcoal and kollo seller



Apart from this, 6% and 2.5% of the women are found engaged in selling raw material for local drink like 'bekil' and 'gesho' and selling charcoal. Many of charcoal seller are found working under unsanitary situation which affect their health.

Therefore, on the basis of the survey outcomes, it can be concluded that women's informal sector activities were simply an extension of their traditional roles as mothers, wives or daughters. These are indeed low status, low skill and low paying jobs which require little or no education and low level of initial and working capital. In addition, the high demand for these basic and cheap products and services specifically by the majority of low income group of the people and lack of adequate skills for other alternative investment opportunities on the part of women informal sector operators might be the other major reasons for concentrating in this type of activities.

4.2.4 Type of Business Ownership

A distinguishing characteristics of the informal sector is that it consists of individuals who despite capital and legal constraints, utilize their own individual resourcefulness to generate employment and incomes. The informal sector is thus seen to be dominated by self employed individuals. This characterization is borne out by the data on the informal sector in Nazareth as well.

The study attempted to investigate the type of ownership in the sector, 87% of the respondents reported that their businesses were wholly owned by them. This means that they undertook all the major decisions such as where and when to purchase, and price fixing. A further 4% where found partners and 9% of women mentioned family ownership.

Table 22: Type of business ownership

Ownership	Frequency	Percent
Sole	174	87.0
Partnership	8	4
Family	17	9
Total	200	100

Source: Survey result

4.2.5 Type of Labour employed

One of the major characteristics of informal sector employment is the total lack of division of labour and being a one-person enterprise. The survey revealed that the large majority of women (93%) were self-employed. The few of them in the employer category employed casual labourers. A number of them exploited 'free' family labour.

4.2.6 Time spent on activities

One of the labour input in any activity is "Time". The survey results concerning "hours of work" are reported in Table 22. There are two reference points regarding legally sanctioned hours of work in Ethiopia. These are regulations of the central personnel agency (which governs mainly the civil service and generally the public sector) and the labour law. Both according to Ethiopian labour law and the regulation of CPA, the average working hours a day for all class of workers is 8 hours. Further, the CPA regulations provide for a 39 hours of work per week (Teshome Mulat: 1989).

According to Table 23 most respondents work for more than 8 hours perday. This proportion make up almost 90% of the cases and they work 6 days per week in 76.5 percent of the cases and 7 days for 22 percent of the cases. From these results, it can be stated that women in the sector appear to work more than the hours set for public

sector enterprises and their informal sector involvement is a full-time activity that leave little room for other activity.

Table 23: Working hours, days and months in informal trade activities

Working hour per day	Frequency	Percent	Cumulative Percent
Less than 8 hour	11	5.5	5.5
8 – 11 hour	82	41.0	46.5
12 hour	104	52.0	98.5
12 hour and above	3	1.5	100
Total	200	100	-
Working days per week	Frequency	Percent	Cumulative Percent
Less than 6 days	3	1.5	1.5
6 days	153	76.5	78.4
7 days	44	22	100
Total	200	100	-
Working months per year	Frequency	Percent	Cumulative Percent
1 – 6 month	1	.5	.5
7 – 11 month	7	3.5	4.0
12 month	192	96.0	100
Total	200	100	-

Source: Survey results

In addition to these many women mentioned they have to combine their economic activities with house hold duties which includes child care, food preparation, cleaning etc.

4.2.7 Working Condition

The survey revealed that, a large proportion of women entrepreneur, 65.5 percent operate without fixed location, while the remaining 34.5 percent said to have fixed location. With regard to the type of working premises, 61.0 percent of women reported that they work without any premises. In the absence of proper working premises many women operate their activities along the corridors, foot path and open air.

Table 24: Where the enterprise operate

Place of operation	No	Percent
Fixed location	69	34.5
Variable location	131	65.5
Total	200	100.0

Source: Survey result

About 12.5 percent of women said that they work from temporary Shanty sheds made of make-shift materials. While 24.5 percent mentioned to have permanent market stall.

Regarding the ownership of working premises, 55.5 percent reported that they simply stay in the place that is neither owned nor rented. While 17.5 percent women mentioned they rented the market stall from the municipality and 23.5 percent said they work from self-owned structure.

The survey revealed further that only 3% of women reported having access to electricity and 1 % for both electricity and water. The majority of respondents (80%) of the enterprise had access neither to water nor to electricity. The data also revealed that 16 percent of women mentioned to have storage facilities.

When asked of their preparedness to move to different place if government gives fixed location, only 28% of women operators indicated their willingness to move. The rest 72% refers their present location. Those enterprises not willing to move indicated fear of loss of their market share as the major reason constraining them. They are also afraid that such fixed location provided by the government will increase the extent of government regulation of their activities.

Others mentioned that, the municipality experimented this task by locating them in kebele 16, but due to lack of customers in this area many of the women give up and returned into “Gimbi Gebya” in the process many of the women lost their previous location to their disadvantage.

4.2.8 Source of knowledge and skills for operation of activities

Entrepreneurs ability to operate their business and to absorb managerial and technical skills can be influenced to a large degree by their level of training background and experience acquired over the years.

An inquiry into where the respondents acquired the knowledge of their trade reveals that, most women (34%) acquired knowledge about their present trade through observing others i.e. Friends, neighbours and claimed to have trained on the job (Table 25). As much as 50% of the entrepreneurs claimed to have been self-taught, while 16 percent were taught by their parents. None of them mentioned receiving formal training.

Table 25: Source of knowledge about present trade

Responses	Frequency	Percent
Self thought	100	51.5
On the job	68	35.1
Family	32	13.4
Formal training	-	-
Total	200	100

Source: Survey data

From these results, it can be seen that the substantive proportion were self thought and is not surprising. These appear to conform with informal sector characteristics

where the urge to survive is always a driving force to act. Many women in this study mentioned that, it is because of “difficulty” they learned their trade.

4.2.9 Number of years in the business

Knowledge about the age structure of women enterprise is useful in indicating the average life span of the sector, its relative stability and its potential for growth. During the survey period and attempt was made to know the length of time women petty trader stay in their activity. Table 25 presents the results of the finding. As indicated in table 26, also 51.5 percent of women have less than 5 years of experience; while 35.5 percent of women have 6 to 10 years of business experience and 13 percent of this women have greater than 10 years of business experience.

Table 26: Number of years in business

Number of Years	Frequency	Percent
Below 1 year	36	18.0
1 year	67	33.5
6 – 10 year	71	35.5
> 10 year	26	13.0
Total	200	100

Source: Survey result

From the data in table 26, It can be seen that 51.5 percent of women has less than 5 years of experience in business. The skewed distribution of years in business toward recent years is consistent with findings of other surveys.

In general most informal sector enterprises are young, with an average age for the whole sector being 4 years. The youthful character of these enterprise partly reflects

the relatively high degree of instability. Labour turn over is particularly high since upon graduation most operators prefer to shift to other activity rather than continuing working under the same activity. Another explanation for the short life span of this business is that since entry barriers are low new firms are continuously being created. But as new firms are born competition increases and sales and profit margins decline – sending the less competitive firms out of business. Thus although the birth rates are generally high mortality for such firms is also high.

In addition, it is evident from the study that 98 percent of women in the urban informal sector started influx into petty trade in the past 5 years. This is probably due to the economic decline, and worse still by the introduction of IMF and world bank supported structural adjustment programmes (SAPS). These SAPS did not take into consideration the welfare of certain vulnerable social groups; e.g. low income urban women. The intolerable burdens imposed on them, e.t. Failure to afford basic necessities like food, medical treatment and school fees for their children, have compelled women to participate in a variety of 'business' activities.

Worthwhile nothing here is that most respondents did not continue participating in a similar activity for the whole of this period. They kept on shifting from one activity to another depending on demand, season and convenience.

4.2.10 Capital requirement

4.2.10.1 Level and source of initial capital for activities

Initial capital requirement in the informal sector vary with the type of activity but are generally low. The distribution of women business by ranges of value of initial capital and its source for the study area presented in table 27.

Table 27: Level of initial capital

Amount of initial capital	Frequency	Percent	Cum. Percent
Less than 100 birr	148	74.0	74.0
101- 250 birr	20	10.0	84
251 – 500 birr	14	7.0	91
501 – 750 birr	3	1.5	92.5
751 – 1000 birr	5	2.5	95.0
1000 – 2000 birr	2	1.0	96.0
2000*	4	2.0	98.0
No response	4	2.0	100
Total	200	100	-

Source: Survey result

As table 27 shows about 74% of women petty trader started their operation with the total capital of less than 100 Birr and about 10% of them between 101 – 250 Birr; while only less than 4.5% started their activities with Birr 500 and above. This low level of initial capital requirements are typical of this sector. One possible explanation for the low level of investment situation is the absence of reliable source of capital finance.

During the survey period, women petty trader were asked to state the source of their initial capital for starting informal sector operation. It can be observed from the table 28

that among the total respondents 27.2% of the entrepreneurs secured the initial capital for their business through loan from friends and relatives.

Table 28: Source of initial capital

Sources	Frequency	Percent	Cum. Percent
Own saving	46	24.1	24.1
Borrowed from friend/relatives/parents	52	27.2	51.3
Assistance from friends/relatives	45	23.6	74.9
Loan from government and non-government	3	1.6	76.4
Advance from 'Ekub'	16	8.4	84.8
Husband assistance	5	2.6	87.4
Commodity credit	33	12.6	100
Total	200	100	

Source: Survey result

About 24.1 percent of women entrepreneur reported the financing of initial capital through personal saving. Assistance from friends relatives, parents provided capital for 23.6 percent of the respondents. About 8.4 percent received their investment funds from the traditional mutual help societies such as “Ekub”, Edir, etc. In addition 2.6% of the women received initial capital from their husbands. All together about 85.9% of the total urban informal sector women petty trader secure their initial capital from the sources mentioned above. Loan from governmental and non-governmental financing agencies accounted for only 1.6 percent.

A further break down of source of own saving show that the major source (mentioned by 24.1 of the operator) is income from previous occupation or business.

Therefore, these findings proved the widely held presumption that informal sector operators who get loans from formal financial institutions mainly from banks are very few (1.6%).

The indication here is that, the absence of modern and specialised sources of capital finance for the sector and the heavy dependence on own finance and their acquaintances for such investment constitute impediments to the growth of informal sector women small scale activities. Initial capital determines the type of business and scale of operation. With higher capital the more opportunities and options for profitable business. With a small start-up capital women have concentrated in areas where the chances expansion and development are minimal. It is difficult to move from petty business into more growth-oriented business. During the survey period, many women told to the researcher that, if they obtain sufficient capital, they would expand their activity by opening shop and providing different types of goods. The implication is that the public and private sector has a duty in this regard to make more opportunities for credits available to the informal sector operators.

4.2.10 Marketing of products

4.2.10.1 Source of Goods

About 55% of the respondents purchase goods from wholesaler both at the spot and from different direction of the country where the specific commodity is available. For example, most vegetable vendors purchase from trucks and pick-ups that brought the food stuffs directly to the market. Most women vegetable seller obtained the commodities on credit and paid the wholesalers after sales. The implication is that

women had the disadvantage of accepting the wholesale prices dictated by the track-scale dealers hence the profit margin was reduced.

However, a few food stuff dealers (16%) attempted to go into the rural areas to purchase their commodities directly from farmers like places Huruta (in Arsi zone), Wonji, Methara, etc. are often places where they go. Second hand cloth seller purchase from the market itself, mainly from wholesaler who sell in the form of 'Bid'.

Other items like spice, Butter are bought, they buy from wholesalers in Addis Ababa, Sheno, Debreberhan. Red peppers (Berbere) are bought from Butajera and Mareko in South west Shoa zone.

The other source of commodities are retailers. About 27% of the women purchase their goods from the retailers . This women have small size of activities. Women should try to buy from whole sellers more frequently and avoid buying from retailers since the cost of stock is higher. To enable women to avoid buying from the retailers they will need to increase their working capital.

4.2.10.2 Major customers

The survey data also throws light on the type of customer informal sector petty trade sell to. The overwhelming bulk of goods and services produced in the informal sector are sold directly to the final household (individual) customers. This proportion in precise terms is mentioned by 89.5 percent of the respondents.

A second but less important source of demand for informal sector products comes from retailers and small scale private sector business like Hotel, 'Tejbet' etc. this make up for 10.5 percent.

The usual claim that the informal sector produces goods and services for low income groups in society finds some support from the data. Given that the major market for informal sector come from individual households, the expansion of informal sector activities will depend on the rise of income of such households.

4.2.10.3 Competition

What about competition? How intensive was it and how did it (or does it) affect efficiency in the informal sector? First of all it is worth mentioning that the ILO survey confined itself on the competitive situation on the consumer market. The idea was to find out how the informal sector fares with the formal and to what extent similar activities within the informal sector compete with each other on the consumer market.

In general 45% of the respondent did not feel threatened by competition from parallel activities in the informal sector. 33% of respondents mentioned or complained about the existence of too many similar activities within the sector and competition.

Assuming that some informal sector activities were not threatened at all by competition as some business women asserted, the finding may lastly suggest a high demand potential and a high capacity to absorb labour still exist in this activity. Regarding the competition with formal sector, some women mentioned the presence of little

competition to avoid perishability and to satisfy our daily basic need we sell at lower price than near by shops, this creates some conflict with legal merchants.

4.2.11 Income level

The monthly income of women petty trader in the sector are reported in Table 29. Taking all activities surveyed together, The average monthly income of women entrepreneur was 271 birr per month and ranges between 30 – 1,500 birr per month.

Table 29: Monthly income of women petty trader

Monthly Income	Frequency	Percent	Cum. Percent
Less than 100 birr	30	15.2	15.2
101- 250 birr	98	49.5	64.6
251 – 500 birr	51	25.8	90.4
501 – 750 birr	9	4.5	94.9
751 – 1000 birr	7	3.5	98.5
1000+	3	1.5	100.0
No response	2	Missing	
Total	200	100	-

Source: Sample Survey result

The information in Table 29 indicate that, nearly 90.5 of women petty trader earn a monthly income of less than 500 birr, of which 49.5 percent earn less than 250 birr and 15.2 percent earn less than 100 birr. Clearly these are small incomes by any standard, hence the majority of the women are low-income group. Women who earn monthly income of 501 – 750 birr account for 4.5 percent while those that earn between 751 – 1000 birr per month account for only 3.5 percent and those who earn above 1000 birr per month was only 1.5 percent of the total.

Since family size of many women petty traders are large, the limited income earned by the family is insufficient, even not able to satisfy the food demands of the families. The money needed for other expenses like clothing, shelter, education and health services are hardly covered by few women petty trader while most of the women can not afford these necessities.

Asked whether income satisfy their families and their needs, the majority (90%) responded, that, it does not satisfy and gave many reasons like, income does not exceed from daily expenditure like food and clothing, income is hand to mouth; too much social obligation like 'Edir' and; large family size, etc.

At this point its worth reiterating the fact that obtaining genuine information on income is extremely difficult. Women will not easily declare their income and the worth of their possessions and savings. Women do not usually even tell their husband the value of their financial income and wealth. An attempt was made to gain an idea of the interviewees' wealth by inquiring about other sources of income and possessing aside from their primary business.

4.2.11.1 Additional Source of income

An inquiry into the existence of other source of income indicated that, about 96.5 percent of the women stated they did not have other source of income. While only 3.5 percent of them mentioned some instances of secondary sources of income forexample: shop; house rental, selling tella in the house; washing cloth etc.

Table 30: Additional source of income

Having additional income	Frequency	Percent	Cum. Percent
Yes	7	3.5	3.5
No	193	96.5	100
Total	200	100	-

Source: Sample Survey

With regard to possessing the majority of respondents (59 percent) said they do not own property while 25.5 percent of women petty trades mentioned to have property particularly residential house, shop and some women mentioned having Milk Cow. The remaining 15.5 percent did not give information.

4.2.11.2 Saving of women entrepreneurs

The survey result showed that; only about 23 percent of women claimed they have some saving. While the majority (77%) have said no saving. The culture of saving was very low among women due to low profits low capital investment. The women stated that the money was too little to be banked.

It is comforting to know that some women respondent stated they save 250 birr per week through “Equib” and some others mentioned growing from small scale vending to large shops with high profits through saving and accumulating.

4.2.11.3 Monthly expenditure

Another attempt to estimate the level of income of respondents was to ask their monthly expenditure. This is because information on expenditure was relatively easier.

Table 31: Monthly expenditure of women petty trader

Expenditure	Frequency	Percent	Cum. %
Less than 100 birr	19	9.5	9.5
100 – 250 birr	110	55.0	64.5
251 – 500 birr	57	28.5	93
501 –750 birr	7	3.5	96.5
751 – 1000 birr	4	2.0	98.5
> 1000 birr	1	.5	99
No response	2	1.0	100
Total	200	100	

Source: Survey result

As clearly showed in the Table above, the over whelming majority (55.0%) women petty trader spend less 250.00 birr followed by 28%, who spend between 251 – 500 birr per month. During the survey period the researcher understood that women expend much larger money than what they claimed to be their income.

In addition, a look into how they spend indicate that, women spend most of the money they earn on their own and their families basic needs such as food, clothing, social obligation like Edir, for house rent most women live in rental houses and a large proportion of women spent money for house rent.

The women asked tend to spend their earnings on basic family necessities and not on luxury items. Women who have too little income can hardly afford to splurge to buy house and property.

CHAPTER FIVE

5. MAJOR PROBLEMS, FUTURE PLANS AND TYPE OF ASSISTANCE REQUIRED BY WOMEN ENTREPRENEUR IN THE INFORMAL SECTOR

5.1 Problems of Informal Sector Women Activities in the Study Area

One of the objective of the survey was to identify and quantity the problems hampering the operation of informal sector business operated by women and to see how women can be assisted in solving their problems.

To this end, information was collected on problems encountered when starting the establishment/activity and types of difficulties faced during operation. In addition operators were asked to state and rank the three most important obstacles which hampered the expansion and growth of women businesses. The final result obtained from the survey on these questions are presented in the following table.

5.1.1 Difficulties faced when starting the operation

The operators were asked to rank their difficulties by order of importance they faced when starting their operations. As indicated in the Table 32, the two major problems which affected their business was lack of sufficient capital and lack of working premises which affected about 33.2 percent and 29.5 percent of women informal trade activities respectively.

Table 32 Important Constraints Encountered by Respondents in their Activities

Constraints	During Starting percent	During Operation percent	To expand and grow percent	Total percent
Lack of adequate capital	33.2	29.3	34.56	32.35
Finding suitable working premises	29.5	27.1	23.53	26.71
Government regulation and police harassment	15.4	10.5	11.26	12.38
Inadequate skill	5.2	0.2	-	1.8
Lack of market	7.8	10.1	14.86	10.92
Too much social and family responsibility	-	16.4	-	5.46
Credit to friends	-	1.9	1.39	1.09
Bankruptcy due to perishability etc.	1.2	-	10.2	3.8
No Problem	7.7	4.5	4.2	5.46
Total	100	100	100	100

Source: Survey result.

The third and fourth major problems are government regulation and police harassment and lack of market which affected 15.4percent and 7.8percent of women informal trade activities respectively. These are followed by problems like inadequate skill (5.2percent) and Bankruptcy due to perishability and disposal.

5.1.2 Difficulties faced During the Operation

Summary of difficulties experienced by women informal trade operator are presented in the same Table 32. As the survey result indicates, shortage of working capital is the major obstacle which affected 29.3percent of the cases. Lack of premises (27.1percent) and too much social and family responsibility (16.4percent) are the second and third major obstacle respectively which hinder the day to day activities of

women informal trade activities. The table shows that, obstacles from government regulation and police harassment, lack of market seem to affect very few activities.

5.1.3 Difficulties faced to expand businesses

As indicated in the above table women informal trade operators ranked the type of problems which affect the growth and expansion of their activities. It was found out that shortage of capital is the major obstacle which affect 34.56percent of the cases. Lack of premises (23.53percent) and lack of market (14.86percent) are the second and third major problems.

From the survey result, one can conclude that, lack of working capital, lack of working premises and obstacle from government regulations and police harassment are the major constraints women's informal trades faces in Nazareth "Gimb Gebeya" . This result could help policy makers of articulate possible intervention policies and programs regarding informal sector. The following describes an elaboration of the problem in a more detail.

A. Lack of Working Capital

One of the major problem mentioned during starting, operation and expansion of the informal sector activities carried by women operator is the scarcity of operational capital. The survey revealed that the majority of the respondents did not have sufficient working capital to buy the necessary inputs.

In view of the generally low incomes generated by the informal sector women operator, the usually large number of family dependants, and the rising cost of living, capital accumulation through own savings of the entrepreneurs was generally low. At the same

time the chances of the informal sector entrepreneur to borrow money from the commercial banks were very limited. According to the survey result, 94.5 percent of respondents said they had no access to credit and indicated different reasons for not approaching lending institutions for loans.

Table 33 Reason for lack of access to credit

Reason	Frequency	Percent	Cum. Percent
No collateral	60	30.0	31.7
I fear bank loan	17	8.5	38.5
Don't know how	17	8.5	47.0
Business type does Not warrant loan	53	26.5	73.5
Banks do not give to us	3	1.5	75
I don't need bank loan	27	13.5	88.5
Several of the above	23	11.5	100
Total	200	100	-

Source: Survey result.

The above table show that about 30 percent of the respondents indicated they had no collateral; 26 percent mentioned that their business type does not warrant loan from Bank, approximately 14.3 percent said they don't want bank loan because they use other source for financing their activities like Equib, husband, support and they are scared of the procedure and requirement of Bank loan; 8.5 percent said they fear loans, i.e. were scared of falling into "dept traps" and said they were already in debt.

It should be noted here that banks would not lend money to most small scale women activities as they lack collateral requirements. This is primarily due to a lack of securities on the part of the entrepreneurs, and the lending policies of the commercial banks which give very little room to very small scale enterprises at the end of the continuum.

The only relevant sources of working capital for the informal sector businessmen, therefore, were relatives and friends of the entrepreneurs.

This sources of working capital however had and still has disadvantages. First, friends and relatives usually do not provide a regular source of loans; they lend surpluses which are at times scarce because of low salaries and falling real incomes. Second, loans from such sources are usually short term, given at comparatively high rates of interest (at times 100percent) and the repayment period abruptly changes by the creditor (because he/she is in urgent need of the money). These factors make the already poor informal sector business women poorer. This may partly explain why some entrepreneurs avoid this source of capital and opt for temporal closing down of their business when they do not have operational capital at all to purchase the necessary input.

Given the fact that the internal saving is difficult, that the commercial banks lending policies still exclude small-scale units from borrowing and that borrowing from relatives and friends is expensive and characterized by irregularities operational capital is bound to remain one of the major constraints for efficient participation in the informal sector women activities.

It is also to be added that part of the capital problems experienced by informal sector operators arise out of poor management practices. In this regard one particular area of importance is financial management through keeping records which are central to efficient management of a business because they enable keeping tracks of the

evolution of the business. It is through the keeping of accounts that one can evaluate a business, determine its future course, and effect plausible changes if need be.

Asked whether they keep records or not, a majority of women (92 percent) stated that they never kept any type of record of their business due to different reasons. About 49percent mentioned they keep mental records; about 34.5 said transaction is too small to keep records; 5.5 percent saw no use in record-keeping and 3 percent said they did not know how to keep records because they can't read and write. Those who said they keep record mentioned that they use record to keep note of creditors and debtors and to evaluate the performance of their business.

B. Lack of working premises

A part from working capital, another major problem mentioned by the majority of women as hampering their activity is working premises.

According to this study and casual observation the women's working conditions are usually perilous in that many of them work in small temporary and make shift locations, on side walks and open air. In addition, these women traders are perennially subjected to official harassment since the temporary structures from which they operate are officially defined as illegal.

The statistics from the survey result confirm this situation. About 61 percent of women had no building at all and operated either in open air or on foot path and corridors of the market compound, and 12.5 percent owned shanty sheds in the compounds made up of make-shift materials. The survey revealed further that only 3 percent of the

respondent had access to electricity; 1 percent to both water and electricity and 5 percent to storage facility. While 80 percent of the respondents had access neither to water nor to electricity.

Thus, the precariousness and insecure nature of their working condition is so evident to researchers and lay observers alike that it does not require extensive documentation. In short “women in the informal trade market work under the most trying condition without basic services such as potable water and sanitation nor health facilities. During the survey period the researcher observed the absence of toilet in the market and asked some women how they manage this problem. They answered that, we go to distant place around the market or use open areas around the market. In addition, one woman said that, the problem become severe particularly during pregnancy. Some women use “plastic bag” to urinate and carry it to home later on.

In addition, when most women were asked, what are the necessary condition to be successful in their business, most women answered that, working place and working capital. Some women stated that, “what is the use of having money without fixed location and working premises!”

Thus having a working premises in the city like Nazareth is one of the most basic requirement to be successful in business. Most women did not have a demand problem but lack of working place.

C. Problem associated with government institution

A part from specific problems/obstacles that are faced directly by women entrepreneur, they face another set of problems associated with the existing institutions. These obstacles affect indirectly the capacity of women to open or expand business.

Women refer to the failure of the government institutions to provide a harassment free atmosphere for work. In an inquiry about the attitude of the government to their activities, a majority of them (45 percent) indicated that it is negative or discouraging and 27.5 percent mentioned it is indifferent, while 23 percent mentioned it is supportive

Table 34 Attitudes of the Government toward women business

Government attitude	Frequency	Percent
Discouraging	90	45.0
Encouraging	46	23.0
Indifferent	55	27.5
No response	9	4.5
Total	200	100

Source: Survey result

In addition women lack access to institutional and governmental facilities for loan's. Inadequate government intervention in the provision of the various infrastructural facilities such as housing, education, health and the like are perceived as intensifying the in security of women in the urban informal sector. The corrupt behaviour of some city council officials and polices too, is seen as exacerbating the problem. In addition to the above mentioned major problems which hampered the activities of women informal sector operator, there are a multitude of constraints in their activities.

5.2 Growth prospect and future plans of the respondents

Despite the numerous problems faced by these activities, do women intend to continue in the work? According the survey result 58.5percent of the operator answered they intend to continue and when asked their future plans, about 85percent said they want to expand their capacity.

Table 35: Future plans of sample respondent

Future Plan	No	percent
Maintain at the same level	5	4.3
Expand capacity	100	85.5
Reduce capacity	2	1.7
To change activity	10	8.6
Total	117	100

Source: Survey result

The survey further shows that about 15.5percent of all respondents mentioned that they will not continue because of different reason. About 33percent cited, they are unable to compete with others and they lack capital. While 19.35percent said they want to start education and 12.9percent mentioned the activity is not profitable. In addition a third category of 26 percent of respondent said they have not decided about their future plan and simply answered “ I don’t know”.

The above result can show that, despite the difficulties encountered by female operators informal sector, it is important to note that the majority planned to continue (85.5percent). This signifies the sector has remained the only alternative to the survival of women in the urban economy and could generate jobs if a favourable environment is created for its development.

5.3 Assistance required by female operator in the informal sector

An attempt was made to examine the assistance women need to improve the situation.

The result of the survey is presented in the following table.

Table 36: Type of assistance required by women operators in the informal sectors

Assistance required	1 st type of assistance		2 nd type of assistance		3 rd type of assistance		Total no. of times each assistance mentioned	percent of total no. of times each assistance mentioned
	No	percent	No	percent	No	percent		
Access to working premise	139	69.5	28	14	-	-	167	27.83
Better access to loans	49	24.5	104	52	1	0.5	154	25.66
Easing government regulation	2	1.0	4	2	19	9.5	25	4.16
Assurance to property and work	-	-	8	4	72	3.6	80	13.33
Training and business skill	3	1.5	41	20.5	47	23.5	91	15.16
Free education to their children	1	0.5	2	1	1	0.5	4	0.66
Access to low cost housing	-	-	-	-	1	0.5	1	0.16
I don't need help	1	0.5	-	-	5	2.5	6	1
No response	5	2.5	13	6.5	54	27	72	12
Total	200	100	200	100	200	100	600	100

Source: Survey result

The table shows that about 27.83 percent of operator need assistance or access to working premises. This is not surprising because this is one of the major problem cited above. In addition, 25.66 percent of them said they want access to loans and this is also in confirmation with their major problem areas. While 15.16 percent of respondents mentioned they need training in business skills and 13.33 percent said they need assurance of their work.

In addition, few women mentioned that they need access to low cost housing because of high cost of rental house in the town.

5.4 Attitude toward cooperation within women informal trader

Obviously, support to the informal sector would be greatly facilitated when informal sector business could be reached as a group. Assistance, be it the provision of extension services, programmes for skill-up grading, credit facilities; marketing assistance would be cumbersome and costly, when administered at individual levels.

Asked about their interest toward organization, about 87 percent of women operator stated that they would join if a cooperative in their field of activity is established.

Table 37: Attitude toward cooperation

Responses	No	Percent
Yes	174	87.0
No	23	11.5
I can't decide	3	1.5
Total	200	100

Source: Survey results

From this result, it can be said that, there is a considerable interest among women informal sector operator in forming cooperatives in their line of business.

With regard to the form of assistance such cooperative should render, about 48 percent of respondents mentioned they wanted to organize to get credit, protect one's right; for better supply of goods and to support each other. While 24 percent of the respondent said they will protect their right if organized under cooperative.

CHAPTER SIX

6.0 DETERMINANTS OF MONTHLY EARNING OF WOMEN PETTY TRADER IN THE INFORMAL SECTOR

One of the main objective of this study was to determine the factors which affect income generating potential of women petty trader in “Gimb Gebya” hence, In this chapter an attempt is made to identify the determinants of monthly earnings of women petty trader. In this regard four hypotheses were identified to guide the researcher in obtaining the required information. The hypothesis were

1. The Socio-demographic Characteristics of women petty trader significantly determine the level of monthly earnings.
2. The socio-economic Characteristics of women petty trader significantly determine the level of monthly earnings.
3. Business Characteristics of women petty trader significantly determine the level of monthly earnings.
4. In situation related variables significantly determine the level of monthly earning.

In order to achieve this objective, Bivariate analysis based on Chi – square statistics test of significance was used to determine whether or not the income of women was dependent on the above mentioned Independent Variables. Analysis of income is valuable because there is an emphasis on small-scale enterprise development as a need for enhancing and realizing women’s effective participation in economic development. Income is a major indicator of enterprise development and a motivation for women to start and continue in the business. Women were divided into three

income categories: 0 – 250 Birr (128 out of 200); 251 – 500 Birr (51 out of 200); 500 – 1,500 Birr (21 out of 200). The results are presented below.

6.1 The Effect of Women's Socio-Demographic Characteristics on Income

6.1.1 AGE

At the conception of this study, a general assumption was made that Age is related to the income of women petty trader. The assumption was that younger petty trader are likely to be more educated, more ambitious, possess greater energy, drive and initiative and therefore are associated with success while older petty trader, on the other hand are likely to be risk averse and would not want to lose what they already have and hence attain less income.

Table 38: Effect of Age on monthly incomes

Age	Incomes (Birr)					
	0 – 250		250 – 500		500 – 1,500	
	Percent	No	Percent	No	Percent	No
15 – 20	20.31	26	27.45	14	31.58	6
21 – 30	43.75	56	27.45	14	42.10	8
31 – 40	22.65	29	19.60	10	10.53	2
41 – 50	4.68	6	11.76	6	5.26	1
51 – 60	7.80	10	5.88	3	5.26	1
61*	0.78	1	7.84	4	5.26	1
Total	100	(128)	100	51		19

Chi – square value DF Significance
 χ^2 26.44866 25 0.38398

The result were $\chi^2 = 26.44866$, $df = 25$, $sign = 0.38398$, thus accepting the null hypothesis that age does not determines women petty trader incomes.

6.1.2 Marital Status

In the study a theoretical assumption was made that Marital Status affects women petty trader incomes. The researcher then went ahead to test whether marital status was a determinant of income as shown in table 39 below.

Table 39 Effect of Marital Status on Monthly Incomes

Marital Status	Incomes (Birr)					
	0 – 250		250 – 500		500 – 1,500	
	%	No	%	No	%	No
Married	47.65	(61)	56.86	(29)	42.10	(8)
Unmarried	52.34	(67)	(43.13)	22	57.89	11
Total	100	(128)	100	(51)	100	(19)
<u>Chi – square</u>	<u>value</u>	<u>DF</u>	<u>Significance</u>			
x ²	28.45010	15	0.01892			

The results were $x^2 = 28.45010$, $df = 15$, $sign = 0.01892$. The result indicates that there is some support marital status influences income. The Variable Marital Status appears to have a significant impact on women's entrepreneurship development and income. A women's marital status is not only an indicator of her social status, but it also captures here domestic and economic responsibilities. Therefore, due to an increase in household duties, married women are generally less likely to gin more income than single women.

6.1.2 Family Size

In the study's conceptual framework, the theoretical assumption was that Family size determines the income of women petty trader. The researcher then went head to test whether Family size was a determinant of income as shown in table 40 below.

Table 40 Effect of Family Size on Monthly Income

Family Size	Income (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
0 – 4	48.14	(78)	52.94	(27)	55.56	(5)
5 – 8	48.76	(79)	31.37	(16)	44.44	(4)
9 – 13	3.08	(5)	15.68	(8)	-	-
Total	100	(162)	100	(51)	100	(9)
<u>Chi – square</u>	<u>value</u>		<u>DF</u>		<u>Significance</u>	
x ²	40.56233		25		0.02551	

The result where $x^2 = 40.56233$, $df = 25$, $sign = 0.02551$ the results indicate that there is some support that family size is influences income at 95% degree of confidence.

According to this survey, Family size is the sum total of Children, dependants and the husband if she has and herself hence, her income is used to provide some of the basic requirements (education, clothing and housing among others) for these children, dependants.

Therefore family size influences the amount of income women earn, more children implies the greater demand on women to stay at home doing house work. In addition, younger children are more dependent and increase the likelihood that mothers spend time at home. If a women has many family member, she will have to use a lot of money to sustain their well being. Thus the money she reinvests in her enterprise will be negligible. Thus she cannot expect to gain a large amount of income like her counter part who does not have lot of commitments with her income and reinvests it in her enterprise.

6.1.3 Level of Education

In the study's conceptual framework, the theoretical assumption was that level of education attained determines the incomes of women petty trader. This was tested in Table 41.

Table 41 Effects of Level of Educational attainments on monthly incomes

Level of Education	incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
Illiterate	33.59	(43)	41.17	(21)	26.31	(5)
Read and write only	14.06	(18)	5.88	(3)	5.26	(1)
Grade 1 – 6	26.56	(34)	21.57	(11)	5.26	(1)
Grade 7 – 8	14.84	(19)	11.76	(6)	42.1	(8)
Grade 9 – 12	10.93	(14)	19.61	(10)	21.1	(4)
Total	100	(128)	100	(51)	100	(19)
Chi – square	value	DF	Significance			
x^2	45.31309	20	0.00100			

The computed results were $x^2 = 45.31309$, $df = 20$, $sign = 0.00100$, the result indicates that education significantly determines income.

Successful entrepreneurs proved to be better educated in the total sample. This is because higher level of education is associated with great verbal, communication, computational and comprehension skills all of which are important in business decision making and management.

Hence formal education (level of formal schooling) influences the amount of income women gain in a month. Through formal schooling, women acquire knowledge and skill which are vital for success in income-generating activities. Formal schooling enhances exposure to a number of issues, for example, in accounting, management and practical

skills if these are put into proper use, then the fruit is the more income gained in a month.

Many of the respondents lack the benefit of a good educational background, which is vital for the success, and expansion of their businesses. Low education has negatively affected or hampered all efforts by petty trader to convert their marginal income-seeking activities into economically viable, self-sustaining enterprises. Factors like ignorance about credit facilities, lack of group participation and failure to keep records can all be either directly or indirectly attributed to illiteracy. Illiteracy also creates bottlenecks when attempts made avail programmes aimed at alleviating the plight of these women by Government or NGOs. Hence, Good education is essential for affecting a positive change in women's enterprises. Improving women's educational attainment contributes to their mobility from low-paying activities of higher income.

6.1.3 Migration Status

The researcher was interested in finding out whether incomes were determined by respondents migration status (whether born in the town or outside the town) and the result of the test is shown in table 42.

Table 42 Effect of Migration Status on Monthly Incomes

Migration Status	Incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
Non-migrant	25.78	(33)	37.25	(19)	26.32	(5)
Migrant	74.22	(95)	62.75	(32)	73.68	(14)
Total	100	(128)	100	(51)	100	(19)

Chi – square value DF Significance
 x^2 15.74523 5 0.00761

The computed results were $\chi^2 = 15.74523$, $df = 5$, $sign = 0.00761$ the result indicates that migration status has influence on income. Since the business activity involves social and personal links, Income of these women to be positively related to how long the women has stayed in the receiving area. The longer the stay the more likely one is able to establish the vital links required to facilitate participation in the business.

6.2 Effect of Business characteristics on women incomes of women petty trader

6.2.1 Initial Capital

At the conception of this study, a general assumption was made that initial capital investment determined the incomes of women petty trader. The results are presented in table 43

Table 43: Effect of Initial Capital Investment on Monthly Incomes

Initial Capital	Incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
0 – 250	95.28	(121)	73.47	(36)	50	(9)
251 – 500	2.36	(3)	18.37	(9)	11.11	(2)
501 – 750	0.78	(1)	2.04	(1)	5.55	(1)
750 – 5000	1.57	(2)	6.12	(3)	33.33	(6)
Total	100	(127)	100	(49)	100	(18)

Chi – square	value	DF	Significance
χ^2	136.79149	30	0.00000

Using the Chi-square test the hypothesis that women petty trader initial capital investment significantly determines their incomes, the computed results were $\chi^2 = 136.79149$, $df = 30$, $sign = 0.00000$ thus initial capital significantly determines monthly earnings.

The women's ability to mobilize resources for start up is a crucial determinant of the success of the women businesses. The businesses with more income are those that had employed a noticeably high amount of initial investment with higher capital. Initial capital determines the type of business and scale of operation. With a small start-up capital women have concentrated in areas where the chances of expansion and development are minimal. It is difficult to move from petty business into more growth-oriented businesses, There are too many in vegetable and fruits, items seller compared to shops, buttiq etc which require higher capital investment but also the ones with opportunities to grow and develop.

6.2.2 Type of Business Location

The researcher was interested in finding out whether incomes were determined by the respondents status in terms of their business location (whether working from fixed location or otherwise). The researcher then went ahead to test and the result is shown in table 44.

Table 44 Effects of Business Location on Monthly Incomes

Location Type	Incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
Fixed	14.84	(19)	64.71	(33)	78.95	(15)
Variable	85.16	109	35.29	(18)	21.05	(4)
Total	100	(128)	100	(51)	100	(19)
Chi – square x^2	value		DF		Significance	
	62.11533		5		0.00000	

As can be seen from the above table the results were $x^2 = 62.11533$, $df = 5$, $sign = 0.00000$ thus type of business location significantly determines the monthly earnings.

Hence It can be stated that having permanent working place is crucial to successful in business in a town like Nazareth. This is confirmed in the previous chapter result, where women mentioned having permanent working place is there major problem and also the necessary condition to be successful.

6.2.2 Number of years in business

There is a wide spread belief that the longer the time spent in activity the more experience acquired from the particular activity and determines the incomes of women petty trader. The results are presented in table 45.

Table 45 Effect of time taken in business on women's business

Year in Business	Incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
0 – 5 years	53.91	(69)	45.09	(23)	57.89	(11)
6 – 10 years	32.81	(42)	41.18	(21)	31.58	(6)
Above 10 years	13.28	(17)	13.73	(7)	10.53	(2)
Total	100	(128)	100	(51)	100	(19)
<u>Chi – square</u>	<u>value</u>		<u>DF</u>		<u>Significance</u>	
x^2	12.72136		15		0.62381	

The statistical results $x^2 = 12.72136$, $df = 15$, $sign = 0.62381$ thus rejecting the hypothesis that the number of year in business determines incomes. The finding are contrary to what is expected that time-take in business allows women to collect the necessary resources including capital and those who took along period used he time to accumulate finances in a higher capital investment, and to develop their management and technical skill. This might be due to the fact that those who join the sector recently may be those who are school dropouts and school leavers who act rationally in the business not less than those who stayed in the business.

6.2.4 Keeping of Records

One of the theoretical assumptions was that higher incomes of women petty trader were closely linked to keeping of business records. A chi-square statistical test was done to prove or disprove it as shown in table 46.

Table 46 Effect of Keeping Records on Monthly Incomes

Response	Incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
Yes	5.47	(7)	9.80	(5)	21.05	(4)
No	94.53	(121)	90.20	(46)	78.95	(15)
Total	100	(128)	100	51	100	(19)

Chi – square	value	DF	Significance
χ^2	15.95690	5	0.00697

The statistical results $\chi^2 = 15.95690$, $df = 5$, $sign = 0.00697$ thus accepting the hypothesis women who kept records for their business were more incomeable than those who did not keep records. The women who do not keep records can not run their business effectively. They do not plan for purchases, and do not knew their costing and pricing since they do not keep records. They are not aware whether they are making income or losses and for them, there is little scope for planning beyond what they already do in their heads.

6.3 Effect Of Women's Socio – Economic Characteristics on their incomes

6.3.1 Spousal / other family member support

The theoretical assumption was that women who receive support have higher incomes.

This assumption was tested as shown in table 47.

Table 47: Effect of family support on Monthly incomes

Response	Incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
Yes	33.59	(43)	30	(15)	21.05	(4)
No	66.41	(85)	70	35	78.95	(15)
Total	100	(128)	100	50	100	(19)
<u>Chi – square</u>	<u>value</u>	<u>DF</u>	<u>Significance</u>			
x ²	3.36137	5	0.64446			

As can be seen from the table, the presence or absence of spousal/family support does not determine monthly earnings of women.

6.3.2 Owning of property

The researcher investigated whether owning property interms of fixed capital determined the incomes of women petty trader. The results are shown in table 48.

Table 48: Effect of property owning on monthly incomes

Response	Incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
Yes	45.45	(35)	50.98	(26)	47.37	(9)
No	54.55	(42)	49.02	(25)	52.63	(10)
Total	100	(77)	80	(51)	100	(19)
<u>Chi – square</u>	<u>value</u>	<u>DF</u>	<u>Significance</u>			
Pearson	15.25009	15	0.00935			

The Chi-square test result, where $x^2 = 15.25009$, $df = 15$, $sign = 0.00935$ thus accepting the hypothesis women who have property are more likely to be incomeable. Having property indicate accumulation of capital and an indication of wealth of women.

Women who have only one source of income are constantly draining the business to meet household and personal needs leaving little or no money to reinvest in the business. Due to the increasing demand for cash at home, the women with only source of income were channeling returns from their enterprises that should have been reinvested to meet the cost of domestic goods and services.

6.4 Effect of Institution Related Variables On Women's Income

6.4.1 Access to Credit

It was interesting to find out that whether women's incomes were determined by the respondent's access to credit. The result is presented in table 49.

Table 49: Effect of Access to Credit on Monthly Incomes

Response	Incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
Yes	5.47	(7)	5.88	(3)		-
No	94.53	(121)	94.12	(48)	100	(19)
Total	100	(128)	100	(51)	100	(19)

<u>Chi – square</u>	<u>value</u>	<u>DF</u>	<u>Significance</u>
x ²	3.57466	15	061212

The result were $x^2 = 3.57466$, $df = 5$, $sign = 0.61212$ thus rejecting the hypothesis that access to credit determines the level of women's petty trader incomes. Despite the importance of credit to women petty trader; it does not affect monthly incomes. This may be due to, the amounts of credit available may be inadequate to bring about any real change in the enterprise. This indicate that credit or mutual help from Informal Credit Sources Play more important role than modern credit institution.

6.4.2 Government support

At the conception of this study, a general assumption was made that the relationship between the official and informal sector activities has a determining effect on women's income. The results are presented in table 50.

Table 50: Effect of Government attitude on monthly incomes

Response	Incomes (Birr)					
	0 – 250		251 – 500		501 – 1,500	
	%	No	%	No	%	No
Supportive	12.60	(16)	41.18	(21)	36.84	(7)
Discouraging	54.33	(69)	29.41	(15)	31.58	(6)
Indifferent	29.92	(38)	27.45	(14)	15.79	(3)
No response	3.15	(4)	1.96	(1)	15.79	(3)
Total	100	(127)	100	(51)	100	(19)
Chi – square	value		DF		Significance	
x^2	47.83838		15		0.00003	

The results $x^2 = 47.83838$, $df = 15$, $sign = 0.00003$ thus accepting the hypothesis that Government attitude/relationship toward petty trader determines the level of income. This finding is in confirmation of the major problem area of women, Most women mentioned harassment is the third largest bottleneck next to capital and working place. In addition ILO (1972) study asserted that In a developing country --- the main employment problem was not unemployment, but the existence of large number of "working poor", many of them working very hard indeed in the production of goods and services, but whose activities were not recognized, protected or regulated by the public authorities. (ILO/JASPA; 19972).

The preceding analysis deals with the result of chi-square test of significance between the dependent and each of the independent variables. However, this technique, though

important, could not help us to evaluate the relative importance or effect of each of the independent variables on the dependent variable.

In this section, attempts are made to identify the most important variables which have stronger explanatory power in the overall variance of the dependent variable. In order to examine, therefore, the proportion of the variance explained by the independent variables, they must be simultaneously considered since these variables often inter-act with each other to explain the variance of the dependent variable.

For this purpose, multiple correlation and regression model is applied. In addition to avoid multi collinearity stepwise regression methods were applied. Ten independent variables were entered to this analysis.

6.5 Regression results of factors effecting monthly earning of women petty traders

The econometric analysis of the effect of the specified variables on the level of monthly earnings of women petty trader are presented below.

Variable	T-statistic	Significance
Age	0.353	0.7247
Education	0.766	0.4444
Family size	-2.460	0.0148
Marital status	-1.422	0.1567
Migration status	0.047	0.9629
Initial capital	4.958	0.000
Type of location	6.538	0.000
Year in business	0.124	0.0138
Record-keeping	2.486	0.9017
Constant	4.926	0.000

Multiple R = 0.65034

$R^2 = 0.42295$

Using the F-test (5%) level it was found that the whole regression model is statistically significant. The multiple correlation coefficient (0.650) shows that there is a positive correlation between the independent variables and women's monthly earning. The result of R^2 shows that 42.2% of the variation in income is explained by the changes in the variables specified above. These results indicate that all the variables specified in regression are collectively important in explaining the changes in income of women petty trader. From the t-tests, we find that initial capital and type of location are statistically significant. In addition, family size is statistically significant. The other variables like education, age, migration status, record –keeping, marital status were all not statistically significant.

The results of the step-wise regression indicate that, type of location (which means whether the operator has fixed location or variable location) emerged as the most significant variables in explaining the change in monthly earning in the study area. The value of R^2 shows that type of location explain 23.11 percent of the variation. The second significant variable sorted out by the regression analysis is initial capital adding about 4 percent of the variation in monthly income of women petty trader. The two variables together explained 27.8 percent of all the variation in monthly income.

These results show that type of location and initial capital affects income margin (level of income). The shortage of funds limits the women scale of operation and, therefore limits the incomes made. In addition lack of fixed location is the most important problem which hinder the growth of business. Hence, the two variables emerged as a crucial predictor of monthly income in Gimb Gebeya.

CHAPTER SEVEN

7.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

7.1 Summary of main findings and conclusions

This study was conceived in the overall context of current urban and rural development strategy, especially with respect to one aspect of the strategy, namely; the role of small scale informal sector enterprises in promoting both individual and national economic development. The study sharply focused on women entrepreneurs participating in various income-generating activities specifically, the study sought to know the reason for joining informal sector; the type of women enterprises and their characteristics; the characteristics of women entrepreneurs, particularly their Socio-Economic Status, Factors determining sustainability of women informal sector enterprises and the constraints to the growth of their enterprises. In doing so, the study had an over all objective of proposing viable government policy interventions aimed at enhancing the productivity of urban informal sector enterprise.

The study used a sample of 200 women entrepreneurs which was obtained by means of systematic random sampling techniques and used both primary and secondary data in analysis. Below are a summary of the findings and a presentation of a discussion of conclusions.

A summary of some General characteristics of women petty trader in the study area was that, they are concentrated in retail trade of food items such as Vegetables, Fruits,

grains and clothing which are associated with their roles in the family feeding and clothing. Their preponderance in the lower end of the informal sector spectrum is a function of their general lack of access to education, skills, capital investment and the like.

The study also found that the sector has attracted women of various socio-Demographic backgrounds. Most of these women were young, migrant, less educated, kept quite a good number of dependants in addition to their children and dominated one ethnic group i.e., the Gurage tribe.

Regarding their activity, the study found that, most of the women business were owned and operated by the women themselves Their starting capital was very small and it was obtained from relatives, friends, husbands and own savings. Therefore most of the women had no access to credit from financial institutions due to collateral requirement and women's limited resource base.

Another common characteristics of women small scale business was that, a large number of these activities are found to be unregistered and operate on a very small scale and with low level of organization. They tend to have little or no access to organized markets, formal training and to many public services and amenities. A large number of them work without fixed location or in the open air or in places such as Gullit which is made up of simple materials such fabrics, plastics, wood--- etc, hence it was quite evident that the working environment for a vast majority of female worker in the sector is not conducive to physical and mental well-being.

Many of these women did not have books of accounts and reported to keep their accounts in their heads. The reason they gave for not keeping some records was the smallness of their activity. Due to the low level of income and their large family size, most of the money earned was spent on food and other basic things. Therefore they can not invest in bigger business.

The study further revealed that, women petty trader cited lack of capital, lack of working premises and unfriendly environment under which they operate as some of the most important constraints to their activity.

The study also found that level of success in terms of growth, expansion and the amount of income generated in a month depended on several factors. The results of bi-variate analysis based on chi-square test of significance shows that the monthly earning of women petty trader was determined by the size of initial capital investment. The presence of fixed business premises, level of educational attainment, marital status, family size, degree of urbanity (Migration Status), record-keeping, government support and the ownership of property have significant influence on women's income. The study also used multiple regression to identify the most important variables which have stronger explanatory powers in the overall variance of monthly income. The regression result showed that all the variables used in the survey collectively accounted for 42.3% of the explained variation on the dependent variable (income).

As far as the step wise regression is concerned type of location emerged as the most significant variable in explaining 23.11% of the variation in income. The second variable sorted out by stepwise regression analysis was initial capital which accounted for 4% of

the variation. The two variables together explained 27.8% of all the variation. This it can be concluded that type of location and the size of initial capital investment are the two significant predictor of income and factors which affect the sustainability of women owned business in Gimb Gebeya.

7.2 Recommendations

On the basis of the above findings, the following few points are put as possible suggestions to improve the livelihood of women trader.

1. Since lack of capital has been identified as a major constraints for women petty trader. It is highly recommended that women should be helped to acquire loans by removing or atleast reducing the requirements for bank loans. The current micro-credit programme should be made available to more women so that they can set up individual businesses without stressing on collaterals which are discouraging condition to be met before funds are awarded. In this regard the government should and must increase its mediatory role between finical institution and women petty trader.
2. Another most important constraint identified was lack of working premises. Most women attached great importance to the provision of business premises, hence it is necessary to allocate the women petty trader small trading plot in places where most of the customers for their goods and services are found, and the plots should be provided with some common facilities, such as electricity toilet and water, & taking care of stalls. The provision of business premises should be encouraged if the city council have to benefit from trading fees and plot fees.

3. As this study has shown, the informal sector was a major source of income to poor urban households, especially those headed by women. Hence it is highly recommended that, authorities should therefore encourage such women in their endeavors to supplement household income by formulating policies and measures deliberately targeted at creating a conducive environment for conducting business.
4. To reduce the inadequacy or lack of business skill by the informal sector women petty trader, training programmes thorough the various government and-governmental org. (NGOs) should be designed and carried out, the area of training could be in such fields as simple book-keeping, literacy and numerically skills for those who do not have management, negotiation and selling skills. This could assist more women to start, maintain and operate more economically viable businesses and also employ appropriate labour saving methods, manage their time efficiently and bring up a more health family.
5. It has been understood during the survey period that, the existence of women petty trader in the study area has not been officially recognized by the municipality. Therefore, the Municipality should register this small scale petty trader if they meet the bare minimum legal trading requirements and issue them with license at a minimal fee.
6. Statistical data on women in the informal sector are inadequate. It is recommended that the government should plan for surveys and studies on women and their particular problems. The studies should address educational issues, social factor and economic factors. This is necessary in order to enhance and advance women's economic activities and their over all participation in the development process of Ethiopia.

It is highly believed and hoped that the above recommendations would go along way in contributing to the efforts being made to make the informal sector an important economic sector in the country's national development.

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APPENDIX 1

Questionnaires designed to Study Urban Informal Sector in Nazareth: the case of petty trader women in "Gimb Gebeya"

To be responded by women petty trader

Name of interviewer _____

Date of interview _____

i. Higher _____ Kebele _____ House.No _____

SECTION I Demographic Characteristics of informal sector operator

1. AGE (in full years) _____

2. Relation to the head of house hold

- | | | |
|----------------------|-------------------|-------------------|
| A. Head of Household | D. Mother/Father | G. Non - relative |
| B. Spouse | E. Sister/Brother | |
| C. Son/Daughter | F. Other relative | |

3. Marital Status

- | | |
|------------------|-------------|
| A. Married | C. Divorced |
| B. Never Married | D. Widowed |

4. Number of Children _____

5. How many members do you have in your household?

Male _____ Female _____

6. Number of dependant in the family _____

Immediate family _____

Extended family _____

7. Religion

- | | |
|---------------|--------------------|
| A. Orthodox | D. Muslim |
| B. Protestant | E. Traditional |
| C. Catholic | F. Other (Specify) |

8. Ethnicity _____

9. Place of birth _____ (Woreda)

10. If outside Nazareth, Describe the time and place you come from?

Time _____

Place : Urban (Specify) _____

Rural (Specify) _____

11. How many years continuously you live in this town?

Since birth _____ (____ Years)
Other (Specify) _____ (____ Years)

12. What was/were your major reason(s) to Come to Nazareth?

- A. To find Job
- B. To open up/Extend business
- C. Followed parents/relatives/Friends
- D. Marriage
- E. To seek modern/social service
- F. Job transfer
- G. Divorce
- H. Other (Specify)

13. Educational Status

- A. No school (Illiterate)
- B. Can read and write
- C. Literate (Describe the highest grade completed _____)

14. How did you acquire the skill what you are using currently?

- A. Self taught
- B. Family
- C. On job training
- D. Formal training
- E. Other (Specify) _____

15. Do you own property?

Yes ____ No ____ If yes what _____

16. What is Your husband occupation? _____

SECTION II. Particulars about the business

17. What was your previous occupation before this activity?

- A. Agriculture
- B. Unpaid family workers
- C. Other self owned informal sector activity
- D. Government Employee
- E. House wife
- F. Student
- G. Domestic worker
- H. Other private sector employee
- I. Other (Specify) _____

18. If you answer for Q. 17 is "B", reason out for leaving the previous informal sector activity

- A. To change to a better activity.
- B. Not profitable.
- C. Needs sufficient working place but I couldn't get
- D. Lack of market/customer
- E. Lack of sufficient capital
- F. Other (specify) _____

19. What was your main reason for joining in informal sector activity?

- A. Lack of employment opportunity

- B. The need for additional income for the family. _____
- C. Business provides good income _____
- D. Released from other work _____
- E. To make a living/subsistence _____
- F. I had no alternative except this _____
- G. Family responsibility _____
- H. Retirement _____
- I. Other (specify) _____

20. What types of goods do you sell?

- A. Vegetable and Fruit
- B. Other food item (Shero/Berbere/Spice)
- C. Charcoal and fuelwood
- D. Household goods/handicrafts
- E. Secondhand Clothes/Shoes
- F. Raw material for local drink
- G. Any other (specify) _____

21. How long ago did you start the activity/business?

_____ months _____ Years _____

22. What is the form of ownership of this business?

- A. Sole Ownership
- B. Partnership
- C. Family ownership
- D. Any other (specify)

23. If you are the owner of this activity is there any body working with you?

Yes _____ No _____

24. If yes, what is their relation with you?

- A. Employee (no _____)
- B. Family worker (no _____)
- C. Apprentices (no _____)
- D. Other (specify)

25. What were the three most difficult problems you faced when string this activity?

- A. Lack of premises/Space.
- B. Lack of market/customers _____
- C. Lack of sufficient own capital _____
- D. Lack of credit facilities _____
- E. Government rules and reputation _____
- F. Inadequate Skill _____
- G. Other (specify) _____
- H. No difficulty _____

26. Do you keep written records of your business

Yes _____ No _____

27. If yes

- A. To evaluate performance of the business
- B. To keep note of creditors/debtors

- C. To know profit and loss
- D. Any other (specify) _____

28. If No.

- A. I have mental knowledge of performance of business
- B. Records not necessary
- C. I can't read and write
- D. Transaction is too small to keep records
- E. Any other (specify) _____

29. Apart from this job do you undertake any other activities?

Yes _____ No _____

30. If yes, which activities? _____

31. How much do you earn from these activities in a month?

32. Does the activity have a

- A. Fixed location
- B. Variable location
- C. Any other (specify)

33. If in a fixed location, what types of facilities are available?

- A. Water and Electricity
- B. Water only
- C. Electricity only
- D. Neither Water and Electricity
- E. Storage facilities

34. Is the structure where the establishment is located

- A. Fully owned by the operator
- B. Partially owned
- C. Rented
- D. Provided free
- E. Other (specify) _____

35. Why did you choose this location for your business?

- A. Near to customers/market _____
- B. Near home, to look after children and like _____
- C. Cannot afford other site _____
- D. Near to supply of goods _____
- E. Near competitors _____
- F. Other (specify) _____

36. How many hours per day and days of the week do you work

1. _____ per day 2. _____ per week

- C. To know profit and loss
- D. Any other (specify) _____

28. If No.

- A. I have mental knowledge of performance of business
- B. Records not necessary
- C. I can't read and write
- D. Transaction is too small to keep records
- E. Any other (specify) _____

29. Apart from this job do you undertake any other activities?

Yes _____ No _____

30. If yes, which activities? _____

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- C. Cannot afford other site _____
- D. Near to supply of goods _____
- E. Near competitors _____
- F. Other (specify) _____

36. How many hours per day and days of the week do you work

1. _____ per day 2. _____ per week

37. What are the most difficult problems of currently affecting operation your activity?

37. What are the most difficult problems of currently affecting operation your activity?
- | | |
|---|---|
| A. Lack of working space | G. Too much family problem |
| B. Lack of Market | H. Too much Bureaucracy to obtain license |
| C. Limited capacity to trade/give service | I. Inadequate Skill |
| D. Shortage of working capital | J. Shortage of supply (goods) |
| E. Credit to friends/relatives | K. Other (Specify) _____ |
| F. Too much social obligations/responsibilities | |
38. How much capital was the initial capital of the business? _____ birr
39. What was the major source of this capital?
- | |
|--|
| A. Own Saving _____ |
| B. Borrowed from friends/relative _____ |
| C. Assistance from friends/relatives _____ |
| D. Borrowed from Bank _____ |
| E. Borrowed from money lenders _____ |
| F. Assistance from Govt./NGO _____ |
| G. Advance from "Equib" _____ |
| H. Any other (Specify) _____ |
40. If own saving, what was the source of saving?
- | |
|--|
| A. Previous wage employment |
| B. Agricultural income |
| C. Sale of assets (e.g. Cattle, Goods) |
| D. Inheritance |
| E. Other business income _____ |
| F. Any other (specify) _____ |

SECTION IV SALES

41. Does your business operate throughout the year
- Yes _____ NO _____
42. If less than 12 months, what was the main reason for your business not to operate in some months?
- | | |
|-------------------------------------|--------------------------|
| A. Business created during the year | D. No customers |
| B. Seasonal activity | E. Shortage of commodity |
| C. Family problems/sickness etc | F. Other (Specify) |
43. To whom do you mostly sell your product
- | | |
|-----------------------------------|-------------------------------------|
| A. Direct to Consumers | D. To manufactures/State enterprise |
| B. To Retailers/Wholesalers | E. Other (Specify) |
| C. To other private formal sector | |
44. Where do you obtain/buy most of your goods?
- | | | |
|---------------------------|------------------------------|---------------------------|
| A. From wholesalers | D. Other State enterprises | F. Own product |
| B. From Retailers | E. Other private Enterprises | G. Free Natural resources |
| C. From Producers/Farmers | | |

45. What is the mode of payment for your sale to customers?
- A. Credit C. Both credit and cash
 B. On the spot D. Any other (specify)
46. Are there many other activities selling similar products like you?
- A. Yes B. No C. Few
47. If yes, What is the nature of Competition over clients?
- A. Very high C. Low
 B. Medium D. Any other
48. If someone wanted to buy all your property, how much would you charge for them _____ Birr.
49. Where do you get the money to buy commodities? _____

SECTION V. Income and Expenditure

50. What is the average income from your activity? (Check only one of the three)
- A. In one day (yesterday) _____ Birr
 B. In one week (yesterday) _____ Birr
 C. In one month (last month) _____ Birr
51. How much was the monthly net income/profit of the business during the last 12 months?
- Peak month _____ Birr
 Slack month _____ Birr
52. How much debt do you owe on your informal sector business, now? _____ Birr
53. How much receivable money (sale on credit) does your business, have? _____ Birr.
54. The income you earn on the market, is it enough to cover your needs and your family
- A. Yes _____ B. NO _____
55. If No, how do you cover _____

56. What is your husband and other members of the family contribution per month to the family? _____ Birr
57. How much on average is your general family Expenditure per month _____

<u>Expense item,</u>	<u>Amount in Birr</u>
A. Food	_____
B. House Rent	_____
C. Electricity	_____
D. Water	_____

- E. Energy/wood, Charcoal _____
- F. Health/Education (of children) _____
- G. Transport _____
- H. Goods purchased for sale _____
- I. Contribution to Idir/Mahber _____
- J. Saving (Equib) _____
- K. Other (specify) _____

SECTION VI. Problems And Future Plans

58. Which In order of importance (from most to least) difficult, are the three major obstacles that now prevent your business from expansion (Rank according to order of importance)
- A. Shortage of working capital _____
 - B. Lack of working place/structure _____
 - C. Lack of demand/Not enough clients _____
 - D. Heavy Government tax/regulation _____
 - E. Competition from other similar activity _____
 - F. Unfair competition from large enterprises _____
 - G. Lack of loan facilities _____
 - H. Lack of supply of goods _____
 - I. No difficulty _____
59. Have you ever secured loan from Banks for business?
- A. Yes _____ B. No _____
60. If yes, from whom and how much _____
61. If No, what are the major reasons that prevent you from having access to credit?
- A. Lack of collateral
 - B. Ignorance of what service available
 - C. Type of business did not warrant loan from modern financial institution.
 - D. Lack of information.
62. What is the attitude of your husband toward your activity?
- A. Supportive
 - B. Discouraging
 - C. Indifferent
 - D. Other (specify) _____
63. How did you obtain the attitude of the government or local authorities towards your activity?
- A. Supportive
 - B. Discouraging
 - C. Indifferent
 - D. Other (specify) _____
64. Do you support if you are organized under an association (Trade union)?
- A. Yes _____ B. No _____
65. If yes, for what reason?
- A. To facilitate marketing
 - B. To protect my right
 - C. To get credit facility

D. Describe if any other _____

66. What are the three most useful forms of assistance you need from The Government for your business (in order of importance)

- A. Access to working premises.
- B. Better access to loans
- C. Easing of Government regulation/stop harassment
- D. Assurance to property & work
- E. Assistance with marketing
- F. Better access to supply of goods
- G. Training in business methods
- H. Other (specify) _____

67. Do you intend to continue with the present business?

- A. Yes _____ B. No _____ C. Do not know _____

68. If No, to Q. 68, what is the main reason?

- | | |
|----------------------------------|--------------------|
| A. Shortage of capital | G. Not profitable |
| B. Unable to compete with others | H. Health problem |
| C. Family problems | I. Start Education |
| D. Lack of working premises | J. Old age |
| E. Lack/shortage of demand | K. Other (Specify) |
| F. Lack of supplies | |

69. If yes, to Q. 69, what is the major plan for the business?

- A. Maintain service at same level
- B. Expand Capacity
- C. Reduce Capacity
- D. Other (specify) _____

70. What do you think, is the key factor to be successful in your business

Thank you,

Declaration

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other the University and that all sources of materials used for thesis have been duly acknowledge.

Name: Kassahun Argaw

Signature:

A handwritten signature in black ink, appearing to be 'K.A.', written over a horizontal line.

Date: May 21, 2000