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**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**M.SC. IN MANAGEMENT AND INNOVATION**

**MANAGEMENT**

**EXPLORING PUSHING AND PULLING FACTORS FOR WOMEN TO  
CONTINUE TO BE ENGAGED IN INFORMAL SECTOR: A CASE STUDY  
ON STREET VENDING IN ADDIS ABABA**

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**EXPLORING PUSHING AND PULLING FACTORS FOR WOMEN TO BE ENGAGED  
IN INFORMAL SECTOR: A CASE STUDY ON STREET VENDING IN ADDIS ABABA**

**A Thesis Submitted to Addis Ababa University College of Business and Economics,  
Graduate Studies in Partial Fulfillment of the Requirements for the Degree of Master of  
Science in Management, Specialization in Innovation Management and Entrepreneurship**

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**Addis Ababa**

**2020**

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**DECLARATION**

I hereby declare that the thesis /Project work/entitled **EXPLORING PUSHING AND PULLING FACTORS FOR WOMEN TO BE ENGAGED IN INFORMAL SECTOR: (A CASE STUDY ON STREET VENDING IN ADDIS ABABA)** submitted to the School of Business and Economics, Addis Ababa University for the award of the Degree of Masters of science in Management is based on my original research work carried out by me myself under the supervision and guidance of my thesis advisor Ethiopia L. (PhD). I declare that this study is my original work and has not been submitted earlier in full or in a part there, for the award of other similar degree, Diploma, Fellowship, Associate ship or any other similar titles to this or any other University or Institutions.

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## **Acknowledgements**

First of all I would like to thank Almighty **GOD** for giving me strength.

Next I would like to thank my advisor Ethiopia Legesse (PhD) Dr.Ethiopia Segaro, for her kind cooperation, encouragement and valuable correction at various stages of this thesis. And also I would like to thank street vendors participated in the Interview.

I want to express my deepest gratitude to my husband Cherinet Sharew, whose perseverance, persistent back-up, and love has helped me to pursue my thesis and to reach the stage where I am. Luckily enough, we have an adorable daughter, “Emahus”, while she was born at the mid of this study. It was a time when my full effort was needed in taking care of this little baby. Unfortunately, all the families are carrying for the burdens of raising our daughter. In this regard I am very much indebted to my Mum, Elisabeth Haile, to my dad Berhanu Desta, to grand mum, Martha Haile, Birtukan and Mulu for their kind effort to take care of my baby and for their patience to give me a time to focus on my study.

## **Abstract**

*Informal sector mainly street vending nowadays has become a source of job for many women. Thus a woman in Addis Ababa who lacks a position in the formal sector may participate in the informal sectors. Among the category of informal sector, street vending is the major one in which many women are involved. It is an important source of income for many poorer segment of the society in the urban area. Considering this, the main purpose of of this study the exploring the pushing and pulling factors for women continue to be engaged in the informal sectors of Addis Ababa. The study is an exploratory study utilizing a qualitative method. It has used a nonprobability sampling, convenience sampling to select the sample. The target populations are individual street vendors hence the unit of analysis is an individual street vendors. Street vendors are chosen to represent the most visible form of the informal sector operators in Addis Ababa purposely. From the study result it is revealed that major pushing factors for women to be engaged in the informal sectors are Social responsibility mainly associated with divorce and taking responsibilities of children, absence of access to join school, economic problems mainly survival issues, freedom to own their business, inherited business and peer pressure. On the other hand, once women engaged in the informal sector there are so many factors that pull them to continue to be engaged in the informal sector. The major ones are having no option because of lack of sufficient capital to move to other sectors, change of expectation, intent to have their own business, to keep customers, social interaction each other. Recommendation and future studies are forwarded*

**Key words:** *women's, informal sector, Street vending, pushing and pulling factors*

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### **Acronyms and abbreviation**

FAO= Food and Agriculture Organization

GRDI= Gender Related Development Index

WIEGO=Women In Informal Employment: Globalizing And Organization

CSA=Central Static Authority

LDCS=Least Developed Country

UNDP=United Nations Development Program

## Chapter One

### 1 Introduction

#### 1.1 Background of the study

According to (Abedian and DeSmidt 1990) different definitions of the term informal sector exist due to differing perspectives of the phenomenon. Among these (Hart 1973) defines informal sector as economic activity in which the workers operate in unregulated markets, use labor intensive technology and local resources, and learn their business skills outside of school. This research paper mainly take the definition by ILO, the informal economy refers to organizations in the informal sector (i.e. those not registered with a local authority and not paying taxes) and the activities of the firm in the informal sector that employ informal worker (workers without a formal work contract and without any formal safety net). This sector contributes for both employment and GDP of countries for both developing and developed country.

Further, according to (FAO, 2007) in all countries of the world, the poor demonstrate a strong ability to provide for their own needs and survive in difficult economic circumstances. One of their main survival strategies is what development scholars call the “informal food sector”, or IFS. Their most visible activities are food production (urban, peri-urban, and rural), processing, catering and transport, and retail sale of fresh or prepared products (e.g. the sale of street food). The IFS can contribute to food security by providing small quantities of affordable food products at convenient locations for poor consumers; providing employment and income to poor households; and bringing food to marginal urban districts furthest from the city centre and the organized secondary markets. These activities exist in urban, peri-urban and rural areas, although their relative importance in food supply and distribution activities and in local employment varies, even from one municipal district to another.

Contribution of informal sector for both employment and economy varies. According (AfDB, 2008) says the informal sector is the main source of employment which accounts 70% in sub-shara, 62% in North Africa. From 10, 9 are women and young in the informal sector as listed on AU (2011). Addition to the above finding on the informal sector contribution to the country's

economy the women's involvement is higher than men. (Chen, 2001) analysis support this agreement, in his assessment he found more than 50% females involvement than men's in the informal sector in developing countries. Despite women begin over-represent in informal sector, gender disparities are still exist. Because of unregistered, unlicensed and unrecorded in national account, thus creating a problem with regard to estimates of the true size and extend of the phenomenon Morris and Pitt, (1995).

In reviewing studies in Ethiopia, specifically in Addis Ababa the rate of migration from different side of the countries to the center, Addis Ababa is increasing and which lead the country to have different informal business activity. Not only the migration that lead to informal business but also illiteracy, availability of capital and rule and regulation of the countries are some that can be listed from the other. These reasons are mostly the problems of women's because women has a lot responsibility to support and handle here home than men specially those of single mother and women's who comes to Addis Ababa from country side thinking for better life. However, there are limitations of studies in addressing the factor that leads women to be engaged in the informal business sector.

## **1.2 Statement of the Problem**

Informal and formal economies can be seen as dual economies of African countries. (Anita, 2015) Informal referred to unregistered, unregulated, and untaxed business that included service enterprises, production activities and street traders. In contrast, the formal sector included taxed, registered and regulated business. In addition (ILO, 1972) defines the informal economy refers to organizations in the informal sector (those not registered with a local authority and not paying taxes) and the activities of firms in the formal sector that employ informal workers.

According to (Shyama, Ajay, Tamas, Sutapa, & Veena, 2013) in most developing countries, growth of employment in the formal sector has stagnated or at best shown a gradual ascent while the informal sector has increased significantly. For instance, in India the informal sector was accounts about 73 percent of the total employment, in Mexico about 62 percent and in South Africa about 34 percent of the Employment.

In addition specific studies in Ethiopia like (Kebede, 2015) shows the informal economy accounts about 50-60 percent of the urban employment and about 42 percent of these informal sector operators earn their livelihood from micro enterprises. Further the informal sector including street vending absorbs majority of the urban unemployed growing labor force particularly, women. It creates a wide range of employment opportunity in Ethiopia, though it is difficult to state the exact number of women engaged in street vending business activities of Ethiopia however, report states that out of the total street vendors, women account for 60 percent (Yohannes , 2017).

In addition, the informal sector is the primary source of income for most women in Africa including Ethiopia. The informal sector has different forms includes but not limited to salaried women from the sector, selling directly to consumers, contract labor (working to other informal labors or organization) or contributing to family members. Review of different literatures reveals that the most prevalent forms of work are street vending. The representation of women in street vending is although higher in number.

Despite the above the current study will try to explore the pushing and the pulling factor for women to continue to be engage in the informal sector.

Accordingly the following research questions are developed:

### **1.3 1.2 Research Question**

1. How are women pushed to be engaged in informal sector?
2. Why they are still continuing in engaging in informal sector?
3. What is the level of entrepreneurial intention to be engaged to the formal sector?

### **1.4 Objective of the study**

#### **1.3.1 General objective**

The general objective of the study is to explore the pushing and pulling factors for women to be engaged in informal sector in Addis Ababa.

### **1.3.2 The specific objectives are:**

- To explore the pushing factors for women to be engaged in informal sector.
- To explore the main reason why they are still continuing engaging in informal sector.
- To investigate the level of entrepreneurial intention to be engaged to the formal sector.

### **1.5 Significance of the Study**

The study has the following significance after completion

- To help women engaged in informal sector through studying push and pull factor for women to be engaged in the informal sector.
- Additional input to researchers to explore why women engaged in informal sector and to investigate their level of entrepreneurial intention to be engaged to the formal sector.
- To improve women life standard and saving attitude for better tomorrow.

### **1.6 Scope of the study**

The research addresses only women's in informal business in Addis Ababa as mentioned in the objective of the research. Further the study mainly explore problems associated with women street vendors mainly basic pulling and pushing factors for women to be engaged in the informal sector.

### **1.7 Limitation of the study**

Since the sector having no recorded document and heterogenic in nature it makes collection of data difficult specially in knowing the total population. The other problem is difficulty to conform the sample respondent about the intention of the work because they think as the researcher from government office.

### **1.8 Organization of the Thesis**

The study has five chapters with the key content of

**Chapter one:** introduction under it contain background of the study, statement of the problem, objective, research question, significant of the study, scope and delamination of the study.

**Chapter two:** This chapter review important literature of previous works which include theoretical, empirical literature review and conceptual framework.

**Chapter three:** Describe the research design applied in this study and also Sample size, data collection method, sampling technique and method of data analysis.

**Chapter four:** the collected data from nonrandom sample participant through qualitative research method.. And present detail discussion on the interview result of the data analyzed.

**Chapter five:** the chapter summarized the major findings, give conclusion with recommendation and finally insight limitation and recommend for future study

## **Chapter two**

### **2 Literatures Review**

#### **Theoretical Review of Literatures**

##### **2.1 Theoretical and Empirical Evidence of the Informal Sector**

These sections discuss the theoretical and empirical evidence of the informal sector.

###### **2.1.1 Worldwide View**

Informal sector is given different name based on different context and point of view like: informal economy, black market, casual work, informal opportunity, shadow economy, underground economy, and unstructured sector.

Because of the nature of the sector there is no common definition found, definitions that are related to this study are summarized below.

According to ( Hart, 1997) the first definition for informal sector is introduced in Ghana as a part of the urban labor force taking place outside the structure of formal labor market. (Tokman V. , 1992) Considers the informal sector will be disappearing once Kenya and Ghana achieve sufficient economic development.

ILO also define informal sector differently in different year and in different context of international business. The ILO Economic Research Journal in 2010 presented that a non-structure sector has emerged in the urban center as a result of the modern sector's inability to absorb new entrant.

In addition, pursuant to ILO 1972 study in women entrepreneurs in the informal sector, informal sector is characterized by:

- Ease of entrance
- Reliance of indigenous resource
- Family ownership of enterprises
- Small scale of operation
- Labor-intensive and adapted technology
- Skill acquired outside the formal school system and
- Unregulated and competitive market

The OECD researcher (Lubell., 1991) argues that the definition of the informal economy used by researchers in developing countries is not always based on a legal definition rather refers to entrepreneurial activity and identified by two characteristics. Firstly, small size (micro scale) and secondly, the extent to which an enterprise avoids official regulation and taxes. Finally he conclude informal sector in urban area characterized by:

- ✓ Informal activities absorb between 40% and 60% of urban labour force
- ✓ Petty trading and manufacturing are the main activities in the informal sector
- ✓ The head of informal enterprise earn more than the official minimum wage or average wage in the informal sector, but employees earn less
- ✓ There are strong backward linkages to formal sector supplies, but only weak forward ones.

The ICSL uses two additional enterprises based criteria to define the informal sector enterprise within the household enterprise with employment:

- ❖ **Market production:** All or at least some of the good or service produced are meant for sale and barter and thereby excluding production exclusively carried out for own final use.
- ❖ **Size/registration:** according to (Jose, 2003) size of employment should be under a determined threshold, and/or non-registration of the unit or non-registration of employees under factories or commercial act, tax or social security laws, professional groups, regulatory acts, or similar acts, laws or regulation established by national legislative bodies.

### **2.1.2 Local Context of Informal Sector**

In addition to the world wide definition and the practice in the country is also high, but the local or in the case of Ethiopia the practice is not different from other world practice. CSA defined informal sector as

As per (CSA, 1997) informal sector is defined as:

- Sector which are mainly engaged in market production
- Sector which is not registered companies or corporative
- Sector which has less than ten people engaged in
- Sector which has no business license

Generally the informal sector either defined internationally or national has same sense, a way of doing things characterized by easy entry, reliance on indigenous resource, family ownership of enterprise, small-scale operation, labour intensive and adopted technology, skill acquired outside of the formal system and unregulated and competitive market (ILO, 1972).

### **2.1.3 Street Vending**

According to (Lyons & Snoxell, 2005) street vending is one of the most visible activities in informal economy and it is found many where in the world including both in developed and developing countries. It has been defined in many different ways by various scholars. However, the common known form among the definitions is the location of the trade. It may include trading without a permit, trading outside formally designated trading locations and non-payment of municipal/national taxes or self-allocation of shelter for trading. In addition (Saha, 2009) explains street vendors are known to play a very important role in the urban economy by providing employment, income and other items to the public. They sell different kinds of goods such as second hand clothes, shoes, vegetables, fruits, food stuffs, plastic goods, and various household necessities, which are manufactured in small scale or home based industries. In many countries the urban poor prefer to buy clothes and accessories from street vendors because the goods that they sell are usually cheaper and affordable than those found in formal retail shops.

## 2.2 Theories about Informal Sector

There are **four schools of thought** that debate how the informal sector happens

**The dualist school:** these schools of thought explain the emergence of informal sector because of no enough modern job opportunity to absorb the existing labor force, slow economic growth and/or faster rate of population growth. This school of thought popularized by ILO in 1970s.

**The structuralist:** this school of thought is opposite to dualist school, argue that informal sector is existed because of the emergency of capitalist development and also this school of thought considers informal sector work to reduce cost and labor force. This school of thought popularized by caroline and Alexandero in 1970 and 1980.

**The legalist school:** Heranado De Soto in the 1989 noted that micro-entrepreneurs who choose to operate informally in order to avoid the cost, time and effort of formal registration.

**The illegalist school:** according Maloney (2004) informal entrepreneur choose to operate illegally or even criminally in order to avoid taxation, commercial regulation, electricity, and rental fees, and other cost of operating formally.

(WIEGO , 2002) Explain on which school of thought work properly to which segment of informal employment. Some poor households and individual engage in survival activities than to have or seem to have very few link to formal economy sector and the formal regulation environment (dualist school). Some micro entrepreneur choose to avoid taxes (illegalist school) and regulation (legalist school) while other informal unit and workers are subordinate to large formal firms (structuralist school).

Based on this school of thoughts the cause of informal sector can be Lack of growth; (Chen, 2012) described according to the dualist school the cause of informal sector is lack of growth. This means slow growth rate of economic growth, fast rate of population growth and industrial sector cannot create job opportunity for surplus labour.

In the study of Moser, (1978); casetlls and portes (1989) on the nature of capitalist development; described structuralist believes that the cause of informality is the development of capitalist as

government rules and regulation. While in the study of De Soto (1989) the legalist school believes due to over government rule and regulation entrepreneurs choose to operate informally in order to avoid the cost, time and effort of formal registration. In choice of illegal operation; the il-legalist school believes the cause is purposely the entrepreneur want to avoid regulation fee, taxation.

### **2.3 Form of informality**

Because of its heterogeneity classification of informal sector it is a bit difficult to categorize them. But some of the common classifications based on different perspective are presented as shown below (Chandra, 2013).

- 1. Labour categories/ employment status perspective:** employer, self-employed, own-account workers, wage workers, unpaid family labour and piece rate worker.
- 2. Industrial classification perspective:** trade, service, manufacturing, construction and transportation.
- 3. Location perspective:** mobile, semi-mobile' and fixed.
- 4. Size classification perspective:** 1 person unit (own account worked), 2-4 person unit (micro enterprise) and 5-9 person unit (small- scale enterprise).
- 5. Age group perspective:** <15 year (child labour), 15-24 year (youth) 25-45 year (prime working) and 45+ years (higher age0).

According to (Meine, 2008; Chandra, 2013) informality is also can be categorized in to two exclusionary informality and voluntary informality. Exclusionary informality is happen because of poverty but voluntary is because of cost-benefit analysis.

### **2.4 General Characteristic of Informal Sector Based on Employment and Activity Done**

According to (Todaro & Stephen, 2003)informal sector is characterized by a large number of small-scale production and service activities that are individually or family owned and uses labor intensive and simple technology.

Moreover, pursuant to (ILO, 1972) the major characteristics of informal sector is easy of entrance, reliance on indigenous resource, family ownership of enterprise or activity operated by the owner with few or no employee, small scale of operation, labour intensive and adoptive technology, skill acquired outside the normal school system, have little or no access to organized market, to credit institution, unregulated and competitive market.

Informal employment refers to the employment without legal and social protection both inside and outside the informal sector ICSL (2003). According to (Chen, 2012)there are two type of employment in informal sector

**Self-employment in informal enterprise:** own account operators and unpaid contributing family workers.

**Informal wage employment:** Employees hired without social protection contributions by formal or informal enterprise (employees of informal enterprise, paid domestic workers, contract workers, unregistered or undeclared worker, industrial outworker, home workers).

The activity in the informal sector requires no or little skill, in accordance with ILO (1992) study on twenty one Africa countries only a quarter of enterprise in the informal acquires their skill from formal school and training centers.

**Table 1 Summary of characteristic of people activities in the Informal Sector**

<b>Characteristic of the People</b>	<b>Characteristic of the activities in the informal sector</b>
Absence of official protection and recognition	Unregulated and competitive markets
Non coverage by minimum wage legislation and social security system	Small scale operation with individual or family ownership
Predominance of own-account and self-employment work	Ease of entrance
Absence of trade union organization	Reliance on locally available resource
Low income and wages	Family ownership of enterprise

Little job security	Labor intensive and adapted technology
No fringe benefit from institutional source	Absence of access to institutional credit or other supporter and protection

## 2.5 Gender and Informal Sector

Evidences from different literatures show that both men and women are involved in informal sector. According to the study done by (Jhonson, kaufman, & Shleife, 1997)and (Mudzvidzwa, 2005)informal business is worldwide phenomena engaged around 500 million people with large number of women. Chen (2001) contrary to the formal sector, women are over presented (making up to 50%) in informal sector in developing country.

Even though women’s were over presented when they become waged employee, their payment is low. (chen, 2001) Explains this women over presence, it is because of women are less able than men to compete in labor, capital and product markets. It is also because of they have relatively low level of education and skill or are less likely to own property or have market know how and women time and mobility are constrained by social and cultural norms that assign the responsibility for social reproduction to women and discourage investment in women’s education and training.

The reason behind women engaged in informal sector to be large in number. The study done by Mery Jennings (1993) has developed some points as referred below.

**Family wage:** because of the women responsibility around their home let them to stay at home and to use the money generated by their spouse.

**Migration:** men’s in search of better economy they live the area where they life but women’s stay where they have been.

**A woman’s as reserved army of labour:** in developing country women’s are used as temporary labour.

In addition (Ninsin, 1991) also reflects women in many sub-Saharan countries have no choice and are mainly pushed by poverty and lack of employment to fend for live hood in the informal sector, in developed country, informal economy is by choice.

According to ((CSA), 2003) from the total urban population of Ethiopia 80.15% were informal sector operators which consisted of female 59.99% and males 20.16%.

## **2.6 Women and Urban Informal Sector**

Urban area can be defined with population above 2000 with rapid growth in rural-urban migration together with a slow expansion of employment in the formal sector has forced the largest share of the workforce into the informal economy. This fact is supported by (CSA, 2003) 50.6% of urban employment is absorbed by the informal sector in Ethiopia. Also Todaro, (1969), Charmes and weeks, (1988) informal employment becomes a natural response to unemployment faced by rural-urban migrants who motivated by survivalist tendencies.

UNDP (2012) mentions, in Ethiopia the informal economy account for about 50-60% urban employment. This result is somehow similar with the study of (CSA, 2003). And also it reveals that about 90% or rural-urban migrant to the Ethiopia cities don't get formal employment and thus are forced to join the urban informal sector. Lack of skill, lack of working capital, and lack of working premises forced rural-urban migrants to join the informal and low-earning economic activity such as street vending, domestic work, home base work and other (CSA, 2003)

ILO (2012) also reveals informal sector is the major providers of job for the youth in Africa. Similarly CSA (2011) insures 38% of Ethiopian youth engage in informal sector and in Addis Ababa out of totally employed population nearly 26.5% of population engaged in informal sector

## **2.7 Impact of Informal Sector on Employment Life**

### **2.7.1 Positive Impact**

Informal sector has both positive and negative impact in one country development. According to ILO (1972) developing countries are with high rate of population growth and with low rate of job opportunity to absorb the existing population. In addition existing of migration to urban area and

ending up of being jobless play a great role in absorbing this jobless people. It also mentioned the sector provides employment moreover necessary goods and service for the lower income groups.

Informal sector play a great role in sub-Saharan economic growth and employment opportunity even though little attention is given in development growth and creating job. It contributes 55 % for GDP and 80% of labor force (ILO, Decent work and informal economy. Geneva, 2002). In Ethiopia according to CSA (1994) 52% of women engaged in informal sector in different form of practice such as street vending, local drink (teji, tela, ateki), retail trade. Which means the contribution of informal sector play great role in giving opportunity as same as with other countries practice. (CSA, 2003) Indicated informal sector absorb 50.6% of urban employee in Ethiopia.

In addition informal sector play great role in alleviation of poverty. Even though there is no simple relationship between working in the informal economy and being poor or working in the formal economy and escaping poverty.

### **2.7.2 Negative Impact**

Informal workers typically lack the social protection afforded to formal paid worker, such as worker benefit and typically work under irregular and casual contracts. Informally employed individual experience social, economic, and psychological stress, insecurity and instability and thus they manifest lower level of well-being. According to ferrie et al (2001), Bardasi and (Bardasi & francesconi, 2004), Benach et al,(2014) and Tay, (2015) as noted from the definition informal sector it is unregistered, unlicensed which is not known by government rather which uses for the purpose to hide tax. In addition it is unsafe type of trade transaction for both employee and customer.

## **2.8 Poverty Verses Informal Sector**

Majority of people in developing countries are in problem of chronic poverty and this is not gender neutral. As stated in many studies, informal economy is where the majority of women and the poor are to be found, but it is also social protection limited. As ILO (2008) indicates that

the majority of women in the informal sector such as petty trading join the sector as a means of survival. They turn to the informal business due to low level of economic support from husbands/parents.

Among developing countries, Ethiopia is the least in gender related development index according to GRDI and also (Zelalem A, 2000) indicate women are poorly represent in education, economic activities and political participation. In addition Zelalem in the same year also say Ethiopia poor women are prime victim of poverty due to little access to productive resource, labour, education etc.

There is a lot reason to be list that lead women to take the large portion in part of poverty. According to Lalla et al, (2006) social rules and norms including forced or arranged marriage , lack of access to education , lack of access to health service, denial of their right to property ownership, high unbalance responsibility to look after the family etc...

Even though listing this all reason (ILO, 2002) study reveals there is no simple relationship between working informally and being poor and working formally and escaping poverty.

## **2.9 Women Entrepreneurs in the Informal Sector**

As referred from (Heening , Akoob, & Diop, 2017), Entrepreneur is anyone who is working for themselves. Unlike in developed countries women entrepreneur are more likely to be in informal economy in developing country. All around the world, the rise of a growing community of women entrepreneurs has been described as the most important economic and social development in the world. Women entrepreneur have witnessed a rapid growth over the past 30 year and currently they are highly visible as a part of the economy, selling all manner of product and service Diop, (2017). Women entrepreneur add exponential growth to the economy well-being of a country according to Welsh, Memili and Kaciak (2016.)Williams and Gurtoo(2016)explain that many these entrepreneur operate in the informal sector owing to the lack of employment in the public and private sector and thus informal employment has been recognized as a sizeable and rising feature of the contemporary global economy.

The global entrepreneurship monitor GEM has discussed two types of entrepreneurship, opportunity entrepreneurship and necessity entrepreneurship from [www.gemconsortium.org](http://www.gemconsortium.org).

According to (reynolds, 2005) opportunity entrepreneurship are viewed as entrepreneurship who start business in order to peruse an opportunity but necessity entrepreneurship is best option in the absent employment opportunity. And also (Ritsila & Tervo, 2002) say push and pull factor to be entrepreneurship, push-entrepreneurship engaged because of alternative beside pull factor is who need independent.

## **2.10 Street Venders as a Case of Informal Sector**

Street vending is one of the major activities in the informal economy which has an important role due to its capacity to take the expanding labor which can't be taken by the formal sector. Street vending is practice done in both develop and developing country.

Different definition is given by different author about street vending

- ❖ According to (Bhowmik, 2005)street venders as self-employed workers in the informal economy who are either stationary or mobile and also he say street vendor is a person trading from the street who offers good for sale to the public without having a permanent build-up structure from which to sell.
- ❖ (Cross, 1998) say street vending as the production and exchange of legal goods and service that involve the lack of appropriate business permit, violation of zoning codes, failure to report tax liability, non-compliance with labor regulations governing contracts, work condition and/or legal guarantees in relations with suppliers and clients.

On the other hand Street vending defined in the study of (Lyons & snxoell, 2005) is presented as one of the most visible activities in the informal economy and it is found everywhere in the world, including both developed and developing countries. It has been defined in many different ways by various scholars.

As mentioned before street vendors are known to play a very important role in the urban economy by providing employment, income and other items to the public. They sell

different kinds of goods such as second hand clothes, shoes, vegetables, fruits, food stuffs, plastic goods, and various household necessities, which are manufactured in small scale or home based industries. In many countries the urban poor prefer to buy clothes and accessories from street vendors because the goods that they sell are usually cheaper and affordable than those found in formal retail shops (Saha, 2009).

### **2.11 Women in Addis Ababa Verses Street Vender**

Street vender is one form of informal business and mainly overview in Addis Ababa. Women seen in street sealing items like Gullet, Gebello and non-agricultural items.

(CSA, 2000) indicate that 38% of youth in Ethiopia are engage in the informal sector and in Addis Ababa 26.5% are engaged in the informal sector. Also (CSA, 2014) states that informal sector play great role in Addis Ababa by alleviating poverty by creating employment, crating income inequality through small unit of production and service.

According (Winnie, 2003) traders are choosing place where easily visible to pedestrians and motorist that place at strategic point with heavy human traffic, such as main road, street, parks, pavements, within shopping centers and corners of street and road.

According to Martha C street vender represent high portion of informal sector which account 73-99% employment in trade ,50-90% trade of gross domestic product and also state women in these sector account above 50% and up to 90% these statement don't include country like Tunisa and India were social norm restrict women mobility.

### **2.12 Children's in Street Vending**

Because child labour is illegal in most countries, children tend to work in the informal sector in situations ranging from stark exploitation to merely helping out their parents after school. According to (ILO, 2004), there are 246 Million children in the world working, mostly in the informal sector without legal protection. Children preparing and selling food in the streets of metropolitan areas represent one of the main and the most evident groups of child labourers. They may work as part of a family or other informal enterprise or association, or they may be self-employed.

### **2.13 General Characteristics of Street vendors**

In order to conceptualize how street vendors undertake their activities and to locate the factor that push to the sector it is vital to assess the characteristics of street vendors. The informal sector is characterized by a large number of small-scale production and service activities. Mostly they are individually or family owned and uses labor-intensive and simple technology (Todaro & Stephen, 2003). Easy of entry, reliance on indigenous resources, family ownership of enterprises or activity operated by the owner with few or no employees., small scale of operation, labour incentive and adaptive technology, skills acquired outside the normal school system, have little or no access to organized markets, to credit institutions, unregulated and competitive markets (ILO, 1972).

The characteristics of informal sector mainly street vendors are categorized based on the employment the labour engaged in the sector and their day to day activities.

#### **Characteristics of the actors or labours engaged in street vending**

- Absence of official recognition (mainly from government bodies),
- No social security system
- Consistent job insecurity
- Poor educational background of the labours
- Predominance of own account and self-employment works
- Low income and profit
- Absence of saving due to equivalence of income and expense

#### **Characteristics of the activities in street vending**

- Easy to access customers
- Un regulated and competitive markets
- Easy to enter to the sector
- Family or group oriented business
- Absence of access to institutional creditors
- Time and location based business

## **2.14 Specific Characteristics of Street Vendors**

According to street vendors in urban informal sector are categorized basically based on the location, carriers, structures, service and product they have provided.

### **a) Location**

Studying street vending and local authorities challenges (Alebachew, 2017) argues street vendors choose place where in very close proximity including the walk ways to easily access pedestrians and motorists such places are accommodate heavy human traffic and some place may be crowded with pedestrians and motor traffic. Mostly places selected by street vendors are main roads, streets, parks, near to shopping centers, near to traffic light and road crossings.

### **b) Mobility and carrying products**

Street vendors use different structures. Most of them are use mats, gunny bags, tables, racks, wheel barrows, handcarts and bicycle seats to display their goods. The other vendors carry their commodities on their hands, heads and shoulders. Some of them are hang their commodities on walls, trees & fences, and significant of them construct temporary shades to displaying their goods (Bhowmik, 2005).

### **c) Structures**

Street vendors are not paid tax, not registered and they involve very visible structures (Chandra, 2013). These economic activities involve simple organizational, technological and production structures. It is ease of entry and small scale of operate where operates in urban area especially take place at heavy human traffic.

### **d) Services and Product in street vending**

According to (FAO, 2007) the sector has expanded in times of economic growth as urban workers face longer commutes and depend increasingly on food vendors to supply their nutritional needs. In many places it has become a cherished part of local culture, and can even become a valuable tourist resource. Most services and product are street food, market retails, technology products, clothes and other product that easily attract pedestrians.

## 2.15 Pushing and Pulling Factors for Women to be Engaged in Street Vending

According to (Yohannes , 2017) the major economic challenges that women street vendors are facing in work place is the refused to pay for what customers consumed. In line with this, the focus group discussants revealed that in the business of street vending, there are people who want to have money by refusing to pay for their consumption. In addition the (Yohannes , 2017) study revealed that the greatest challenge facing street vendors in the study area were with site of operation and conflict from formal traders, police and municipal authorities which in turn exposed them to pay bribe for them. Most of the spaces street vendors occupy are considered as illegal since the spaces have not been set aside for trade.

In summary, the researcher has tried to assess different literatures and sources of data and noted that there is a limitation in identifying the major pushing and pulling factors for women to be engaged in street vending. Hence, the study has tried to identify and/or assess the major pushing and pulling factors for women to be engaged in informal sector or street vending.

## 2.16 Review of Empirical Studies in the Informal Sector

In Ethiopia practice of informal business is becoming usual practice because the country capacity to absorb the present population in the formal sector is difficult. Even though, the practice of informal business in the whole country the practice is high, Addis Ababa has much higher informal business. According to (CSA, 2013) the working condition of informal sector is defined as:

- ✓ Does the enterprise have book of account(Tax)
- ✓ Does the enterprise have a license or
- ✓ Does the product/service of the organization you engage in is mainly for sale

Based on these above lists the sector will be identified as formal sector, informal sector and not identifies. Thus to be formal sector must fulfilled at least one of the above criteria. And the informal sector is which fulfilled the last criteria only that is the product/service of the organization engaged is mainly for sale. So, based on these there are different empirical studies done in informal business in Ethiopia

Different research locally has done relating women and informal sector. According to (Amane, 2011) Conclude that the participation of women to informal activities in general and processing to traditional drink in particular in the town have been increasing mainly due to lack of job opportunity, divorce, school dropout, family death, and insufficient monthly income of house hold.

According to (Sebsiba, 2015) concludes that the major pushing factors for the involvement of women in parallel trading were marriage obstacle (divorce and widow) and sustenance.

According to (Yohannes , 2017) the study investigate that women street vendors are enter to street business as a survival strategy as they cannot find wage employment: They attempt to increase security and smoothen consumption rather than maximizing profit; for this purpose they diversify their activities instead of specializing.

According to the study done by (Amsale, 2017) there are different reason which lead one to engage in street vending from this he list Migration, low education level ,no opportunity in finding formal job, social responsibility and absent of family support.

Also (Edmealem, 2018) in his work stated that the main factor determining the reason in the informal sector are unable to fulfilled criteria of formal sector and lack of capital to start formal business. And also the study reveals that informal sector are source of income for the poor or means of employment and also it is a base for formal sector.

In referin the work of (Getahun, 2015) homophily in regional and ethnic lines forms the strongest divide among street vendors personal networks followed by sex and marital status homophily.

According to (Ebisa, 2012) there are different factor that push women to engage in the informal sector and lead the sector to grow are the growth of population and incapability of the formal sector to absorb the rising job seeker. And also compare to men the education level of women also lead to engage in the informal sector.

## **Chapter Three**

### **3 Research Methodology**

#### **3.1 Introduction**

This chapter provides an over view of the methods to be used to collect and analyses data. It discusses description of the study area, the research design, the sample selection methods, and data processing and analysis. Research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information. The intention of the research is to identify the pushing and pulling factors of street vending business in the city of Addis Ababa. In order to achieve this objective the study has used an exploratory type of research and the qualitative research approach. The reason for selecting exploratory research type is to develop the clear picture of the study and to establish concepts.

#### **3.2 Description of the study area**

Addis Ababa is the largest city of Ethiopia with large number of population. The population life is mostly depending on business sector. Among this the majority of the population end up in the informal sector, from this the large number is taking by the women.

This study is done in Addis Ababa city by taking bole sub-city from the ten sub cities of the city. Bole sub city is the selected sub city for in depth analysis of the study. The selection is based on purposive sampling considering the informal sector diversity in the city. However, samples are selected based on snow ball sampling. Moreover, informal sector is one of the areas absorbing large number of the informal business and many type of informal business practice is also found in Addis Ababa the study gives emphasis to street vender women.

#### **3.3 Research Design**

The study uses qualitative data collection method and accordingly, the data collected through semi structured interview questions and produce qualitative result.

### **3.4 Sampling Method and Sample Size**

Considering the case under the study, two types of sampling method is used for this study at different stage. They are purposive sampling and snow ball sampling. Purposive sampling is used to identify the study area and snow ball sampling is used to select sample from the population.

As the study is emphasis on the pushing and pulling factors of street vendors in Addis Ababa, the target populations are individual street vendors hence the unit of analysis is an individual street vendors. Street vendors are chosen to represent the most visible form of the informal sector operators in Addis Ababa. Standard sampling and estimation techniques require the researcher to select samples with a known probability of selection. In contracting with this the statistics of street vendors in Addis Ababa are not recorded and documented and which require higher potential and beyond the current study to do that. Hence, Bole sub city is selected based on non-probability sampling called purposive sampling mainly judgmental purposive sampling.

Whereas street vendors or sample participants of the study, are selected based on snow ball sampling technique. In this case, Participants refer researchers to others who have characteristics, experiences, or attitudes. In this case the researcher has contacted two active participants of street vendors for first stage sample for interviewing and in accordance with snow ball sampling techniques these two participants refers other six participants based on their characteristics, experience and attitude reflect the full scope of the issue under study. In general including the first two and the latest six, the study has eight participants of street vendor. They are involved in the interview and the interview was made individually (individual depth interview, or IDI).

### **3.5 Data Source and Instruments**

The data sources of the study are both primary and secondary data sources. The primary data were obtained through individual depth interview (IDI) and observation. In addition previous studies are used as a secondary data.

#### **Primary Data Source**

**Individual Depth Interview:** to collect data in depth about street vending, individual depth interview were made to street vendors to explore a reliable data about pushing and pulling factors for women to engage in the sector. The researcher choose structured interview to guide the question order and the questions are open ended. It is made considering the participant background, to reduce question variability and to maintain the interviewer neutrality. The researcher or the interviewer role is to extract information and generating the interview.

The interview questions are prepared and ordered in hierarchy. The question prepared in English translated to the participant language ‘Amharic’ and the interviews are made. During the interview with permission of the participant the interview audio is recorded and transcribed to provide the researcher with the rich detail information. Accordingly, the data are discussed and analyzed to attain the research objective.

**Observation:** the researcher has observed the site of street vending is carried out in consideration with to explore the street vendors business pattern, type of service provided and /or product sold. In addition the observation has its own role to prepare the participant for the depth interview.

### **Secondary data Source**

Secondary data also used to refer previous studies and form concepts related to the research objectives from different books, published journal and research paper. Personal observation has also its own contribution to assess the sample and for success of the study.

### **3.6 Method of data analysis**

The analysis of row data has passed through different stages. Firstly, the row data were obtained in Amharic because of the participant language is Amharic and then translated to English. Secondly, the raw data were coded and organized on the basis of their dimension. Thirdly, the data were measured, categorized and then according to their respective dimension and category interpretation were done. Finally description and analyses of data were made qualitatively. Similar information obtained from the key respondent are taken as one and ignored the repeated one.

### **3.7 Description of the focus of the study**

Exploring the pulling and pushing factors for women continuing to be engaged in the informal sector that is the main focus of this study. Here the method used to explore them is qualitative research method using interview in different cases.

## **Chapter four**

### **4 Result and Discussions**

#### **4.1 Introduction**

This part of the research deals with the analysis and discussion of the data gathered from primary data source using Interview and Observation. It includes the identification of the pushing and pulling factors for women to be engaged in the informal sector. In addition the level of women's intention to engage in the formal sector also is being explored.

The procedure used in analyzing the results was aimed at exploring the pushing and pulling factors for women to be engaged in the informal sector. The interview gave each participant an opportunity to identify the main factors for women to be engaged in informal sector. For each variables of informal sector the factors for women to be engaged the participants' response were examined for analysis purpose.

#### **4.2 Demographic Background of Participants**

The analysis is made by examining the primary data from sample respondent. Moreover, personal characteristic and economic status of women in the informal sector like education status, family size, marital status, age and origin are assessed in the study.

##### **4.2.1 Sex of Participants**

Sex has its own role in involving in informal sector because of women role and their intimacy to their family and their role in supporting family. Based on the study emphasis on women in street vending 6 women and 2 men are involved in interview.

##### **4.2.2 Age of the Participants**

Age is one of demographic character which help in describing which age group of women are mostly involved in the informal sector. Accordingly, all the interview participants are in the age from 20 to 40. From these participants which are in the age from 20-25, 25-30 and 30-40

unknowingly represented in equal portion. Even though the participant tells their age as presented above from personal observation it is noted all of them are above the age 25.

#### **4.2.3 Marital Status of the Participants**

Marital status is the other factor which explains why participants are engaged in the informal sector. From this research we can understand that majority of participants have a married history. One third of them are engaged in street vending of Addis is because of divorce so to support their life. Similarly, other one third has married and support their life in collaboration with their mate and the remaining one third have not married.

#### **4.2.4 Education level of the Participants**

Education is also the other determinant factor for women's to engage in the informal sector. As per the participants demography one third of them is not gone to school, 48.9% of them are attained only primary education as per Ethiopia educational curriculum from 1-8grade. Moreover, insignificant number that is 22.2% are attaining secondary education and none of them has attained more than higher education.

Generally women's in informal sectors are less educated and can be list as one of contributor to the sector. In addition to other factor this also leads women not to go to the formal sector. However, from the study it is noted that the 22.2% of them who are attain secondary school are below the age from 25 year. From this it is revealed that the country will need to be prepared for future generation job creation unless from this initial assessment it is to be noted that educated youngster are also attracted to the sector.

#### **4.2.5 Participants Origins**

Importance of identifying women origin is to assess the impact of migration in informal sector. As per the participants many of them 88.9 of them came from country side and they are come in search of job and different reason. Due to the challenges in getting of the formal sector women wants to engage in the informal sector. As per the participants many of them are mobilizing to Addis for searching of job considering the available market and ease of access to the informal

sector. The remaining very few of them are locals in Addis Ababa and they are engaged due to survival reasons to respond the economic burden.

### **4.3 Pushing factor (Opportunity) to Engage in Street Vending**

For street vending business cost were relatively small and one could say that the accessibility of this particular type of trading activity was therefore very easy. Furthermore, it requires no specific education and experience. Therefore, street vending particularly could have acted as a last option for people who were unable to find a job in any other sector of the economy. For instance, women came from different area. Therefore, the study investigates by giving large focus on women's that are engaged in the street vending.

#### **4.3.1 Engagement in Street Vending**

Identifying the first moment of street vendor is important and the initial question for many researcher who were studying in the sector. It is important to identify the major factors that push them to join the sector. In addition the source of initial capital is also need to be explored.

In accordance with ( Deribie, 2012) the major sources of initial capital for beginning a small business ventures in the informal sector may include interest based creditors like micro finance, borrowing from friends, husband's income, 'equib' (local fund raising system) and past savings. According to ( Deribie, 2012) the most important source of raising money for starting a small business in the informal sector is interest based creditors like Arata as opposed to the interest based loans from formal financial institutions. The second largest source of initial capital is borrowings from friends. The mix of possible sources of initial capital in the study area is an indication to us that formal financial institutions are not in a position to provide them credit to run a business in the sector. This in turn affects the prospects of business expansion.

#### **Key Respondent 1**

A 37 year women who engaged in selling of vegetables in the center of Addis share her story about the first moment she engaged in the sector.

*“I am a married woman and have two children and my husband is working in construction. I am although working in one restaurant in cooking foods for the restaurant. After four years of marriage I was sick and then also my husband was died and it is difficult to serve a family and my children also need to go school. In all this cases it is important to have money but I don’t have that except 10 birr. At that moment (in 1998 E.C) ten birr has bigger value and I wanted to market and purchase potato and using my own house hold materials (‘Dest’ and ‘Mandeja’) and processing that for food and sell the food for vendors in other business. Now I transferred my business to selling agricultural goods mainly vegetables.”*

Women in the informal sector are known for their low start up and working capital. A large number of women start their enterprises with their personal earnings or traditional collective savings. This also shown from the study result and as mentioned above the participant women emphasis lack of startup capital as the first pushing factor for women to be engaged in the informal sector.

#### Key Respondent 2

Service provider in street who was 27 year woman, had although share history in engaging to the sector. She was come from Yirgachefe to Addis Ababa to learn and she tried to join school but not yet, her story is as follows.

*“Failure to get to school is my first reason to join street vending. I started vending by 300 birr but before that I was worked as a maid in different places of Addis Ababa. Life as a maid is not comfortable for me and I wanted to get my own freedom and my intention to run my own business.”*

For (Becker, 1975), schools are defined as institutions specializing “in the production of training”, ranging from more specialized training to “a large and diverse set” of skills such as that offered by universities. According to (Becker, 1975) schools are differentiated from firms that provide training and produce at the same time, yet schools and firms were often found to be alternate sources of particular skills. Total education as a tested factor was comprised of the total formal education of an individual. Similarly the participant was mobilized from her origin to

Addis wishing education but get maids work and then street vending. However, if education is provided all over else such kind of challenges can be solved.

The other case is a guy who was 30 years old and married has told his story for this particular study purpose. Beyond his mirage he has a family who expect his support from his current business. He is currently selling clothes and related products.

#### Key Respondent 3

*“The first moment I joined in street vending is problem (survival issue). I am not educated and I need to work to support my family and although for my own too. I came from Gurage, frankly speaking when I came to Addis I feel that I will work as employee in some organization but things are changed when I came here and start business in street by selling plastic bags. I came here and start business is in 1992 E.C. My initial capital is 3 birr at that time it is was enough to start plastic bag business in street. In my first moment of selling this product it is difficult for me to catch the trend and the pressure with police men. However, I cop up that and still working the same.”*

The other pushing factor is the vulnerability context in this study it is called daily survival issue. According to (Tegegne, 2011) due to high unemployment rates in urban areas and migrants to cities are vulnerable to survival problems. As a result, they resort to the informal activities to earn income and maintain their livelihoods. Informal sector activities provide the poor with low incomes (Lyons & snxoell, 2005). Most of the respondent indicated they have engaged in the informal sector for the sake of their daily survival issue.

#### Key Respondent 4

A woman her origin is from Addis Ababa and she were engaged in street vending by selling a shoes has shared her experience as shown below.

*“I am a 21 years old, before joining to this sector I have been working as a sales in a mobile phone shop and working as a waiter in a café. In one moment I heard*

*the government is registering street vendors to sell their item and I was registered too. The reason why I left my previous job and to join this sector is requiring personal freedom in my job and requiring my own work. This will give to improve my life starting from this.”*

In human life an “independent spirit” is necessary mainly for entrepreneurship and autonomy refers to independent action in terms of “bringing forth an idea or a vision and carrying it through to completion”, including the concept of free and independent action and decisions taken (Lumpkin & Dess, 1996). Entrepreneurs are associated with more of a degree of freedom in combining and organizing resources.

#### Key Respondent 5

A guy who has more than 7 years of experience in street vending and still working there had also shared his extensive experience in the sector. He is coming from Enimur ena eyrer (gurage zone) and he is 23 years of old. He has learned up to eighth grade and not married yet.

*“In my visit to family (older brother) to Addis I have got a chance to see and examine the business. My older brother is working in street vending and at that moment (before 7 year) street vending is a good job. There is no interference of regulatory such as denb (‘Denb’ is almost equivalent with police in their task; they are formed under Addis Ababa city Administration to enforce a security issue mostly irregular activities). Considering this I have join street vending and still working there. Before join this sector I’m student and my family has no enough money to support our life and this has although its own impact to join the sector. In this work the main problem is the challenge from ‘Denb’ and some time if they catch us they will took our selling items. I start the work by 500 birr and still working there.”*

The other factor for women to be engaged in the sector is women inherited the business from their elders. In Ethiopia most business are run through a family business. Accordingly the study result revealed women are also engaged in the informal sector through inherit as a family business.

### Key Respondent 6

A woman married to a merchant start her business in Wolkite by assisting her husband (around 150 km in south west direction from Addis Ababa). She has different history to join the sector from other as mentioned below.

*“I am 27 years old and a married woman and now divorced. Previously when I was in a marriage I am working in the formal sector with my husband. Now because of divorce I was changed to the informal sector and running business in street mainly selling is clothes. I have no initial capital to start with the item and purchase the item in debit from the suppliers and repay them back after selling item.”*

Similarly, (AfDB, 2008) study shows many women lack the necessary assets for starting their business, because of lack of property rights. In Ghana for instance, an IFAD study revealed that 70% of women startup capital with less than \$ 100 and 45% with less than US\$ 20. In addition a World Bank survey of female micro enterprises in Zimbabwe showed that only 5% of respondents had received formal credit while 75% of them got financed their capital needs from personal savings and family grants. Same while from the interview above a woman married to a merchant has faced to street vending because of lack of property right.

### Key Respondent 7

A 35 years woman who was selling agricultural product in street and join the sector to grow her children has shared her experience in different dimension.

*“I have no educational background and divorced with my husband. Hence, no other option to earn my children I decided to join this sector. I started this business almost with 300 birr and still working there.”*

The study found out that divorce is another factor that forced women to take part in the urban informal sector. As indicated in the literature review, in many developing countries including Ethiopia, men are the sole income generators in many households while women mainly perform

domestic activities and child care. This was also the same story in street vendors of Addis Ababa. In such circumstances the family may be in risk when they divorce or loss her husband. In such cases wife or women were obliged to carry multiple responsibilities in the household as income generator and mother. The presence of this endeavor forced women to involve in income generating activities in street vending.

#### Key Respondent 8

Another street vending woman who was transformed from daily labor in construction to street vending has shared some untold history of her.

*“I am 36 years woman and I am married in 1995 E.C still living together. I came to Addis by peer pressure. Before engaging to this sector I am working in construction as a daily labor. After that it is difficult for me the construction work load and I decided to commence this work, my intial capital was around 100 birr.”*

The street vending business operators used a coping mechanism by working as an apprentice for family, relatives or friends. They also borrowed money without interest from their families to start their business. Others had employment in the formal sector to acquire the skill and experience even though the payment was far from adequate. In this regard street vending business operators use live sharing family property to avoid paying rent, some others move from work place to work place to skip work place rent as a coping mechanism.

#### 4.3.2 Characteristics of Customer

Due to competition street vendors sometimes as a way of attracting customers, they sell their products at low prices which in turn a lead to reduced profits. In (Ngek, 2018)study marketing and management training and skills have been identified as important factors for achieving better performance, efficiency, and growth. (Ngek, 2018) study reveals marketing skills comprise of “marketing activities, sales, increasing market share to introducing particular new products or building relationships with customers”. According to him businesses fail due to the lack of marketing skills.

### Key Respondent 1

*“I am working selling fast foods in street most my customers are labors in street and ‘listros’ (Listro is a local name in Amahric given for shoes cleaners). Most of them are come to working area and seat together and eat the foods. On average on customer will purchase or eat on dish. The price for one menu is 10 birr. I have routine customers but they are few in number. I identify my customers with other, my customer will chill with me and also I will do that too. Mostly the peak time of selling is at lunch time.”*

According to (Mathew, 2003) Location preferences for street vending enterprises are customer driven such that the officially poorly zoned market areas are becomes unattractive to even the new entrants. However, the case participant has run business in center of the city around main roundabout and this was assisting her to have many customers.

### Key Respondent 2

*“I am a fast food seller for street vendor and my customers are almost 50 on average. I happy to serve them and I will manage them as per their specific behaviors. Mostly they will buy one dish at a time and its price 10 birr. Most favorite time for this business is breakfast and lunch time. According to season ‘Kiremt’ is a good time for this kind of business because you will get more customers at that time.”*

Market place to get customer in bulk and consistently is one of the major concern for business owners. In addition, knowing customers time is appropriate for the business and earn more. In this respect case one and case two has similar experience.

### Key Respondent 3

*“Since 1992 till now I am working this business. The first time I start the business by selling plastic bags in Merkato. Recently, I am was selling watches in street but now I am selling Masks (the interview is made at the time of Corona virus*

*Covid 19 pandemic) due to its current peak demand. I will attract my customer by selling items according to season and by varying items with different colors and etc.”*

In fact, many people do not have their permanent houses and venue of business activities. Their works is mobile in nature like roaming on bicycle and go to different market places as they sell their products in weekly markets or while taking the items on their heads or some carts or animals, etc. For them, data were collected from their place of work. Many informal sector activities are subject to seasonal and other variations over time. In addition to this they also change the items to sell seasonally as per their customer requirement.

#### Key Respondent 4

*“Most of my customers are traders, student and government employees because I am selling to the ladies shoes. I have a good relation with them and mostly I work in specific location and they will come to get me and I think they are satisfied in my products. However, their character is different with the kind of the person.”*

As revealed above they have a variety of customers including students and government employees. In addition street vendors themselves sell each other mainly items not on their hand.

#### Key Respondent 5

*“Due to lack of sufficient ability to extend my education and started this business. I am selling clothes for the last 7 years. I have no specific customers because this is street vending. The amount of daily selling is different in different conditions and season. Sometimes, I will sell 7 items once but this is not routine. My favorite time or a peak selling time is from 4:30 pm to 7:30 pm; at this we will get most of our customers.”*

Street vendors do not have any permanent place to sell their goods. Thus, they cannot retain regular customers. In that regard, getting regular buyer is very difficult task for them. Similarly, (Alebachew, 2017) agree the notion which said the presence of large competency among

markets interrupt their job and lack of working place and lack of market are identified as challenging problem of street vendors in accordance with this study and problem of work environment. In addition as learned from this case 3 how street vendors are changing their business based on market demands.

Similar to above in case 3 there are situations where business is running without customer as shown in case 6.

#### Key Respondent 6

*“Still now I am working in debit and it is almost 2 month starting this business. I have no specific customer and my location is not mostly known but still it is running good. My favourite time is after 4:00 pm.”*

#### Key Respondent 7

*“I am selling vegetables by this I will run four of my families. In relation to customer I have no specific customer but there are some customers who come sometimes. The good time for this business is from 10 am to 8:00. Now a day the business is poor because of Covid 19 pandemic we are just coming here just for a try. The business is lower goes to an income for buying foods for children.”*

In general most of the street vendors involved in this business are because it is the best alternative source of livelihood income and the income of those involved in street vending has increased after joining the street vending. Moreover, the conditions of life for many of them have improved in a better way because they can support themselves and their family members economically.

Being poor and street vending has a positive relation. The informal sector serves as a bridge to escape poverty for most women who are poor. The informal business activities are closely linked to inadequate income maintenance or income generating activities and such economy consists of sets of survival activities performed by destitute people on the migrants of the society.

### 4.3.3 Source of Supplies and Satisfaction on Current Business

In relation to supply chain both formal and informal sector are live together in support of each other. Mostly, street vendors of informal sector have obtained their product from the formal sector. There is considerable overlap between informality and formality given the linkages between the two and the fact that there are formal firms which engage in informal trade and there are informal traders who are suppliers of the formal firms.

#### Key Respondent 1

*“Previously, we get from Ateklit Tera but now we got from Jun Meda area (Ateklit Tera is the most known and one of the major center of vegetables and suppliers center). I am not satisfied from this business.”*

#### Key Respondent 2

*“Previously, I am collecting supplies from Merkato (Merkato is the biggest market in Africa, there are many whole sellers in Merkato that supplies different item to different area of the city and the region) when I was selling watches. But now I am selling masks and getting them from suppliers who get the product from garments.”*

#### Key Respondent 3

*“I have got my selling items from Merkato and my customers are satisfied in my business. I am satisfied in the current business but now due to Covid 19 pandemic it goes lower.”*

#### Key Respondent 4

*“Most of my suppliers are whole sellers in Merkato and Kolfe. In relation to satisfaction, I’m trying my best to obtain my customers satisfaction and still now I didn’t get compliant from any of my customers. Regarding to myself, I was not satisfied in my current business and I wish to have a better one.”*

#### Key Respondent 5

*“I have got the selling Item from Kolfe market (Kolfe market: is mostly known for its back market for clothes). Due to I was new for the buisness it is difficult for me to judge my customer feedback to my business. But I was striving to get daily survival and my satisfaction is neutral and I wish to increase my capital and attract many customers.”*

Key Respondent 6

*“Mostly I get my selling item (vegetables) from Merkato and Piassa and I have no common supplier to purchase with rather purchasing based on the quality and price of the product. I have not satisfied in my business it is just facing our self for sun and I don’t think it is a good business but we make it for surviving.”*

**4.3.4 Future Plan of Street vendors and Lesson Learned**

Key Respondent 1

*“Even though the current business has many up and downs and also not satisfactory my future plan is to have a restaurant in the formal sector.”*

Key Respondent 2

*“From this business I have running my family including children and wife. I’m trying my best for better future and I planned to have license and make formal business.”*

Key Respondent 3

*“I have a plan someday to run my business in registered and formal sector. The basic thing I have learned is to work in difficult situation. In this work we will face ‘Denb’ if they catch us they will beat us and come into my item. In general the work is done in very difficult situation.”*

Key Respondent 4

*“Through time I have a plan to work in the formal sector in my own shop. The lesson learned from this business is street vending is difficult task and life in street is a fear work. You have no confidence what is coming next.”*

#### Key Respondent 5

*“I’m new for this business and my plan is to expand the business on the sector/ street trade. What I have noted is if I have a variety of items and expanded area my business is grow up. Hence, I have planned to expand the business here.”*

From the participants of the interview it is noted that almost all of them are wishes to expand their business and this was obstacle by lack of enough working area. Improving and expanding the business will add value for their income. As per the participant most of them has hope in their business for future success and consider they have learned how to survive in strong work environment.

### **4.4 Pulling Factor (Challenges) To Engage In Street Vending**

#### **4.4.1 Basic Pulling Factors**

Similar to pushing factor, lack of capable working capital is the one pulling factor for women to remain in the informal sector. Women in the informal sector are known for their low start up and working capital. A large number of women start their enterprises with their personal earnings or traditional collective savings. This also shown from the study result and most of the women responded lack of startup capital as the first pushing factor for women to be engaged in the informal sector.

Furthermore, literature show that the informal sector is identified with pre-capitalist mode of production, own account of workers and no access to benefits of social security and is characterized by low capital intensity, low level of productivity low levels of education, lack of recognition and protection by government (Varshney, 2011).

#### Key Respondent 1

*“I stay to this sector because of having no option which means I have no better option to serve my life.”*

(Deribie, 2012) found from his study that women in the informal sector run small businesses which are constrained by capital shortages and minimum capital availability for women to run a business may lead to low productivity. Further he mentioned, the average initial capital is 375 Ethiopian Birr (ETB) which is too small to operate a small business to the desired level. On the other hand, the average monthly income of only 576.5 ETB. Actually, many women run small business ventures, which require little or no startup capital.

#### Key Respondent 2

*“Basically, the main pulling factor to retain in this sector is life, just to live. I need to survive I don’t want to stole, just to live by working my own. However, to transform to other business I have no enough capital to do so.”*

The motivation behind most informal sector businesses is assumed to be personal survival, as opposed to return on investment. According to (Ngek, 2018) most women were unable to obtain external finance and human resources are high and thus make family members a valuable source of resource for the survival of their businesses.

#### Key Respondent 3

*“Firstly, I have joined this sector due to lack of capital to start my business. You can start this business with small capital and earn more. However, after seven years of my experience I have tried to have my own enough capital to start business in the formal sector. Since then, what I have noticed that things are not simple as what I have expected before. In general the basic factor to remain in this sector is to have not enough capital to transform to the formal sector.”*

The future plans of most of the informal sector operators are to expand and transform the business in to formal business environment. This shows that the sector is a stepping stone to transform in to the formal business environment and the informal sector helps for those women

either to survive on one hand and to transform (growth) the business in to formal sector on the other hand.

#### Key Respondent 4

*“The main retaining factor for me to retain in this sector is problem and no change of life from this sector rather we will live today from the income generated. The income generated is gone to my expenses and children.”*

In different studies it is repeatedly stated in most participants of street vending are worked for their daily expenses than future saving. This is basically related with their several social burdens and in their role to serve a family.

In addition according to (Abebe, 2017) women were interested to participate in street vending sector because they need freedom of operating their own business; they were flexible in determining hours or days of operation they can use and develop their creativity. Vendors were quite optimistic about the freedom they felt in their lives and the fact that they did not pay any taxes or meet any other requirements the good example for this is the case presented below.

#### Key Respondent 5

*“The basic thing which remains in this sector is to have my intent to have my own business. But it is not enough for me to transform to other sector. Lack of enough capital is hanging me in this sector.”*

As compared to other low-wage urban jobs like daily laborer, housemaid, etc. most choose it part to its freedom from extra burden from their employer, to its simple operation and irregular and flexible working hour so as to fulfill social obligations and home works, etc. According to (Alebachew, 2017) excessive and inefficient Government regulation, it is costly barriers and stifled formal economic activities and failure to institute adequate legal and institutional control mechanism.

#### 4.4.2 Relation with Others

Further study of social relations needs to be done to address issues of equity between ethnic groups. In some countries, members of subordinate minorities have trouble getting access to markets. Members of ethnic groups may help each other out in the markets, creating networks that can exclude other market groups. In (FAO, 2007) study it is suggested that policies should re-examine social relations so that promoting the sector does not merely strengthen the existing processes of inequality exploitation and exclusion.

#### Key Respondent 1

In addition to the above (Mathew, 2003) while accepting the basic outline of the standard definition, argues that the key feature of informality is not the absence of regulation but instead the existence of a specific type of regulation that dominates the activity. Thus, the informal sector is marked by the dominance of regulation based on personal relations and networks embedded in family, community, friendship, or ethnicity rather than on regulation organized on formal, legal, or contractual bases.

*“This is my source of income and working here daily because of that I routinely go to my vegetable suppliers in Merkato and Piassa to purchase sold items. Because of this I have customary suppliers who sold the vegetables to me. In addition, I have a good relation with my customers. I will evaluate this because I have many routine customers. In relation with competitors I have no nearby competitor who sells similar items.”*

Similarly the case below shows the importance of sociability to do a business in street vending. As noted from the case it is noted that they will share information about the coming of ‘Dembs’ and to secure their working area.

#### Key Respondent 2

*“Mostly, in this work you need to be sociable unless it is difficult to work. As known there are different challenges we have faced in doing the current business and hence sometimes group work is important. At least, in missing information,*

*we will face difficult things. For example, if the ‘Dembs’ are coming and if you have no information they will take all your items and it is a big loss for us.”*

Similar experience of the above case has presented in study of (Alebachew, 2017). Mainly fearing police and ‘Demb’ are the main challenge of their work. Therefore, their works are usually risk. Most of the street vendors lack freedom during operation and feel psychological instable. In addition, harassment and eviction from selling place by police accounts the superior position. Apart from the above the sociability in the next case goes deep to be friendly.

#### Key Respondent 3

*“Our work is in competition but we live friendly, we understand each other. Even though in competition we understood it is for the sake of attracting customers. In addition we have a discipline if one customer is on the way to the other vendor item we didn’t call him. However, in his first instant to come with us we loudly call him to come or loudly promote our items.”*

From cases above it is to be said that street vendors are working in collaboration with themselves and although with their customers.

#### 4.4.3 Source of Supply and Supply Chain

In Ethiopia Merkato market is known for its unique feature of buying and selling of everything. In addition Atekelt tera is the biggest market for vegetables and fruits and although Kolfe is known as market for clothes and shoes staff. From the study result it is understood that most of the suppliers are mainly from this market centers. The good example for this is the case mentioned below.

#### Key Respondent 1

*“My customers are suppliers in Merkato and as far as I’m concerned I have good relation with them. I will purchase the goods in bulk (the potato in quintal) and store in my rented home. Then I will collect it to the working place in to pieces. Mostly, I use ‘Mandeja’ (Mandeja is Amharic name to represent charcoal heater)*

*to heat the potato. Then after few preparation of the potato adding spice I will provide the potato in pan to my customers.”*

Similar to above the other vendor has told her experience. Almost the same experience from the one discussed above.

#### Key Respondent 2

*“Mostly I will go to Merkato and purchase the items that attract me for business. In merkato the shops are presented in parallel and I will enter from any of them and buy the item as per my demand. Then the rest is I will come here and call loud to promote the items I will sold. If people in the street are interested they come and ask me, after negotiations items will be sold.”*

The different approach of the experience mentioned below is he has customers or friendly whole sellers.

#### Key Respondent 3

*“I will buy my items from ‘Merkato’ and ‘Kolfe’ markets. Before, selling the current items I am selling (Clothes) I am towel seller, at that time I have three customary suppliers who sells towel for me. Even though, I have changed my business to cloth selling I although remain with them to buy the current items.”*

In opposite to above in the case below a woman street vendor has shared experience and mentioned that she has no common supplier rather she will collect from different suppliers deepening on her need.

#### Key Respondent 4

*“I have no common supplier, rather I will go ‘Merkato’ and ‘Atkelit Tera’ and purchase item depend on my interest and market trend.”*

A woman who was engaged in street vending but selling different item (vegetables) from the above has although her own approach of business. Their customers are different seasonally. This is because of her work will be changed seasonally on the items to be sale most.

#### Key Respondent 5

*“Always I am selling vegetables but some times during holydays I will change my selling items depending on the condition. I will buy Items from Market center supplies depending on the goods to be sold.”*

In general all vendors has their own approach of getting supplies and although customers to sell. In other dimension most studies found that conflicts among street traders, formal traders and local authorities are frequent. The good example for this is (Abebe, 2017) study he considers conflicts arisen from the site of operation, and the consequent arrests and confiscation of goods. However, though some local authorities reviewing their outdated laws on street trade, there is still need to relocate traders specific vending sites outside the central business district and facilitate street vendors to organize themselves in strong associations in order to influence changes taking place in their favor.

#### 4.4.4 Flow of Business

To clearly articulate the business flow it is significant to assess the vendor background. Mostly they are engaged in this sector because of poor educational background, shortage of capital, lack of experience in the formal business and other related. Hence, evaluation of their business in routine basis is a difficult task for them. However, different cases are referred as follow to investigate the business flow in street vending.

#### Key Respondent 1

*“My business is running well, always I will finish the fast foods on my hand and this makes me comfortable. In addition, the business is running good, the customer I have is increasing and also the items I have sold is increasing.”*

In this case the business for this service provider in street is going well with its acceptable challenges. However, in the two case discussed below case are not always gone well rather they will register losses.

#### Key Respondent 2

*“Sometimes, we will sell 200 or more than 250 birr but there are days where we are not selling any of our goods.”*

#### Key Respondent 3

*“There are days we will sell many items, there are although days which we will not sell any items. You now the flow of my business has mostly up and downs. There are although days I was tensioned in loss of income.”*

Both of the above consequent cases are similar except in the latest one there is a fear to run business because of loss.

#### Key Respondent 4

*“Previously the business is running well now it is increasing and now because of Covid 19 pandemic it is almost Dade.”*

In addition to the above cases in this case the vendor has a fear of running business because of medical issue. The interview was made during Covid 19 pandemic in the country and both formal and informal sector have faced a decrease of market. From this we can understand that there are challenges both formal and informal sector and the similarity of work environment between them. In addition there is support for linkages between the formal and informal sector regarding the channels through which goods are distributed, with the exception that informal goods are hardly bought through formal distribution channels

#### **4.4.5 Advantage and Dis Advantage of Street Vending**

All business has its own benefit and challenges different study has shown there are advantages and its advantages obtained from street vending works. According to street vending investment costs were relatively small and accessibility of the business is also easy and counted as opportunity. Therefore, street vending can be considered as a last resort for a people who have not getting job opportunities.

In relation with disadvantage according to (Jose, 2003) the challenges on street vendors are Absence of official protection and recognition, Non coverage by minimum wage legislation and social security system, Predominance of own-account and self-employment work, Absence of trade union organization, Low income and wages, Little job security or working condition and No fringe benefits from institutional sources.

#### Key Respondent 1

*“The advantage by this work is the business run by my own gives me a confidence in myself and this makes me to work for brighter future. From all including money I’m satisfied to have my own work. Limitation of capital has its own impact in my business.”*

Similarly, the other participant mentioned similar cases as discussed below and added the limitation by mentioning the pulling of street vending due to its main factor, capital.

#### Key Respondent 2

*“My advantage in this business is hope. The advantage is I am enough for myself, I’m dependent on myself. The disadvantage is it is difficult to change our life as per our expectation. Once we join to this sector unknowingly we will spend much of our life.”*

The study revealed that the informal sector has a positive role to play for women in economic development in terms of job creation, income generation, and house hold support and poverty reduction. It enables women to expand their income generation scheme through the opportunity

it creates for them to earn income that they use for the welfare of members in their households. The good example for this is the case mentioned below.

Key Respondent 3

*“My advantage is hoped to grow my business and learning to cultivate from small business to expanded larger one. The challenges here is the working area will be prohibited and it is fear for us how we continue our business.”*

As discussed above most of them have interested to transform to the formal sector. But there are few street vendor wishes to expand their business in the informal sector.

Key Respondent 4

*“Previously, the business is good and it is enough for our daily expense. But the main thing is to have my own work. If you do have your own work you live satisfactorily. I’m happy to have my work and the rest will come next.”*

Most similar advantage of street vendors that they share in common is advantage of owning personal business.

## **4.5 Assessing Vendors Level of Intention**

### **4.5.1 Duration in the Sector**

In accordance with (Chandra, 2013) assessing the duration of women in street vendor is important to understand why they remain in the informal sector and the business activities they running through it. Accordingly, the study has provided interview for participants to assess their intention to transform to the formal market or business. On the other hand experiences in any business have their own contribution for the success of the business. The experience of the participants is vital to evaluate their background and intent to transform to the formal economy. As indicated in different cases the interviewer has from one to ten year experience in street vending.

Key Respondent 1

*“I have been one year in this business and I’m striving to change my life using the income generated from the work I’m running.”*

Most women engage join to the sector is with the hope to change their life besides the economic challenge and social responsibilities to their family.

Key Respondent 2

*“I have been almost seven year in the sector. Firstly start the business by selling towel, and then add other similar items. I’m now selling clothes. Few months back, we will get a chance from government to form an enterprise but they refused that. Now we get this area from government to sell our items but we don’t know what comes next.”*

Key Respondent 3

*“I have been in the sector for the last ten years. Using this work I’m supporting my family. The basic thing is working in all condition and support my family is the priority thing to stay in this sector for long time. However it has challenges of health and fear for your life and future.”*

Key Respondent 4

*“I have been in this work for the last four years. But it is done for common goods. We work and the incomes are expended to our livelihood.”*

#### **4.5.2 Average Daily Income and Expense**

As per the interview monthly income and expenditure are varies in accordance with their monthly income. However, many of them have an expense of less than three thousand. In numeric the amount is small however when compared with their income it indicates almost their incomes are expended. Different cases are presented to justify the real situation.

Key Respondent 1

*“After income and expense difference (Profit) I will get 50 birr from the work. I will use this amount for my daily survival goods. My expenses are 1,300 birr for house rent, although have additional expense for food which is not countable.”*

#### Key Respondent 2

*“The advantage in this work is we are living our daily life, which is the only advantage we have so far. In good business time I will get enough money for my family expense. I have expense to my children milk, foods to family, house rent. On average I have 3000 birr expense for house rent and 3000 birr for daily house hold.”*

#### Key Respondent 3

*“On daily basis on average I will get from 150 to 200 birr birr profit. Our daily income basically depends on the trouble with ‘Denb’. If interference from ‘Denb’ we will not get even for our daily expenses. However, if there is no interference from ‘Denb’ the business environment will be good. On average I have 150 birr expense on daily basis which means 4500 birr in monthly basis.”*

Many of street vendors face different challenge including police officer from the government office after they start their activities but lack of startup capital takes the large portion. In accordance with (Amane, 2011) this is the basic issue to address to start any business activities.

#### Key Respondent 4

*“I am a single mum and have no other support and the items what I have are obtained in debit. Hence, my income and expenses are not equal; my expense is higher than my income. Hence, I have in loss but expecting better when the work environment is known by customers.”*

Similarly, the study by (Asmamaw, 2002) reveals informal business activities are closely linked with inadequate income maintenance or income generation activities and such economy consists

of sets of survival activities performed by destitute people on the margins of society and economic dynamism of unregulated income-generating activities.

Key Respondent 5

*“My income from this work is few I got on average almost 30 birr per day. My income and expense is not the same but we live in the grace of Allah.”*

Key Respondent 6

*“Mostly I will deliver to my work places vegetables that amount around 200 birr. From this I will got from 50 to 60 birr but there are days I will go with loss. In relation to expense from this income I, my husband and two children are living. However, my husband income although support us. “*

#### **4.5.3 Saving Pattern and Future Expectations**

Saving is the most important way for street vendors for better future and for improvement of their ability to accomplish livelihood objectives. It helps to articulate purposes , to predict challenges and to solve problems. Saving is also related with future expectation and plan for success. The varying interpretation of success by the vendors were, for some vendors success is defined as getting enough income for their current and future consumption, for some vendors they would feel successful if they accumulate saving, for some vendors changing and expanding their business is success.

Accordingly, experiences of different street vendors are presented below.

Key Respondent 1

*“Sometimes I will save my money but it is not always most of the income gone to my personal expenses. From my income mostly I will faced to expense. Considering this I will have hope in the future and relating to this the government shall support us and the ‘Denb’ shall not pressure us rather we require us to support us.”*

### Key Respondent 2

*“Saving is a must thing; I’m trying my best to save. However, the saving by itself will be expended for buying children clothes and other staff which require my own contribution. In future, I have planned to rent a shop and sell my items in the formal market. One more I have to add is the government shall give equal chance to all street vendors in benefit what we will get.”*

### Key Respondent 3

*“I will save the profit generated in bank. Before earning to the bank we have ‘Ekub’. (Ekub is traditional saving money most known by Ethiopians. There is Ekub leader and depending on the members the Ekub leader will collect money from members either in daily, weekly and annual basis and depending on the collection base the collected money will be given in round to all in a lottery base. There are although another Ekub approach it is mostly known in the formal sectors of traders. In this approach of Ekub, the money will be collected either in daily, weekly and monthly basis and the Ekub collector will give the full money to the members if they save more than 40% of the expected one round money.) I have ekub with my brother on weekly basis and if the lottery is my round, I will deposit the money in bank for my future plan.”*

*“My future plan is to grow my business in the formal sector and assist my family and others economically. I have one additional remark to the government it is better to give opportunity to youngster to have their own business.”*

### Key Respondent 4

*“Due to divorce my two children and me and are in trouble and dependent on my sister. One of son is living with my aunt and one of my son and me are living with my sister. So, I have no my home I am dependent and it is difficult for me to save because I have so many pressure to support my family. Hence, saving is difficult for me because of my problem.”*

### Key Respondent 5

*“I have no saving background how can I save getting more than from daily expenses. It is very difficult for me to save in this situation.”*

### Key Respondent 6

*“I am saving money in the bank. My husband will cover house rent, Tef, and charcoal expenses and I will cover the rest. In supporting each other we will live our daily life.”*

There is a variety of saving pattern in street vendors as shown above. However, the saving pattern is mainly related with their family responsibility. A woman who has divorced and led their family has many pressures on their lives and difficult for them to save. In other direction male street vendors has an opportunity to save their money in either in traditional form or in banks. Some women supported by their husband and not married are although an opportunity to save.

Whereas in the study of (Sileshi, 2011) the saving habit of most operators in the informal sector in all activities are save nothing for their future investment. The basic reason mentioned for this is the money that they get from the sector is not even enough to cover their living expenses. The amount of money that they got was not enough to fulfill all their basic needs and to save the remaining amount in the social saving institution known as Equib for future use.

## **Chapter five**

### **5 Conclusion and Recommendation**

#### **5.1 Summary of the Study**

This part presents the finding of the study. The findings were summarized grouped in to four major sub sections. These are Background of the participants, pushing factor, pulling factor and street vendor's level of intention.

##### **5.1.1 Background of the Participants**

The participants of the interview were found by two nonprobability sampling methods. These are purposive sampling and snow ball sampling. The participants of the interview are in the age between from 20 to 40. The marital status of the participant is equally represented as married, divorced and not married. In addition most of them has attained only primary education and the rest are not gone to school and very few of them has attained secondary school. Further many of them are migrated from surrounding nearby areas of Addis like Gurage and the rest are from dispersing areas of Ethiopia and very few are originated from Addis itself.

##### **5.1.2 Pushing Factors to Engage in Informal Sector**

The study explored that women street vendors were engaged in street vending because of many reasons, Mainly divorce, lack of access to education, survival issue, personal freedom, and family influence or peer pressure. Divorce is the main reason for many elder mothers who were in street vending. From the interview it is noted that most of them has divorce or loss their husband after they migrate to Addis. On the other hand women are although migrate to Addis with hope to join school. However, the actual situation is not as expected various reasons like socio economic issues. The customers of street vendors are vary depending on the type of street vending business they are actually involved. For service proving street vendors other street vendors are their main customers, while others have student, traders and employees of government and private institutions. Most of them mainly item sellers have no specific and

permanent customers due to the characteristics of the business require mobility. In addition the preferable time for service provider is morning and lunch time and for item sellers afternoon after 4:00 pm.

Many of them will get the items to be sold from Merkaro, Kolfe and Atekilt-tera whole sellers. The future plan for many of them is to grow their current business in formal sector. And they have experienced that street vending is a difficult task and street business is running through fear.

### **5.1.3 Pulling Factors to Continue in Informal Sector**

There are several reasons for women to remain in street vending the main are lack of option in other business, lack of capital, poor saving habit and lesser expectation. The social network is mostly between street vendor by themselves and they use the network to away from security force mainly 'Demb' unless they work their own business or not willing to inform other networks.

The flow business for many of them is vibrant in some day it is attractive and there are although days they register losses. However, on average they will get for their own survival needs. The advantage of street vending for most of participant is related with hope, a dream with a brighter future from the outcome of current business. The disadvantage is more of similar with (Jose, 2003) they are Absence of official protection and recognition, Non coverage by minimum wage legislation and social security system.

### **5.1.4 Level of Intentions of Street Vendors**

As per the interview all of them has a variety of experience from the range of one to ten year and monthly income and expenditure are varies in accordance with their monthly income. However, many of them have an expense of less than three thousand. In numeric the amount is small however when compared with their income it indicates almost their incomes are expended.

For many of street vending woman saving is luxury because the income is not gone more than daily survival issues and their vast responsibility to their family. Some of them have trying to save either in bank or in other traditional form of saving.

## 5.2 Conclusion

Informal sector mainly street vending is now a day became source of job for many women. Thus a woman in Addis Ababa who is lack of position in the formal sector hugely participates in the informal sectors. Among the components of informal sector, Street vending is the major one whom many women are involved and an important source of income for many poorer segment of the society in the urban area. Considering this the study has focused on the pushing and pulling factors for women to be engaged in the informal sectors of Addis Ababa.

From the study result it is revealed that major pushing factors for women to be engaged in the informal sectors are Social responsibility mainly associated with divorce and taking responsibilities of children, absence of access to join school, economic problems mainly survival issues, freedom to won their business, inherited business and peer pressure.

On the other hand, once women engaged in the informal sector there are so many factors that remain them in the informal sector. The major one are having no option because of incapable capital to other sector, change of expectation, intent to have my own business, to keep customers, social interaction each other.

The working time preference is different the work they engaged for service providers morning and lunch time is the suites time for work, for merchandisers the afternoon time after 4: pm is the preferred time. In addition vegetable sellers although prefer the afternoon time however they have although customers in the morning as compare with merchandisers.

The study has provided interview for participants to assess their intention to transform to the formal market or business and result shows that most women engage join to the sector is with the hope to change their life besides the economic challenge and social responsibilities to their family. Further the income generated and expenses incurred are equal. As revealed from the interview result the account of equivalent income and expense is more in woman than men. From woman the largest share is in divorced woman.

The varying interpretation of success by the vendors were, for some vendors success is defined as getting enough income for their current and future consumption, for some

vendors they would feel successful if they accumulate saving, for some vendors changing and expanding their business is success and their future expectation is depend on their incomes and academic background.

In general, from the study result it is to be revealed that the emergence of the informal sector is because of no enough modern job opportunity to absorb the existing labor force. This is also associated with the Dualist school of thought.

Therefore, from the above the following line of category and school of thought is formulated.

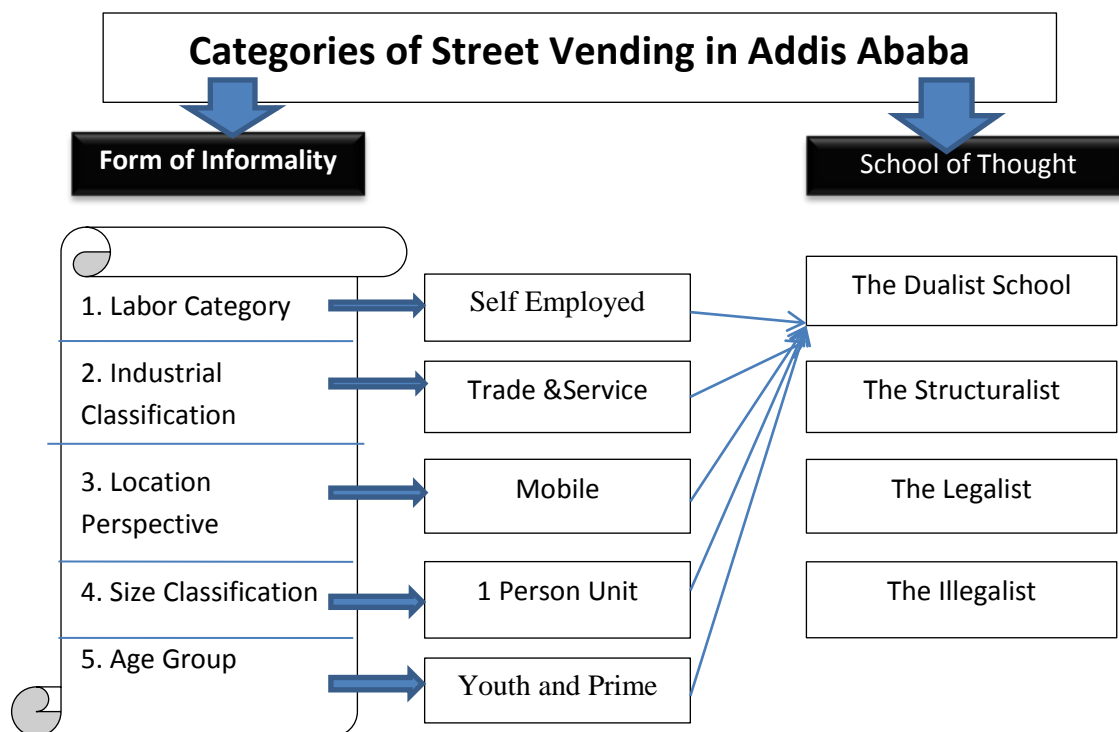


Fig. 2 Categories of Street Vending in Addis Ababa

### 5.3 Recommendations

Even though informal sector play great role in giving chance for thus who has no job. The government has to give emphasis for the area, it is area with big problem for the women because

when they run to not cached by the government officer they might get accident plus they face harassment because they are not working alone but with men.

Considering the study result it is recommended that government and other concerned bodies to consider the above mentioned pushing and pulling factors. From the study result it is noted that daily survival issues, lack of access to education, lack of startup capital is the basic pushing factor to join the informal sector. Hence, it is very crucial to identify vulnerable citizens for the informal sector and assist them to join the formal economy including financial assistance by integrating with micro finance institution (by avoiding mortgage for loan and by providing other alternative potentials). In addition family responsibility can also categorize in the above recommendation.

Further vendors subjected to inherited business, ease of entrance to the sector, peer pressure, lack of education and training factors can be transformed through subsequent training and cultivating them to have entrepreneurial intentions to excel their business and come up with skilled experience to the formal one. On the other hand ease of access to customer can be accommodated by providing areas utilized for such business by grouping the vendors.

Whereas to combat the pulling factor such as having no option because of low capital to move to other sectors, change of expectation, intent to have my own business, to keep customers, social interaction with each other. Lack of working area can be resolved through cordially working with all concerned bodies.

Moreover, Migration and related issues need to be solved through research and identification of origin and then working a solution in original place is an ideal solution.

Finally, participants are ready to transform to the formal economy and at their level they are running their business for a better future and if this can be supported by entrepreneurial training and capital it is easy to get a fruitful result. Hence, to get a better future in the sector all stakeholders need to consider the characteristics of the sector, the vendor's background and their performance in the current business.

In general organizing women's in group and giving working area plus giving training about saving and how to manage their finance help women's to think more than survivalist and they

will think to convert to formal business sector than staying in the informal area. In other direction converting of women's to the formal sector will help government to collect tax. In addition modern job opportunity is required for young youth in the sector.

#### **5.4 Future Studies**

This study has various limitations which are seen as opportunity for the future research. This study only focused on the pushing and the pulling factors of Addis Ababa. Hence, in order to be full needs to address further changing the sampling method also needs to see the other paradigm.

This sector has large potential in providing opportunity for unemployment and giving attention is required both by government and academicians to solve the problems on the sector.

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## **Appendix A**

ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF MANAGEMENT

### **Semi-structure interview Questions**

This interview is designed to gather information on pushing and pulling factors for women to be engaged in informal sector in street vendors. For better achievement of the research objective and in depth investigation of the case, your response has great value. Hence, you are kindly requested to answer the questions carefully and freely. In the meantime I would like to assure you the interview is only used for the subject research purpose only.

### **Demographic background of the Interviewer**

1. Gender:\_\_\_\_\_
2. Age:\_\_\_\_\_
3. Marital statues\_\_\_\_\_
4. Educational level\_\_\_\_\_
5. Place of Birth\_\_\_\_\_

### **Pushing factor (opportunity) to engage in the street vending**

1. Did you remember the first moment how you engaged in street vending? If yes, could you please tell the moment including but not limited to:
  - a. How and why you did you decided to engage in the sector?
  - b. What was your financial source and initial capital?
  - c. please also share how you conducted street vending during the first few months?
2. Before engaging in this sector, what was your background with respect to academics, business and trade?
3. In your opinion, what are the basic reasons to engage in street vending?
4. Mostly what kind of customers do you have? And how do you manage them? How do you characterize their buying behavior? Quantity per person, frequent buyers? One time buyers? When do your most sales happen?
5. How do you source your merchandize for street vending?
6. Are customer satisfied in you service or product you delivered and how you are trying to attract them.
7. Are you satisfied in your current business?
8. What is your next plan in this sector or transforming to others?
9. What are the basic lessons you have taken from the current sector?
10. Where do you see yourself 10 years from now? What do you plan to do?

### **Pulling factor (Challenges) to engage in the street vending**

11. What are the basic pulling factors (either positive or negative) to engage in the sector?
12. Could you please to clarify your relations with other competitors, and other stakeholders including government bodies?
13. From where mostly you have got the products to sell? And variability of items seasonally? Why?
14. Could you please to mention the supply chain between your supplier and you?
15. How is the flow of your business from day to day?
16. What advantage you got by engaging in the sector?
17. What disadvantages of engaging in street vending for you?

**Assessing interviewer level of intention?**

18. How long have you stayed in the sector? Staying in the sector lead you to keep in the sector or force you to think to leave the sector?
19. How much income do you get per day on average?
20. Is the amount of the income you generate from the street vender enough for your living expenses? or do you have other source of income?
21. How do you foresee your saving pattern and your future expectations?
22. How much expense do you incur per month on average? What is your main expense?
23. What is your future plan regarding street vending? You want to continue or to change to the formal sector?
24. If you have any remark to add?

Thank you so much for your time and wish you success in your future.