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Determinants among youth self-employment in Selected Sub-Cities of Addis Ababa

By

Alemayehu Ayele

A Thesis submitted to the School of Graduate Studies of Addis Ababa University in Partial Fulfillment of the Requirements for the Master of Arts Degree in Management of Vocational Education.

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Addis Ababa, Ethiopia

June, 2014

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This is to certify that the thesis prepared by **Alemayehu Ayele**, entitled: **Determinants among youth self-employment in Selected Sub-Cities of , Addis Ababa** and submitted in partial fulfillment of the requirements for the Degree of **Master of Arts Degree in Management of Vocational Education** in Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Table of Contents

Content	Page
Table of content_____	i
Acknowledgment _____	ii
List of Figures_____	iii
List of Table _____	iv
List of Abbreviation and Acronym_____	v
Abstract _____	vi
 Chapter one _____	 1
Introduction _____	1
1.1. Background of the study_____	1
1.2 Statements of the problem_____	2
1.3. Objective of the study_____	4
1.4. Research question_____	4
1.5. Significance of the study _____	4
1.6. Operational definition of terms_____	5
1.7. Scope of the Study_____	6
1.8. Limitation of the study_____	7
1.9 Organization of the study_____	8
Chapter Two _____	9
2. Literature review _____	9
2.1 - Concept of self-employment _____	9
2.2 Evolution of self – Employment economic theories _____	11
2.3. Sociological-psychological theories of self-employment_____	15
2.4 Determinants of self-employment_____	17
2.4.1 Demographic traits_____	17
2.4.2 Human capital and experience_____	22

Chapter Three	27
3. Research Methodology	27
3.1. Research Design	27
3.2. Sample frame	27
3.3. Sampling techniques and procedure	27
3.4. Data sources and methods of data collection	28
3.5. Methods of data Analysis	32
Chapter Four	33
Chapter Five	51
5.1. Summary	51
5.2. Conclusion	54
5.3. Recommendation	57
Bibliography	
Appendices	

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List of Tables

Table	page
Table1. Percentage of respondents by age-----	33
Table2. Economic determinants among youth self-employed -----	35
Table 3.Educational attainment of youth self-employment-----	36
Table 4. Psychological/sociological determinants among youth self-employment.-----	39
Table 5.Age of youth self-employment-----	45
Table 6.marital status youth self-employment-----	47
Table 7a ,and 7b.general unemployment and general self-employment in Addis Ababa----	48
Table 8. General determinants among youth self-employment-----	49

List of Figures

Fig 1. Percentage of respondents by age-----	35
Fig 2. Economic determinants among youth self-employed-----	35
Fig3. Educational attainment of youth self-employment-----	37
Fig 4. Psychological/sociological determinants among youth self-employment-----	40
Fig 5. Age of youth self-employment-----	45
Fig 6 . General determinants among youth self-employment-----	49

List of Appendices

Annex A: Questionnaires for self-employment

Annex B: interview guiding for self-employment

List of Abbreviations and Acronym

CSA: Central Statistical Agency

GDP: Gross Domestic Product

GNP: Gross National Product

ILO: International Labour Organization

LDCs: Less Developing Countries

MOFED: Ministry of Finance and Economic Development

OCED: Organization for Economic Cooperation and Development

SE:Self-Employment

SME: Small and Micro Enterprise

TVET: Technical Vocational Education and Training

UN: Unemployment

UR: Urban

Abstract

The foremost objective of this study is to investigate the various determinants of youth self-employment in selected sub-cities of Addis Ababa, considering primary source of data at wereda level. The sample of 708 self-employed workers has been responding the question. I have employed descriptive statistics to analyses the determinants of self-employment. The study concludes that economic independence and age of the workers have positive and significant impact on self-employment. Moreover, educational attainment and dissatisfaction with the current working wage variables also significant and positive influence on workers' decision to be self-employed. Based on the results of findings since, Trade and Micro and small enterprise is the mainstay of Addis Ababa's economy so government should concentrated on formulating policy that solve the economic determinants that affect the decision of self-employment in the selected sub-cities and in Addis Ababa in general.

Keywords: self-employment, youth

Chapter one

1. Introduction

1.1. Background

Creation of self-employment has been remaining a top priority in developing countries like Ethiopia. A number of studies regarding growth and development have also focused on the labor market .because the main source of an employed individual's income is associated with employment opportunities .Moreover, income and quality of the job both affect social welfare significantly. Employment and economic development are concomitant. Among the various employments, self-employment has a big deal of attention presently. Policy makers and planners, especially in developing countries are mainly focusing on promoting self-employment and small business. The Ethiopian economy is essentially a subsistence-agriculture economy. Some 80 per cent of the population resides in rural areas driving its livelihood directly from agriculture and animal husbandry, and contributes about 52 per cent of the country's GDP. The urban center is home to about 20 per cent of the population with some 12 per cent of this driving its livelihood from government and services while the remaining 8 per cent rely on industry and construction (Getinet,2005,2008).A number of recent studies that have focused on different aspects of the urban labor market in Ethiopia (Bizuneh et al.,2001;Getinet,2003;Krishnan,1996,2001;Krisnan et al.,1998;Serneels,2001) have emphasized the unprecedented level of unemployment in the urban centers of the country , particularly among the youth. Several factors are to blame for this sad state of affairs. To start with, there is unprecedented growth rate of the urban population .The large the size of youth cohort, the more daunting the provision employment will generally be. That the growth and job creation performance of the economy has been disappointing for the most part is another important reason explaining the high level of unemployment. Poor growth performance and weak aggregate demand is a recipe for disaster when combined with growing urban youth labor force in need of employment. The mismatch between the skill requirements of the labor market on the one hand, the education/training skills of youth on the other hand are also other factors to be held responsible for the high and persistent levels of unemployment in the urban centers. The rate of unemployment in urban Ethiopia accounts for 23.7 percent, and in case of Addis Ababa accounts 23.35 per cent.

1.2. Statements of the problem

In most developing countries, urban youth face different problems (Rafik *et al.*,2010),(Eita *et al.*,2010).(Henry *et al.*,1999).The slowing of economic growth spells continued job losses, with youth people bearing the brunt of the crisis. Youth are landless, drug abuse, violence, irregular migration (migrate cities to escape poverty) and high unemployment rate and under-employment contribute to low income and poverty and lack of entrepreneurial culture and attitude amongst the youth. Youth population in Africa was the highest i.e. 20.2 percent, Asia 18.0 percent, Europe 13.0 percent, Latin America and Caribbean 17.8 percent, North America 14.0 percent in the same years 2010.(Gyimah,2013) In Ethiopia, the rate of youth unemployment in urban areas accounts for 23.7 percent and general unemployment in Addis Ababa is the largest which was observed to be 23.35 per cent (CSA, 2012).Youth unemployment is the outcome of different socio-economic and demographic (Getinet, 2003) factors that are related to macro and micro level. So one way of tackling this problem is through the promotion of self-employment (Getinet, 2005). With regards to characteristics that best describe the self-employed, the literature identifies some important factors that include, certain demographic and human capital characteristics, local/regional labor market conditions, and policy related factors (D.G.Banchflower,2000), among others. The study also found that the propensity to be self-employed depends positively on whether the individual in question has ever received an inheritance or gift (Blanch flower, 2000). Regarding the role of policy, strong negative relationship between unemployment and self-employment. In terms of demographic characteristics, the evidence suggests that the probability of being self-employed is generally higher among men than women, and it is also found to increase with age. With regards to the educational profile of the self-employed, they are more likely to come from the least educated. There exists some evidence, however, that the most educated too have a higher probability of being self-employed (Blanch flower and Oswald, 1990; Blanch flower, 1999; 2000; Earle and Sakova, 2000; Taylor, 1996).

The determinants of self –employment which was conducted by Muhammad Zaria and Mumtaz Anwar 2010,Carlo Pitrobelli 2004, found that: ``The workers' participation as self-employment was higher among the older age, the marital status of the workers.were one of the factors

influencing the worker's decision regarding participation in self-employment activities, Male workers are more likely self-employed as compared with females. Furthermore, the probability of workers participation in self-employment activities increases as the level of education increased.

A study on determinants of self-employment in urban Ethiopia by Getinet Haile (2008), found that, the self-employed are generally less likely to come from who completed at least secondary education and smaller proportion of the educated person moving into self-employment, And arrived at, the workers experience and age was positively and significantly affect the self-employment, the education attainment and good health have direct and significant impact on self-employment. In addition, the presence of household's assets also has positive and significant effect on workers decision regarding self-employment, the youth, the educated, those that migrated to urban areas recently and those without parents in self-employment are less likely to be found in self-employment. The determinant among urban youth has become more important comparatively in the literature of economics now a day. In addition, the available study mainly looked into issues relating to self-employment in developed nations, but very few studies exist in developing countries in general, and in case of Ethiopia. The set of determinants of self-employment investigated was very wide, with often contradictory results. All authors agree that demographic traits and economic agents influence self-employment. However, the sociological-psychological theories mainly grounds individuals' to motivation pursue self-employment not only because of the limited opportunities for ethnic minorities, immigrants, women and youth persons in the labor market for hired employment, but also due to the aim to satisfy higher level needs. Therefore, this study aims to investigate the factors that influencing among youth psychological-sociological determinants factor, demographic traits and economic, and. So, to address this problem, the study aims to bridge the gap between the previous studies by identifying those determinant factors among youth self-employment in Addis Ababa. From the practical point of view, it will serve not only to provide a self-check to current self-employment, but also to increase the engagement of urban youth self-employment in modern labour market and national wide competitive business activities through better understanding of the determinants of youth self-employment. This study is unique on the ground that at least. There are very few previous studies investigating issues of self-employment in the context of developing countries, and non in the case of Addis Ababa because no separated research conducted on determinants among

youth self-employment and no bench mark age of workers those join up self-employment labor market.

1.3. Objective of the study

1.3.1 General objective

The overall objective of this research is to assess the determinants of self –employment among youth in selected sub-cities of Addis Ababa.

1.3.2 Specific objectives

1. To investigate how and to what extent external and internal factors determine the success of youth self- employment.
2. To assess the determinants of self- employment and to what extent do they vary across sub-city.
3. To assess the challenges that face youth in general in selected sub-cities.

1.4. Research questions

The research inquiry, the following questions were formulated to guide the whole effort of data collection, analysis and interpretation.

1. Why do individuals join self-employment?
2. Are those individuals with higher education (or qualifications) more likely to enter and succeed within self-employment?
3. What are the psychological-sociological determinants factors that influence the decision among urban youth to join the self –employment?

1.5. Significance of the study

Creation of employment has remaining a top priority in developing countries like Ethiopia. Because most of large numbers of youth in urban areas of the country, especially, In Addis Ababa city, Unemployed person depend on their families, and, it had an economic and non-economic cost which imposed upon both on society and the person who is unemployed. Hence, to give due attention to self-employment for reducing unemployment and poverty is indisputable agenda.

In general, the problem of unemployment, income inequality, low per capita income, and low living condition is evident among urban youth.

Thus, the creation and promotion of self-employment will assist in reducing unemployment and increase the income of individuals who will participate in the sector and improve the share of self-employment in economic growth and development.

Consequently, the study will show the determinants of self-employment that will have impacts on term of trade and growth of self-employment. It also helps the government and other actors to focus on self-employment by providing necessary support i.e. creating conducive working environment is very important because infrastructure affordability is poor and providing on-job-training also needs big attention as well.

The study may also assist the planners and scholars to give emphasis on youth and for further research.

1.6. Operational definitions of terms

- ***Own account worker:*** -is a person who operates his/her own economic enterprise independently in professional ways with no employees. Employers and own account workers groups give the total numbers of self-employed.
- **Employment**-Covering both employees and self-employed person who are engaged in some productive activity that focus with in the product boundary of the system
- Employer:*** - is an individual who operates his /her own economic enterprise independently in a profession with one or more employees.

Enterprise:-is a legal entity whose primary goal is earning profits by producing and/or supplying goods and services in the market.

-**Entrepreneurship** defined as `a systemic innovation, which consists in the purposeful and organized search for changes, and it is the systemic analysis of opportunities`. The talent applied to develop product, systemic purchases and to organize production of goods and services.

For the purpose of understanding, some of the key words and phrases that need clarification are operationally defined below.

-Self- Employed:-individual who earn no wage or salary but derive their income by exercising their profession or business on their own account and at risk.

The self-employed categories including unpaid family worker, and workers engaged in production that undertaken entirely for their own final consumption either individual or collectively partners of an unincorporated business are usually considered as self-employed.

-Unemployment:-unemployed person are those individuals available for work and actively seeking employment at the existing wage. In other words, the unemployed are those who are willing to work but unable to get jobs. According to Keynes.(1938).Unemployment refers `involuntary idleness of man power` Haile Hagos. (1994).

-Youth: – who are defined here as those between 15 and 24 years of age. There are no universal definitions of the youth population; “Youth” is traditionally defined as a period of transition from childhood to adulthood; in the Africa youth Report 2009(UNECA, 2009).”Youth” are defined as people between 15 and 39 years of age. However, several African countries defined their youth population differently.in Ghana, Tanzania, and South Africa define the population as those between 15 and 35 years of age; Nigeria and Swaziland define it as those between 12 and 30 years; and Botswana and Mauritius define it as those between 14 and 25 years; in Ethiopia defined as those aged between 15 and 29. These varying definitions of youth population make it difficult to effectively discuss issues affecting youth in general and to compare information across countries. The United Nations (2011) defines youth as those aged 15 to 24 years. Although arbitrary, this is the age group that has been recognized international as “Youth” though generally acceptable and preferable, its implementation an often pose problems because the data for different countries are not provided using this definition(UNECA 2001).So for the sake of this study youth are defined as those peoples age between 19 and 34 years old. And this study exclusive youth that are teenager (15-18) and but inclusive male and female youths.

1.7. Scope and Delimitation of the Study

This study was confined to determining the factor that determinants youths. The focus is on self-employment in Addis Ababa. In order to address the research

objective the study delimited to these individuals established their own business .who has been registered under the government and licensed.

1.8. Limitation of the study

Despite the fact that all effort have been made to control the quality of the data, the following limitation was may be encountered in this study.

The descriptive research data collection methodology, in particular the choice of purposive sampling method, are considered as the main source of limitation for generalizing the results of the re-search to all self-employment population in the city. The inherent weakness associated with this method cannot be assumed as limitation free. Henceforth, cautions were made whenever extrapolation of the findings from the sample to all of the self-employment workers were sought. All the re-sponses of the interviews and questionnaires are taken to be the representations of the actual scenario. The limitation of structured interview may be considered in terms of whether the data obtained reflect the actual facts grounded in the day to day practices. The limitations that are discussed may influence the validity of the research in terms of the ability to generalize the results to the entire self-employment workers. Assessing the determinants of youth self-employed might be difficult as it is the collective effect of different factors. This will requires the consideration of large sample size, however, due to limited sample selection the result may not be generable to the whole urban youth population through it can show the determinants of youth self-employment in the study area and serve as a stepping stone for the future study.

1.9 .Organization of the study

This study was organized into five chapters, the *first chapter*, presents information about the introduction part that including background of the study, statement of the problem, objective of the study, significances of the study, limitation of the study, operational definition of the study, scope of the study and organization of the study.

The *second*, chapter includes related literature that is the concept of self-employment, theories and determinant factors of self-employment will be discussed. The *third* chapter, explores methodology of the study, *chapter four*, reveals data analyzing, and *chapter five*, deals with the discussion of findings regarding to the determinants among youth self-employment and forward about summary, conclusion and recommendation points

Chapter Two

Review of Related Literature

2.1 Concept of Self-Employment

Self-employment category is widely used both in foreign scientific literature and in employment and unemployment empirical studies. However, the analysis showed that, self-employment concept in foreign authors studies is analyzed very narrowly, providing only a description of the concept in particular country, while in studies of Lithuanian scientists (D. Bernotas, A. Guogis, 2003), this phenomenon is analyzed only from the subject's (self-employed person's) social security point of view.

According to the descriptions provided by different authors, the self-employment and self-employed person's classification, it can be argued that there is ambiguity in the concept of this phenomenon, as the employer who has employees, so a single person working on his or her own account, is treated as the self-employed. Investigations carried out revealed that the employer and the self-employed person's assimilation could take place due to the fact that both of them have similar psychological characteristics: the need to achieve something, the tendency to assume an average level of risk and using the skills and efforts, giving a priority to vigorously pursue of new activities or an innovative outlook, assumption of responsibility in case of success/failure (McCelland (1961), Brockhaus (1982) by Beugelsdijk, Noorderhaven 2004). Extravert, people reached social recognition and the people ready for change are the other features common to entrepreneurs (Brandstätter, 1997). Unlike employees, entrepreneurs have a different value system, i.e. they seek to become independent from employers and to realize their potential (Fagenson, 1993). So, as we see, both large entrepreneur and a single person working on his/her own expense must have a business idea and be able to evaluate and assume the business risk and not fear the liability in the case of business failure.

Employer and self-employed person are difficult to distinguish also because they were encouraged to take business by the same reasons (Earle, Sakova, 2000). On the one hand, self-employed person can act as an entrepreneur, i.e. offer new market opportunities and create goods, trade allocation methods, production processes, on the other hand, the

status of self-employed may reflect those workers in poverty incapable or having limited opportunities in hired work search, therefore his or her self-employment and income may have difference from the unemployed person's income. Thus, self-employed persons may seek to increase their wealth by starting business or to survive by this activity.

A conducted investigation revealed, however, that there are differences between the employer who clearly represents the subject of entrepreneurship, i.e. entrepreneur, who creates jobs for others and who has chosen the business of his own volition, and the self-employed person, who works alone or with the assistance of family members.

In order to formulate the concept of self-employment, the essential features pertaining the self-employed person's "portrait" are identified (Balkan, 1989; Nakutis, 2006; Grieco, 2007; Pedersini, Colette, 2009): absence of hired employees; investment of own funds; risks, assumption of responsibility for their work; the autonomy of the labour market, the motivation is to make a profit (economic benefits); the products/services does not necessarily have to be new; continuity of ongoing activities, i.e. person's deals have continuity and reiteration; autonomy as the person on his own decides the issues relating to his/her activities, cover operational costs; does not necessarily have to be an entrepreneur, but by becoming more like entrepreneur (becoming more entrepreneurial), increase the probability of higher income.

“According to main characteristics of self-employment subject emphasized by authors, self-employment can be defined as a simplified form of entrepreneurship, where a person, by combining financial resources and personal capacity offer market (consumes) goods services in order to obtain financial and (or) non-financial benefits and assuming the risk of self-employment”.

Employer and self-employed person are difficult to distinguish also because they were encouraged to take business by the same reasons (Earle, Sakova, 2000) . On the one hand, self-employed person can act as an entrepreneur, i.e. offer new market opportunities and create goods, trade allocation methods, production processes, on the other hand, the status of self-employed may reflect those workers in poverty incapable or having limited opportunities in hired work search, therefore his or her self-employment and income may have

difference from the unemployed person's income. Thus, self-employed persons may seek to increase their wealth by starting business or to survive by this activity.

2.2 Evolution of Self-employment Economic Theories

There are very few economic theories, exclusively dealing with self-employment, The most likely reason is that economical theories that analyze self-employment and entrepreneurship often coincide and supplement each other (S. Balkan, 1989). One of them is occupational choice theory. Earlier studies of occupational choice theory mainly focuses on the neoclassical theory of human capital, i.e. individuals are more likely to choose a profession that offers the highest possible earnings in the future value (Becker 1964).

Meanwhile, S. Parker (2004), occupational choice treat as modern economic theory to explain what qualities must have people who decided to become entrepreneurs, and why they are doing that.

The traditional equilibrium models in the economy consider only one choice - the choice of the employee among various professions (A. D. Roy, 1951). However, scientists have made considerable effort trying to create a wider choice of models explaining the labour market. In entrepreneurial economy, there are three classical (Lucas, Kihlstrom & Laffont, Holmes & Schmitz) occupational choice models analysing entrepreneurship as one of the possible alternatives in the labour market (Parker, 2005). One of the first scientists R. E. Lucas (1978) proposed a static model in which a person, depending on the management skills can choose from two options: paid employment and entrepreneurship (management). According to Lucas's view, individuals differ in their innate entrepreneurial ability. He showed that the most talented individuals completed their career establishing large enterprises, less talented people staying employed. Later, R. E. Kihlstrom, J. J. Laffont (1979) has developed general equilibrium theory: the company operates under conditions of uncertainty and is based on Knight (1920) model of entrepreneurship. The model states that individuals choose between risky decision to manage an enterprise or less risky and less paid work in hired employment. According to the researchers, people differ in what level of risk they assume, i.e. people who tend to take greater risks, will

choose entrepreneurship, and among entrepreneurs, the larger business enterprises will be managed by those whose risk-taking level will be higher. More recently, T. J. Holmes, J. A. Schmitz (1990), suggests that the economy is unstable, has created a model in which individuals constantly facing the new opportunities of technological progress, set up their own businesses, but differ from each other in the business of survival probability. The authors examined the factors which encourages the entrepreneurs to continue the already established business, or create a new one, transferring the latter one to the less skilled businessman. Holmes and Schmitz model has proven, that the least talented entrepreneurs manage businesses already established by others, while the most talented specialises in new business creation. Entrepreneurs with average ability, either manage their established businesses, or buy from the most talented entrepreneurs higher-quality businesses. Further authors' researches (Calvo, Wellisz, 1980 B. Jovanovic, 1994, J. Fetzer, 1998; Antunes and Cavalcanti, 2002, S. Parker, 2004; Jacobs, 2007, etc.) on occupational choices essentially relied on the classical model of Lucas, because in all the proposed models, the most talented people choose entrepreneurship. Calvo and Wellisz (1980) extended the Lucas model, by introducing the learning process through which entrepreneurs acquire the necessary knowledge. Meanwhile, B. Jovanovic (1994) analyzing Roy and Lucas occupational choice theories and evaluating heterogeneous management and operational skills revealed that most talented people do not necessarily become entrepreneurs. In addition, more educated people may choose both options (hired employment and self -employment). G. Jacobs (2007) and M. Poschke (2009) shaping occupational choice models, also focused on education. G. Jacobs' occupational choice model shows that individuals from self -employment may earn less than from paid employment, and in M. Poschke model employed persons who receive relatively low/high wage, or have a low/high education are more likely to become entrepreneurs, however, the hired with low-income or low-educated individuals who have become entrepreneurs tend to refused their business only after one year.

Other scientific studies of occupational choice is not limited to education or skills, but also evaluate other components, leading to occupational choice: asset allocation, personal marginal opportunity costs, the expected income, credit limits/financial constraints, family composition, previous work experience or discrimination. A. V. Banerjee and A. F. Newman (1990) suggested a occupational choice model based on the initial asset allocation, in which one of the

occupational choice alternatives is self-employment rather than entrepreneurship (until Banerjee and Newman scientists used to examine only two job alternatives, in which self-employment was not dominant). A possible explanation is the assimilation of entrepreneurship and self-employment when a self-employed person may have/have no employees. Occupational choice model of Banerjee and Newman made a distinction between self-employment and entrepreneurship and introduced four occupational choice alternatives into the labour market. They argue that wealthy individuals can easily obtain a credit and become entrepreneurs, the middle class individuals are less likely get a loan of the same size as the rich ones, thus for this reason they tend to choose self-employment. J. Fetzer (1998) introduced opportunity costs in his occupational choice model (opportunity cost, i.e. previous work experience, occupied high posts, education) as one of the most important reasons to become self-employed person. He claims that employees will turn to self-employment, if their earnings from self-employment will be higher than from other activities (hired employment, farming, education, household work or benefit from leisure). A. R. Antunes and T. V. Cavalcanti (2002) proposed a general equilibrium model that combines credit limits. The model presented three alternatives - an employee, formal or informal entrepreneurs - in which individuals are classified according to entrepreneurial skills (by Lucas) and the initial asset distribution (by Banerjee and Newman). M. Cagetti and M. De Nardi (2006) have considered a occupational choice model of two options consisting of two variables, i.e. assess whether someone is able to create a business or not. The authors focused on distribution of property and income from business in conditions of financial constraints.

Extending Jovanovic argument that a talented person may engage in both activities at once, Bruce (1999) grounds the choice of self-employment on another theory, i.e. the portfolio choice theory (the initiator is Tobin (1958)). A person can choose the most personally acceptable level of risk and get income by combining the two professions. Portfolio choice theory, analyzing self-employment as a more risky activity than hired employment, has recently received an exclusive interest of researchers. Such authors as H. Fang, Yu, R. Nofsinger (2008) with the use of portfolio choice theory have found that entrepreneurs tend to tolerate a higher degree of risk than persons who are not entrepreneurs.

Already in Fetzer occupational choice model opportunity cost were identified, and Jacobs and Parker analysed the earnings from different occupations, but the benefits obtained from self-employment in terms of money are more thoroughly analysed by another self-

employment theory, i.e. the theory of utility maximization. Foreign authors (Lofstrom. 2002; Hammarstedt, 2004; Georgellis, Wall, 2005; Fölster, 2000) distinguish wages/income as one of the main alternative cost elements, i.e the person evaluate wage/income differences, which can be obtained from hired employment, business or unemployment, and he chooses the most favorable alternative guaranteeing the maximum return. The scientific literature examines two alternatives (employment or business) as well as more options (employment, business and unemployment), offering the utility maximization model (Lofstrom, 2002; Georgellis and Wall, 2005, etc.). Persons seeking to maximize the benefits will choose self-employment, if the expected benefits from self-employment will be higher than the expected benefits of hired employment or unemployment.

While Jacobs in his occupational choice model divided the skills into low and high and determined the their impact on earned income, a more thorough analysis of skill influence on occupational skills was presented by E. P. Lazear (2002) in the theory “jack-of-all-trade”.

This theory is more applicable when considering entrepreneurship, but it may partly explain why people with more than one ability/talent, tend to choose self-employment. In Lazear's view, self-employed person without hired employees need much less skill than a large businessman, but research has shown that in order to start their own business without the hired, they should know all the process how goods/services access the customer, therefore needs more skills and knowledge hired employee. Later researchers (Th. Astebro, P. Thompson, 2007, O. Silva, 2006) in their studies only confirmed that individuals having a more diversified talents are more likely to start up their own businesses

Economic theories dealing with the emergence of self-employment distinguish earnings (profit) as the main motivation, however, the carried out analysis of theories showed that in most cases receivable income from self-employment may be lower than that from hired employment. The question arises is why people choose to become self-employed, if the employed work offers higher wages? Other economic theory of self-employment analysed by researchers (I. Verheul, A. Stel, R. Thurik, 2006; Carrey, A. Stel, R. Thurik, Audretsch, 2007, S. Parker, 2004; E. Johansson, 2000, U. Muehlberger, 2007), i.e. "push" and "pull" school, provide plenty of reasons when personal professional choice is determined by external uncontrollable forces from the outside (such as unemployment, business cycles, inappropriate climatic workplace conditions,

etc.). According to the "push" school theory, the unemployment rate reduces the opportunities for hired employment as well as the expected income from hired employment, thus "pushing" the person into the business. Compelled by these circumstances a person chooses self-employment as an alternative to avoid unemployment. According to foreign authors (J. Ritsilä H. Tervo, 2002) self-employment is not their dream, but a better evil than the unenviable situation of the labour market. Otherwise, the case when people voluntarily become self-employed is considered by the "pull" school: individuals will own the business, if a country's economic and business conditions will allow, thus reducing the unemployment rate. The theory emphasizes that individuals tend to become self-employed when the unemployment rate is low (Muehlberger, 2007).

In order to convey the historic development of economic theories dealing with self-employment, the main prepositions of the theories were systemized.

According to the theories, not all factors depend only on the person. Unemployment and favorable business conditions also contribute to determination to become or not to a self-employed person.

In summary, it can be concluded that factors such as seeking higher income or possibility to avoid the unemployment only partly explains the reasons of emergence and increase of self-employment.

2.3 Sociological-Psychological Theories of Self-Employment

Evans and Leighton (1989) examined the migration of individual between self-employment and hired employment have found that lower-paid employees (may be unemployed, low-income workers, frequently changing work people) are more likely to become self-employed as well as those who are more confident have more chance to start a business. These are the propositions that the authors tried to substantiate by sociological-psychological theories. The development of self-employment most scientists (Georgellis, Sessions, Tsitsianis, 2005; Fetzer, 1998; Valenzuela, 2000) tend to ground on sociological disadvantage theory. The theory explains unequal participation of a person in the labour market, i.e. most sensitive to labour market changes labour market force (women, youth, elderly, disabled, ethnic minorities, persons of different race, immigrants and unemployed) as a means to avoid unemployment, choose self-employment. Light (1979) identified barriers (unemployment, business cycles, poverty, discrimination and excessive

urbanization (surplus of immigrants from rural areas)), which essentially had a positive effect on a person's determination to become self-employed person. The disadvantage theory states that workers with low labour market opportunities, become self-employed more often, however, the theory argues at the same time that self-employed persons are reluctant to become entrepreneurs.

This preposition is referred to the theory based on the fact that individuals treat self-employment as a "survival strategy", rather than generator of ideas or source of higher income. The disadvantage theory is supplemented by cultural theory which explains the self-employment growth among ethnic minorities, representatives of other race or emigrants. Cultural theory is one of the oldest theories that can explain the differences arising among entrepreneurs. Its pioneer Max Weber (1930) argues that differences between entrepreneurs in each country emerged due to the existing distinctive cultural norms and values. Light's (1972) cultural theory states that some immigrants are more likely to go into business than others because of their socio-cultural origins. Cultural theory argues that ethnic minorities and immigrants have cultural characteristics: commitment to hard work, membership of a minority community, economical livelihood, risk-taking, social values, loyalty and unity as well as the tendency toward self-employment (Masurel, Nijkamp, Vindigni, 2004; Voler, 2007). These features provide national minorities with resources which facilitate and encourage people to become self-employed (E. Fregetto, 2004). According to R. Q Agrawal, M. Chava (1997), minority business is unique because of its history, and often becomes a new niche in a foreign country to start own business.

Presumptions of both the disadvantage and cultural theories are complemented by the third one, i.e. "middleman minority" theory (pioneer Blalock (1967) by E. Bonacich, 1973). Researchers E. Vinogradov, L. Kolvereid (2006), the McEvoy, K. Hafeez, (2007) in their study tried to explain why the ethnic minorities, immigrants and other race representatives prefer self-employment by using "middleman minority" theory. "Middleman minority" concept is used to describe national minorities (usually immigrants) who are victims of discrimination and has no command chain status in society (O'Brien, DJ, HS Fugit, 1982). McEvoy, Hafeez (2007) argues that "middleman minority" theory states that a certain minority group exists as service suppliers to consumers or ethnic minorities that do not engage in the business. Bonacich (1973) argues that people whose legal rights are limited are forced to become members of a "middleman minority" group. This group of persons is characterized by such features as the application of distinctive traditions, group solidarity, use of their language.

Scientists (Carrey, Stel, Thurik, Wennekers, 2002) examined the non-financial objectives (for example, the way to realize their ideas, the desire to be master of himself and others) starting from self-employment activities, self-employment tend to identify the origin self-employment with the human motivation hierarchy which was first proposed by Maslow (1970).

2.4. Determinants of self-employment

The figures for self-employment have been increasing in recent years among countries from the developed world. There is a growing scientific interest for self-employment, which can be translated by the fact academic studies on self-employment have steadily been increasing over time (Bates, 1995; Le, 1999 and Pietrobelli et al. 2004).

Research on self-employment focuses both on macroeconomic and microeconomic aspects. At the macroeconomic level, studies analyze the probability of becoming self-employed and its association with unemployment rate and country wealth (Blanchflower, 2000). At a microeconomic level, the concepts explored are, for instance, past employment experiences, higher earnings expectations, and the need for independence (Henley, 2004). This study uses both micro and macro data in order to examine how personal attributes and macroeconomic context influence the self-employment rate at the Addis Ababa city level. The main determinants individuals take into account when choosing to become self-employed are age, gender, education, family background, wealth and financial resources (Carroll and Mosakowski, 1987; Bates, 1995; Parker, 2004; Georgellis and Wall., 2005). This literature review focuses on these variables, and divides them into three main groups with diverse sub-categories. First, Demographic Traits includes age, and family background. Second, Human Capital and Experience comprehends education and past employee experience. Finally, the macroeconomic context section looks at the unemployment rate in order to analyze the unemployment push and prosperity pull effects.

2.4.1. DEMOGRAPHIC TRAITS

In this section we analyze three main variables fitting the demographic traits dimension. The analysis begins with the age variable, followed by gender and lastly by family background.

2.4.1.1 AGE

The scholarly discussion on the relationship between age and self-employment can be divided into two main strands. Whereas one strand argues that self-employment is more likely to be undertaken by older people, the other strand claims that self-employment is higher among the younger layers of the population.

Scholars who defend the first strand argue that typically there is a strong positive relationship between age and self-employment. One of the authors who defend the older self-employed strand is Blanchflower (2000), who says that in the OECD countries self-employed people are unlikely to be young. This is also verified by Johansson (2000) in a study conducted on the Finish population. According to Evans and Leighton (1989), for the US, a 10 percent increase in age leads to approximately 18 percent increase in the unincorporated self-employment rate and a 24 percent increase in the incorporated self-employment rate. These authors also argue that the probability of becoming self-employed increases with age. In their findings, the fraction of the labor force that is self-employed rises with age until the early 40s and then remains constant, implying a curvilinear relationship between age and self-employment, as very young and very old people is not expected to be self-employed. However, the transition from not working into self-employment has its peak at the age of 32. Consistent with Evans and Leighton (1989), Bates (1995) analyzes entry into self-employment in the US making the division into three specific industry groups: skilled services, construction, and large-scale goods industries. According to his study, the likelihood of entry increases with age, peaks at age 40 and then continues to level out, in the entire group.

Findings show that older people have higher chances of becoming self-employed; diverging only on the age at which the probability of becoming self-employed peaks. Thus, Livanos's (2009) results for Greece and the United Kingdom confirmed the results obtained by Bates (1995) and Evans and Leighton (1989). Livanos showed that the age-peak for entering self-employment is even higher than initially expected. Carrasco (1999) finds, in Spain, that the probability of switching to self-employment is highest for people between 35 and 45, and decreases for those over 55. Cowling et al (2004) find similar results to UK, i.e. that age positively affects the probability of self-employment, which increases until age 41, and then begins to decline. For Henley (2007), who also looks at Britain, the probability of a transition into self-employment peaks at the age of 34 and declines thereafter. Georgellis and Wall's (2005) research on the relation between age and self-employment in Germany exhibits an inverted u-shape, peaking at 39 years of age.

The age-peak for becoming self-employed happens in the interval between 32 and 45, and then declines. Some authors argue that the age-peak is even higher, and view self-employment as an alternative to retirement. Since older people have a higher probability of becoming self-employed, Zissimopoulos and Karoly (2005) highlight the importance of the age factor in the US.

They analyze data from the 2001 Current Population Survey (CPS) and find that self-employment rates are very low among younger people and rise as age increases. The highest percentage of self-employed people (29.4%) is found in the 70+ age group. These results can be explained by the concept of risk aversion, as older people may be less risk averse. Amaral and Baptista (2006) findings for Portugal also converge in stating that the probability of becoming self-employed increases with age, although they argue that the relationship between switching from paid employment to entrepreneurship is curvilinear because they find a negative effect for the squared value of age. In the same study, there is a positive correlation between age and self-employment until the age of 50, at which point the relation becomes negative. It is important to refer that Amaral and Baptista (2006) use a matched employer-employee data set, which means that only the transitions from paid employment to self-employment are analyzed.

Blanchflower and Meyer (1994) find a non-linear effect of age on self-employment. They examine the transition into self-employment in Australia and the US, and obtain different results. In both countries, the probability of becoming self-employed increases with age. However, the transition rate in Australia is best described by a quadratic in age, because the probability of becoming self-employed rises much faster at higher ages, while in the US, where the growth is slower, the relationship is linear. Some studies, despite confirming the positive relationship between age and self-employment, argue that the self-employment rate decreases over the person years. For example Kidd (1993) argues that age is an indicator of capital accumulation. Indeed he argues that, *ceteris paribus*, an increase in age leads to an increase in the likelihood of being self-employed in Australia, but at a decreasing rate.

In general, these studies point out the existence of a common denominator: they all confirm that there is a strong relationship between age and self-employment, with many authors arguing for a positive correlation between them.

A smaller number of studies argue that younger individuals are more likely to be self-employed. That is the case of Holtz-Eakin et al. (1994), who find that the attitude toward risk is

correlated with an individual's age. According Holtz-Eakin et al. (1994), there is a concave relationship between age and transition into self-employment, with older individuals being less likely to become self-employed. Arenius and Minniti (2005), for example, argue that entrepreneurship tends to be more common between young men. Their analysis used data from the Global Entrepreneurship Monitor (GEM) project. The sample used information from Mexico to UK. They find that the relationship between age and the probability of starting a new venture peaks at a relatively early age and then decreases.

Despite the intuition that the young are more likely to aspire to become a self-employed, most people do not have enough experience to make the transition until they reach their mid-thirties. Indeed, most studies on this subject referred to above concur that older people's successful transitions into self-employment are largely due to the capital and the experience they have gained in their previous jobs.

2.4.1.2. GENDER

When considering self-employment, most literature gives more attention to the study of men. This may be because men seem to be more likely to be self-employed than women, as is the case in Germany (Carroll and Mosakowsky 1987), in the US (Brush 1992, Blanchflower 2000, Wenger 2003), and in Britain (Henley 2009). In his comparative study on the determinants of self-employment in Greece and the UK, Livanos (2009) also finds that females have less chances of being self-employed than males. Moreover, Arenius and Minniti (2005) find that women have half of likelihood of entering self-employment than do men. This argument holds across self-employees' different ages, since the authors also find that retired women are two thirds as likely to start a new venture as retired men.

However, as Georgellis and Wall (2005) demonstrate, women are more likely than men to become self-employed as a substitute for being unemployed or for part-time employment. According to the authors, it appears that men and women take different factors into consideration when deciding to become a self-employed; men give more importance to the wage differential, to liquidity constraints when moving from paid work to self-employment. For example Eddleston and Powel (2008) examining if the psychological construct of gender identity explained sex differences in business owners' preferences for career satisfiers, find that female business owners do not give such importance to status attainment to a greater extent as men do. Bates (1995) analyzes the

transition into self-employment distinguishing between skilled services, construction and large-scale goods industries and, and finds that the likelihood of women becoming self-employed is greater in skilled services than in the other two groups. The rates of participation are therefore different for men and women.

Although men are more present in self-employment, there is evidence that this gap has been growing narrower. According to Evans and Leighton (1989) and to Bates (1995), the number of women becoming self-employed in skilled services has been growing faster than that of men. Levine (2004) asserts that the disparity between the number of self-employed women and that of men has been decreasing in the US. This can be explained by the advantages they may derive from being able to control their schedules.

Ekelund et al. (2005) claim that the different rates of self-employment are due to the fact men are less risk averse than women. Indeed, many studies confirm that women have a greater aversion to risk than men (Byrnes et al., 1999 and Watson and McNaughton, 2007). Even as the gendered division of labor is becoming less and less clear-cut, many women still dedicate a significant part of their time to household management and parenting, and are therefore less available for entrepreneurial ventures. Henley (2007) suggests that this may be enhanced by discrimination by external support agencies, such as lenders of capital.

2.4.1.3. FAMILY BACKGROUND

An individual may have a propensity to follow his/her parents in their career choices. How far does this happen with regards to self-employment?

Wit and van Winden (1989) and De Wit (1993), argue that, in the Netherlands, an individual's probability of becoming self-employed increases if his parents were self-employed. Moreover, having self-employed parents increases the probability of becoming self-employed at an earlier age. Carroll and Mosakowski (1987) agree with this finding, and claim that there is a sequential transition into owner-management: first, those with self-employed parents help their parents in the business, and later, they assume full control in the ownership of the firm. They see their parents as a model and have a more realistic understanding of self-employment.

Nevertheless, it is interesting to point out that if the father or the mother ceases to be self-employed, this does not have a significant influence on the child's decision (Wit and van Winden,

1989). This means that even if an unsuccessful experience of self-employment occurs in the family it does not have repercussions in the decision to become self-employed. This suggests that the self-employment rates are likely to carry on growing as the next generation takes over the labor market.

This event is not limited to blood relatives: most empirical studies find that married people have a greater propensity of being self-employed than those who are not married (Fairlie and Meyer, 1996; Blanchflower, 2000; Lombard, 2001; Livanos, 2009). These results may be explained by the fact that marriage grants stability, thereby reducing the inherent risk associated with self-employment. Thus, as Henley (2007) argues, paid employment may be more appealing to married individuals with greater family commitments, because it is less risky. This author claims that married individuals are less likely to begin a new business, but are more likely to transition into self-employment, mainly due to the risk factor.

A study on the transitions into self-employment in the US (Bruce, 1999) concludes that married women have greater chances of entering self-employment either early or late in their working lives. Henley (2007) says that married women may have higher odds of starting a business venture because of the protection offered by their spouse's income. There is also an increase on the probability of a woman becoming self-employed if her husband is self-employed and able to help with capital (Caputo and Dolinsky, 1998).

Researchers argue that women with young children have a higher chance of becoming self-employed than without children (Brush, 1992 and Caputo and Dolinsky, 1998). This may occur because entrepreneurship affords greater flexibility in schedules, which helps to manage domestic responsibilities and gives the opportunity to spend more time with children.

2.4.2. HUMAN CAPITAL AND EXPERIENCE

This section looks at education and past employee experience. We will analyze the ways in which these variables influence the decision of be self-employed.

2.4.2.1. EDUCATION

Several studies highlight education as an important factor when considering the decision to become self-employed, as we discuss below. However, the literature presents mixed evidence on

the role played by education in becoming a self-employed. Education may be positively or negatively associated with self-employment. On the one hand, the better-educated may have more skills and assets to become successful entrepreneurs; on the other hand, individuals with higher levels of education may believe that they can earn more money in employment.

According to Lucas (1978), the odds of entering and staying in self-employment are greater if the individual has a higher level of education, because education endows individuals with better skills and abilities. However, Lucas also argues that higher levels of education may act as a dissuasive factor in the choice of entry self-employment.

Consistent with this theory, in Sweden, Wiklund et al. (2004) find that individuals with high levels of education and earning high salaries see entrepreneurship as an unattractive alternative. Since an individual's wage earning capacity increases with education, individuals with higher education levels may think they can receive more money and maybe be promoted more easily in wage work.

Livanos (2009) argue that, in Greece and in the UK, individuals with higher educational levels have less chances of being self-employed than people holding primary and secondary education. However, Livanos's (2009) findings are in disagreement with several other papers. Evans and Leighton (1989) distinguish between incorporated and unincorporated self-employment in US. For incorporated self-employment, the amount of self-employment increases with the frequency of education. However, for unincorporated self-employment, the relationship between self-employment and education is not so clear.

They get to the following ranking of education and the self-employment rate (high to low): high-school dropout, college dropout, college graduate, graduate, and high-school. Evans and Leighton (1987), based on their nationally representative sample of young males, state that the likelihood of entering into self-employment increased with increased levels of educational attainment.

Dolinsky, et al. (1993), in a study made in the US, argue that for women, the likelihood of becoming self-employed increases with higher levels of education. They explain this by the fact women may face financial constraints and because they have lower chances of becoming self-employed.

2.4.2.2 PAST EMPLOYMENT EXPERIENCE

Birley et al. (1987) investigated if entrepreneurs' previous employment impacts their choice to start a business. For these authors, past employment did provide an experiential base for the entrepreneurs as it gives managerial skills necessary for a successful start-up. According to Evans and Leighton (1989) and Bates (1995), individuals learn from past experiences, and previously self-employed people are more likely to re-enter self-employment than those who have never run their own venture. Evans and Leighton (1989) argue that individuals with longer job tenures have more probability to transit into self-employment, while previous self-employment experience significantly raises the odds of transition. Carrasco (1999) finds that unemployed workers are more likely to become self-employed, although past unemployment experience is negatively associated with self-employment survival and those with more unstable work histories have more odds to transit to self-employment. Wiklund et al. (2004) also believe that individuals with entrepreneurial experience have more probability to accumulate human capital which may be more valuable to self-employment instead to a wage work. Consistent with this argument, individuals with higher work experience are less likely to become self-employed because the opportunity cost of entrepreneurship increases.

As seen, there are few studies concerning past experience and self-employment. The extant evidence positively associates past self-employment experience with a higher likelihood of transiting into self-employment, because of the learning experience

3.3 MACROECONOMIC CONTEXT

There are two theories concerning the way unemployment may influence the decision to become self-employed. The unemployment push theory suggests that high unemployment rates result in few paid employment offers, and that this leads to many opting for self-employment.

On the other hand, the prosperity pull theory argues that when the unemployment rate is low, offers for paid employment are frequent and many attempt the self-employment option believing that if the venture fails, another job will be available.

3.3.1. UNEMPLOYMENT PUSH

Authors who defend this theory believe that unemployment will have a positive influence on the self-employment rate.

Thurik et al (2008) defend the existence of two distinct relationships between self-employment and unemployment. The authors deem the “refugee” effect to the phenomenon of increase in start-up activity caused by high unemployment rates. The “entrepreneurial” effect occurs when higher rates of self-employment tend to increase entrepreneurial activity, which then reduces unemployment in subsequent periods. The authors also conclude that the “entrepreneurial” effects are stronger than the “refugee” effects, and particularly that a rise in unemployment has a positive impact on subsequent self-employment rates. At the same time, a rise in self-employment rates has a negative impact on subsequent unemployment rates.

Moore and Mueller (2002) find that workers who collect unemployment benefits between jobs are less likely to become self-employed than workers who do not receive benefits. Therefore, they may extend their period of search for paid work, instead of becoming self-employed. Authors like Blau (1987) and Blanchflower and Meyer (1994) support the unemployment push and the refugee or desperation effect views, as they all argue that increasing unemployment leads to increasing self-employment, because it decreases the opportunity cost of starting a firm.

According to Simpson and Sproule(1998), in Canada, the likelihood of entering self-employment among women increases with the local unemployment rate. The same result is finding by Schuetze (2000) for Canadian males in the US. However, some authors argue that high unemployment rates can also entail lower levels of personal wealth, which lead to a lower likelihood of becoming self-employed (Johansson, 2000).

3.3.2. PROSPERITY PULL

According to the prosperity pull theory, an optimistic atmosphere leads to increases in self-employment, meaning that people opt for self-employment when the unemployment levels are low.

Simpson and Sproule (1998) find that in Canada, for men, the chances of entering self-employment decrease with the local unemployment rate. Blanchflower and Oswald (1990) also

find a strong negative relationship between regional unemployment and self-employment in the UK. Evans and Leighton (1990) also defend the pull perspective.

Cowling and Mitchell (1997) find that in the UK, the number of self-employed people is negatively related with short-term unemployment, but they find the opposite for long-term. They believe this may mean that self-employment is a last resort for those individuals. Alba-Ramirez (1994) obtains similar results in Spain and the US.

Hamilton (1989) suggests that the relationship between unemployment and self-employment is non-linear. He argues that at low rates of unemployment, as unemployment increases, new firm formation also increases; however, once a "critical" point of unemployment is reached, increases in unemployment lead to reductions in new business formation

Chapter three

3. Research Methodology

3.1 Research design

Quantitative research was designed for investigating the determinants of self-employment among youth in selected sub-cities of Addis Ababa in order to capture the statistical data that are primarily collected from self-employed in selected sub-cities of Addis Ababa. Hence, to assess the determinant factors that affects the youth. Descriptive research survey employed design was appropriate in order to examine the phenomenon.

3.2. Sample frame

The list of self-employed was obtained from Bole, Yeka, and Gullele sub-cities SME Office and Trade and Industry Office. Then a fresh list of self-employed prepared at the beginning of the survey. The list was used as a frame in order to conduct survey.

3.3 Sampling techniques

In this study, probability and non-probability sampling techniques were employed. Accordingly, the Bole, Yeka, Gullile sub-cities under this study were selected by Simple random sampling techniques. i.e. 30% of the 10 sub-cities selected. Furthermore, the weredas were selected by using simple random sampling technique, 30% of the total weredas of the three sub-cities (37) in this method, each sub-cities and weredas has the same probability of being selected. The researcher used a random number generation or simply put each sub-cities and weredas from 1-10 and 1-37 respectively. On a slip of paper in a hat, mixing them up and drawing out 3 sub-cities and weredas without replacement. Lastly, from the total of 708 self-employed data were collected purposely from selected self-employed youth. In addition to this, 15 self-employed were selected purposively for interviews that are the same to the original sample. Selecting people non-randomly according to proportional quota sampling i.e 40% female and 60% men self-employed was selected and the researcher want to include all opinions or views, and because the primary interest of the researcher was to get broad spectrum of ideas.

This is because, though random sampling technique informant selection, for reducing biases and allows for extension of results to the entire population, it's not always practicable and well-organized as higher diffusion of samples is costly (Alexiades 1996, Bernard 2002, Snedecor 1939 as cited in Tongco. D,2007). Furthermore, the reason and control of purposeful sampling lies in selecting information-rich informant for study in depth. Information-rich informants are those from which one can learn a great deal about issues of central importance to the purpose of the research (Patton 1980).

Purposive survey sampling can be more realistic than randomization in terms of time, effort and cost needed in finding informants (Seidler 1974, Snedecor 1939 as cited in Tongco. D, 2007). Interviewees were selected based on recommendation from individuals who are self-employed. The weakness of using such a technique unlike random sampling is, it's subjected to biases and interpretation of results is limited to the population under study (Bernard 2002 as cited in Tongco. D,2007)

3.4. Data Collection Methods

The study employed descriptive survey techniques of data collection. It must be noted that the questionnaire survey was used as main data collection instrument of this study because the questionnaire survey enables researchers to examine and explain the determinant factors among youth.

3.4.1. Data sources and Methods of data collection

The data source for this study was including both primary and secondary sources. The primary data was collected from self-employed youth in the three weredas drawn from the three sub-cities namely, Bole, Yeka and Gullilee and the source of secondary data was different documents that are relevant to the research objective i.e. CSA, survey report on urban employment unemployment by(CSA, 2006,2009,2010,2011,and 2012), the Global competitiveness report 2012-2013(world economic forum) and youth unemployment and employment policy ,a global perspective(ILO,2001).

3.4.2. INSTRUMENT DEVELOPMENT

The instrument was developed based on the objectives of the study and research questions. The principles of questionnaires such as, use simple and clear languages, statements should not be too long and use of appropriate punctuations is also considered when developing the instrument. In addition, interviews can be taken as an instrument to strengthen the results of the investigation.

3.4.3. Design of the Instruments

The study employed two kinds of instruments: The questionnaires and interview schedule. The questionnaires consisted of two sections. Section one deals with the demographic variables and other personal information about the respondents. There are a total of 15 items under this section. Section two contains a total of 27 questions that measure the opinion of the respondents related to self-employment and its determinant factors. The second section of the survey questionnaires was divided into 5 sub-scales that focus on economic, psychological/sociological, demographic factors, human capital as well as general determinant factors. Each item in the sub-scales were rated over 5 point likert-types scale ranging from Strongly Disagree(SD)=1 to Strongly Agree(SA)=5. the questionnaire was developed by the researcher. Its design was based on conceptualizations obtained from the review literature.

3.4.4. Instrument Reliability

The reliability of instruments measures the consistency of instruments. Creswell (2009:190-92) considers the reliability of the instruments as the degree of consistency that the instruments or procedure demonstrates.

The reliability of a standardized test is usually expressed as a correlation coefficient, which measures the strength of association between variables. Such coefficients vary between -1.00 and +1.00 with the former showing that there is a perfect negative reliability and the latter shows that there is perfect positive reliability.

In this study each question rated on a 5 point Likert response scale which includes strongly disagree, (=1) disagree (,=2) neutral,(=3) agree(=4)and strongly agree(=5).

Based on this an internal consistency reliability test was conducted in sample areas, 21 self-employed participate that were included in the actual data and the reliability coefficient of the researcher for the instrument was found 0.804 which is

reliable.

Typically an alpha value of 0.80 or higher is taken as a good indication of reliability, although others suggest that it is acceptable if it is 0.67 or above (Cohen et al., 2007:506). Since, instruments were developed based on research questions and objectives; it is possible to collect necessary data from respondents. Then, instruments are consistent with the objectives of the study.

The layout of the questionnaire was kept very simple to encourage meaningful participation by the respondents, the questionnaires as a research instrument self-administered structured questionnaires was developed and delivered at a person's home or office by post, for self-employed. Structured type questionnaires was constructed and employed to generate primary data from respondents. The questionnaires were prepared in English and then it was translated into Amharic by professional. The rights of respondents as human beings should be respected at all times. The questions were kept as concise as possible with care taken to the actual wording and phrasing of the questions. The reason for the appearance and layout of the questionnaire are of great importance in any survey where the questionnaire is to be completed by the respondent. The questions that were used in the questionnaire are multiple-choice questions and five-point likert scale type questions. The type of scales used to measure the items on the instrument is continuous scales (strongly disagree to strongly agree).

3.4.5. Instrument Validity

A pilot study was conducted to refine the methodology and test instrument such as a questionnaire before administering the final phase. Questionnaires were tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended by John Adams et al. (2007:136). Issues raised by respondents were corrected and 3 questionnaires were refined. Besides, proper detection by an advisor was also taken to ensure validity of the instruments. Finally, the improved version of the questionnaires were printed, duplicated and dispatched.

The selected instrument can help to show the determinant factors among youth self-

employment. It can clearly address how these factors affect the self-employment. The relevant data was collected on the determinant factors of youth that can better indicate the determinants of youth self-employed. Structured interviews can also validate the measurement.

3.4.6. Interviews

After analyzing the data from my questionnaires, I had a clearer picture of my problem and I was able to create questions for my interviews. I hoped that the information from the interviews was helping me understand better a few issues from questionnaires which surprised a lot. The data for this study was obtained through key-informant. Key-informant interviews are interview with people who know what is going on in the youth self-employment. Therefore, such method uses a purposive sampling survey to collect data. the purpose of key-informant interviews was to collect information from self-employed who have firsthand knowledge about the influencing factors. Those self-employed, with their particular knowledge and understanding can insights into the nature of determinant problems and practical solution.

Accordingly, the interviews were conducted with three heterogeneous groups within self-employed: successful business persons who were better than others and employee more than six employees, medium business persons those currently employee 3-5 employees, and those business persons without employee. This study conducted **15** open-ended interviews, five from each of the three groups. The purpose was to understand the determinant factors from heterogeneous groups of self-employed. The interview may help the researcher's to understand the ups and downs in their business and to understand success factors and bottlenecks among youth. The selected topics (as shown in appendix B), broadly guided the interview sessions by taking notes up on will of the interviewees, each interview take 30 minutes and a total of 7.50 hours spent. The very important challenges that face me during interview time was time constraint, during the conducting session each business person was diligent because they serve customers each time and each day. On the other hand, to get the owners of the business at their workshop also the problem of the study. So the problem was tackled by discussing with them and they give me their appropriate time especial when the customers are not come and out of the market days.

3.5 Methods of Data Analysis

Descriptive statistics analysis employed to analysis data that are collected from primary source by descriptive survey and the data obtained using interview were organized in tabular form and then carefully analyzed.

Descriptive analysis was used to reduce the data in to a summary format by tabulation (the data arranged in a table format) and measure of central tendency (frequency, mean, rank and percentile and standard deviation) Moreover, histogram was used to describe the general characteristics of self-employments. Secondary data being the quantitative. Information produced using quantitatively from primary data only are considered to be as unscientific, or only exploratory or entirely personal and full of biases Thus a concurrent use of secondary data makes the information more scientific, and minimizes biases. This is basically, quantitative data ignores the difference between the natural and social world that is, and it fails to under-stand the meanings that are brought to social life.

The secondary quantitative data used is the UEUS cross sectional data set which was research conducted in 2006, 2009, 2010, 2011, and 2012 from all urban centers of the country under the supervision of the central statistics agency (CSA) of Ethiopia participants. And currently summarized and analyzed by percent and spearman's rank correlation.

Chapter 4: Data Analysis and Findings

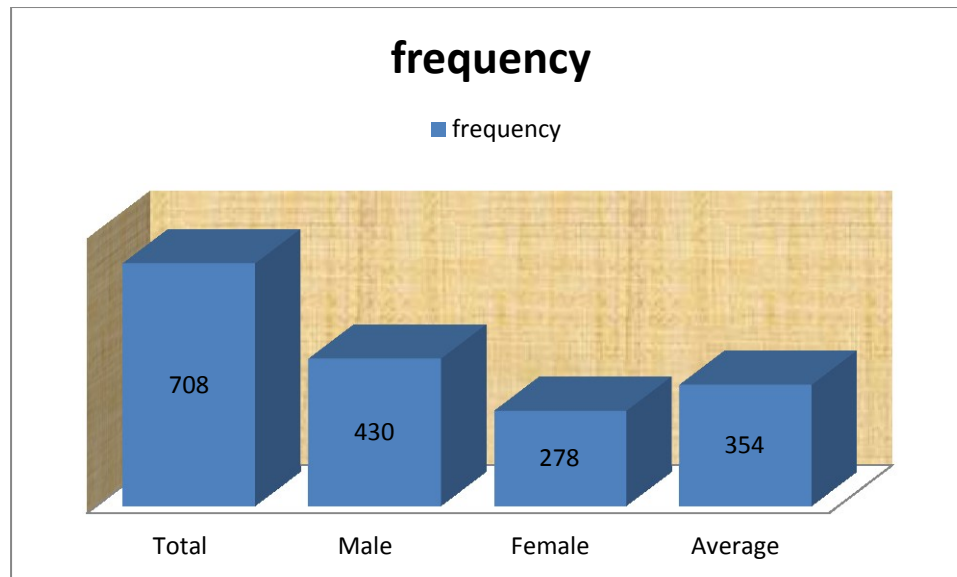
In this chapter I describe and analyze the main variables that associate (or not) with self-employment. According to this study, the variables under analysis fit the following dimensions: Economic determinants (independence and high income) Demographic traits (age); Human capital (educational level); psychological/sociological determinants (dissatisfaction with current working wage, unequal participation in the labor market) Descriptive statistics are employed to analyze the primary and secondary data by, frequency, rank and percentile, and hypothesis was tested by using Z- test. The statistics presented are calculated taking into account the weights of each observation and are, therefore, estimates for the sample population.

Table: 1 Frequency of respondents by Sex.

Sex	Frequency	percent	Cumulative
Total	708	100	100
Male	430	60.7	60.7
Female	278	39.3	39.7

Source: survey data, 2014

Fig:1 Demographic characteristics of respondents,2014



Source: survey data, 2014

4.1. Economic determinants of Self-employment

Until now, in this descriptive analysis, I just comment results that reflect individuals' effective participation in self-employment. However, there are individuals who desire to be self-employed but for some reason, they decide not to make that occupational transition and effectively becoming self-employment. Therefore, this section provides data on individuals' willingness to become self-employment.

Despite the fact that self-employment many people have the intention or the desire to start their own firm and to develop their own business. 67.5% respondents agree that they join self-employment to create a job for others. 79.3% people desire SE for economic-independence and higher incomes, 53.2% respondents disagree to join SE because do not have other chances and only 34.6% respondent agree because of the lack of other chances. 77.4% respondent's desire often very interested in setting up their own business.46.5%.as indicated in the table below, 46.2% participants disagree and 45.1% agree to join SE for the reason to get support from government. But, on the other

hand, 65.02% have some technical ability to start their own business. Finally, the percentage of people who aim for their children to be self-employed exceeds 95%.

Next table 2 and Figure 2 show the number of people who aim to be self-employed.

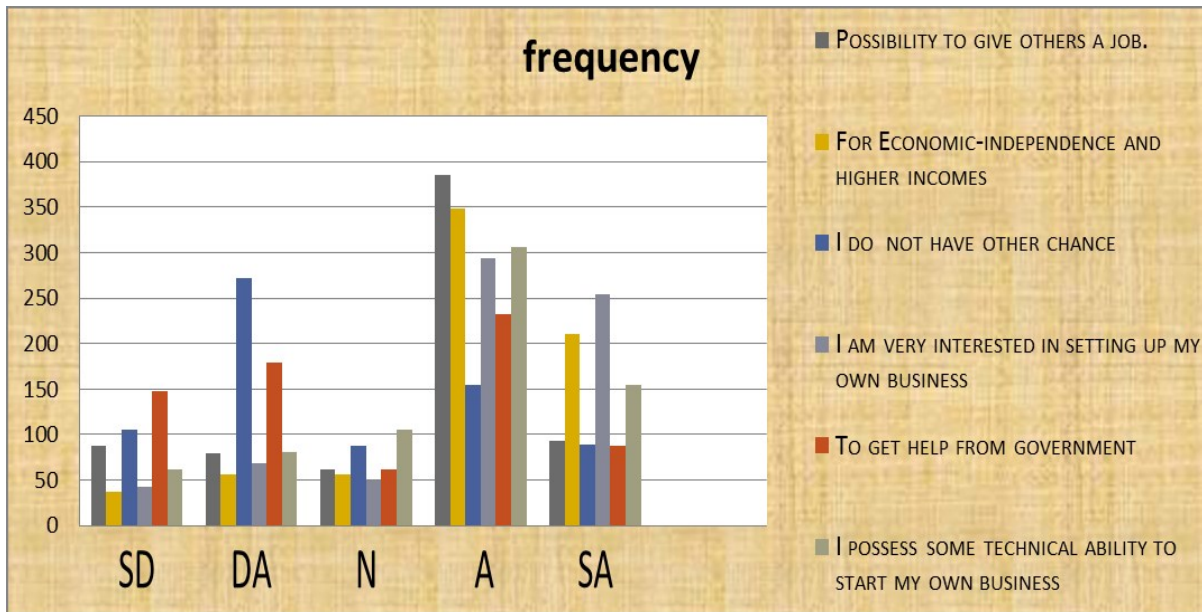
Table 2: Percentage distribution economic determinants of self-employment

Economic determinants	SD	%	DA	%	N	%	A	%	SA	%
Possibility to give others a job.	87	12.3	80	11.9	62	8.76	386	54.5	93	13
For Economic-independence and higher incomes	37	5.2	56	7.9	56	7.9	349	49.3	210	30
I do not have other chance	105	14.8	272	38.4	87	12.3	155	22	89	12.6
I am very interested in setting up my own business	43	6.1	68	9.6	49	6.9	294	41.5	254	35.9
To get help from government	148	20.9	179	25.3	62	8.76	232	32.8	87	12.3
I have some technical ability to start my own business	62	8.8	81	11.4	105	14.8	306	43.2	154	21.8

Source: survey data 2014

By observing these values, one can see there is a clear difference between the numbers of people who aim to be self-employed. It is important to note that only 53.2% individuals are desire self-employment for the reason they do not other alternative. Also, it is observable that the desire to be self-employed has same oscillations; about 46.2% participants desire self -employment to get incentives from the government.

Fig: 2. Economic determinants of self-employment.



Source: survey data 2014

For the first question, As Interviewees 11, and 12, indicates that, “they join self-employment labor market for economic independence that is not the matter a “boss”, rather it is self-directing “;they are sure about high return from investment in the long run, but in the short run the return is not even cover taxes and starting cost. According to, respondents, it is good working in own business not only for profit but also working hours is flexible”

Interviewee 2 and 3 said “Working *for long hours has high satisfaction and high customer satisfaction* and shortage of finance and financial experience also hampered self-employed from farther business expansion”.

4.2. EDUCATION

The next figure shows the percentages educational levels of self-employment.

Table 3: Frequency distribution of respondent's level of education

By education	frequency	percent	Cumulative
illiterate	18	2.54%	2.54%
grade not completed	110	15.53%	15.53%
grade completed	117	16.52%	16.52%
certificate	39	5.5%	5.5%
diploma	220	31.1%	31.1%
degree and above	204	28.8%	28.8%
	708		

Source: survey data, 2014

Fig 3: frequency distribution of respondent's by level of education

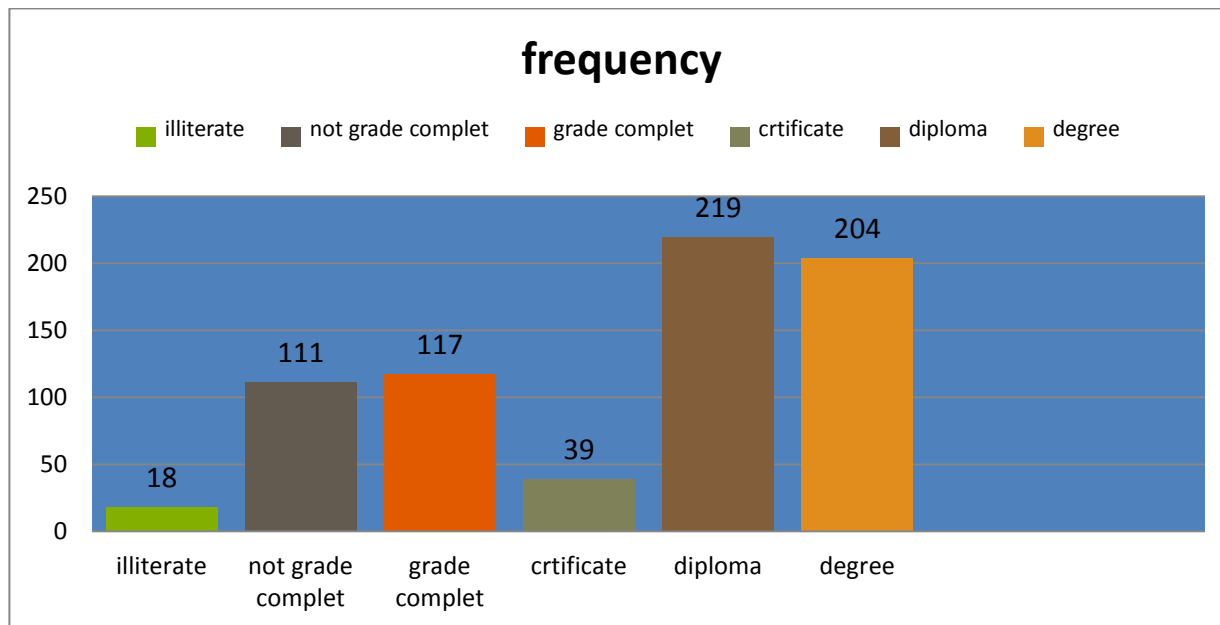


Figure 3: frequency distribution of respondent's by level of education

It is possible to observe that, for the period under analysis, individuals with low levels of educational attainment have the lowest rates (32.06%) of self-employment participation. However, it is also observable that the percentage of individuals with higher levels of education is higher and it accounts 59.9%.and regarding to education, descriptive data show less educated people have lower probability of being self-employed. Several studies addressed in the literature reviewed (Section 2.4.2.1). Find educational attainment to be, in general, positively associated with transitions into self-employment, but not highly statistically significant. These findings for the survey go the same stream of the literature suggesting that individuals with higher levels of educational attainment have a higher probability of being self-employed. One explanation may be that individuals with higher levels of education believe that they are more satisfied with incomes and satisfied with their jobs about 53.6% respondents agree and 30.8% respondents disagree for that reason self-employment is seen as an option educated individuals. However, it is important to mention that for people with higher levels of education

self-employment are not occupational choice, i.e. previous work experience, regarding that table 5, show that 54.2% respondents disagree and only 34.4% participant agree. For the question does education negatively affect self-employment, 58.7% participant agree and 31.1% disagree, and lastly, regarding experience 54.8% agree that less likely not determinants among youth self-employed, and 37.6% participant disagree, and table 5 indicate, that 61% respondents come to start their own business without family experience. This finding goes against stream of the literature *According to, Interviewee, 8,10,13, "It is observed that people with high levels of education currently look the field as an option than entering in government sectors. This may be regarded as a positive perspective for self-employment"*.

"Self-employment with family business being a motivating factor are *less likely to have acquired skills or generic skills and more likely to have left education at an early stage in order to start working for that family business*. However, linking family self-employment backgrounds with low entry rates to, and less success in self-employment". Interviewee's participants suggest that a major issue for many self-employed is lack of **awareness of a need for skills** development. The self-employed may exhibit a low understanding or awareness of factors which are likely to determinate changing needs for skills and knowledge. This, it is argued, may result in a tendency for some sole traders and micro-businesses to neglect their business and management skills. Interviewee's participants suggest that a significant proportion of new self-employed have little or no relevant business experience or training. Thus, the table (13 appendixes) indicates that **61** per cent of respondents had no prior experience of running or managing a business, or of not work with the training they have been taken. It may, therefore, be important for policy makers to target those who both have no relevant (or recent) work experience and no formal business or management training. It is, however, worth noting that there is a clear distinction in terms of business skills and capacity between growth-oriented self-employed.

4.3. Sociological- psychological factor

Table 4: The frequency and percentage of psychological-sociological determinant of self-employment

S. Psychological-sociological determinant	SD	%	DA	%	N	%	A	%	SA	%
4.1 Psychological barriers(" only <i>marginalized</i> I People join self-employment")	129	18.2	210	29.6	108	15.3	205	29	56	7.9
4.2 Cultural stereotype and lack of support From Family	136	19.2	192	27.1	111	15.68	228	32	41	5.8
4.3 Unequal participation of person in labor market(women, youth)	74	10.5	167	23.5	87	12.3	299	42	81	11.4
4.4 Dissatisfaction with current working wage force a person to start his/her business	56	7.9	98	13.8	50	7.1	312	44.1	192	27
4.5 Negative reaction and propositions from surrounding people	93	13.1	167	23.5	161	22.74	226	32	61	8.6
4.6 Lack of tolerance to work hard	111	15.68	211	29.8	74	10.5	262	27	50	7.1
4.7 Low labor market opportunity, ethnic minorities and poverty	111	15.68	179	25.3	93	13.1	224	31.6	101	14.3

Source: survey data, 2014

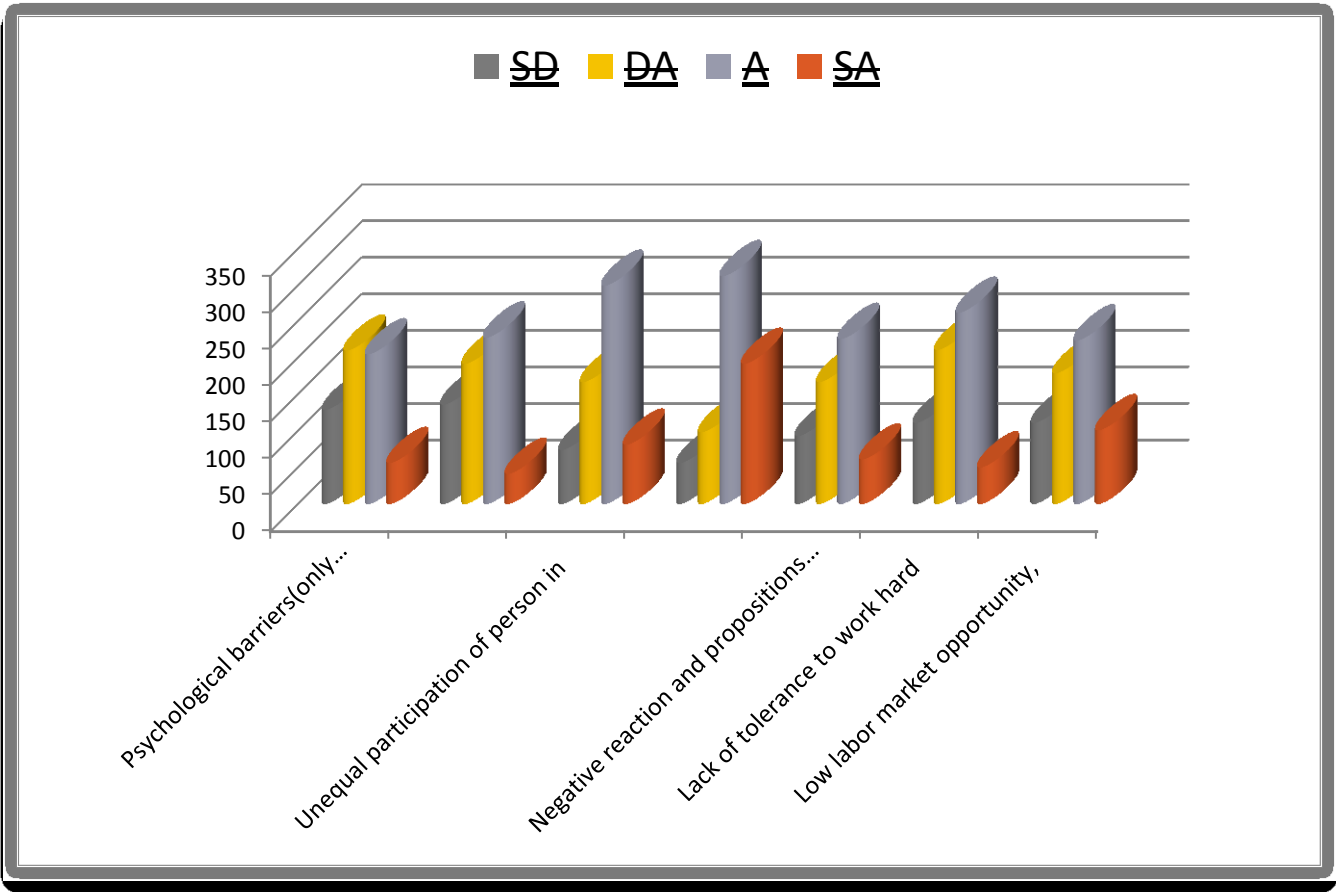
Fig 4, indicate that many respondents explain the question how psychological barriers determinants among urban self-employment (' only *marginalized* people join SE`) about **47.88%** respondents disagree and strongly disagree and **37.99%** agree and strongly agree, so ,the table shows that psychological barriers is not the serious problem of urban youth self-employed. However, cultural stereotype and lack of support from Family **46.3.2%** respondents said that they disagree and strongly disagree about determinateness and **37.8%** respondents agree and strongly agree. The next question was how youth Unequal participation in labor market moderately affects desire to be self-employed, according to my respondents **53.4%** agree and strongly agree and **34.09** respondents disagree and strongly disagree. When asked the reason why the respondent started his or her own business, **71.2%** of the survey respondents said because of dissatisfaction with current work, and **21.8%** of respondents disagree. Respondents from my research are aware of that there is negative reaction and *marginalization* from surrounding people in the labour market.

Most of respondents (**40.6%**) agree and **36.69%** participants disagree. Lack of tolerance to work hard according to respondents not has significant impact on urban youth that is **34.1%**, **45.48%** respondents

agree and disagree respectively. Furthermore, they are also convinced that (76%) respondents agree because low labor market opportunity was one of the determinants of youths.

In conclusion, the sociological-psychological determinants mainly grounds not only because of the unequal participation of person in labor market moderately affects desire to self-employment, because of dissatisfaction with current work, and negative reaction and propositions from surrounding people in the labour market

Fig. 4: Sociological- psychological factors



Source: field survey data 2014

From interviewees, “ Even though, we are not satisfied with the profit, we satisfied with my work”.

Interviewees show that “subjective indices of bureaucracy and the inefficiency of the bureaucracy system indicate that corruption lowers self-employment investment and thereby reduces economic growth. This might imply that corruption also hampers self-employment”.

Interviewees, argue that “not low but high social network may deter self-employment”.

According interviewees, “the only reference I found in which the direct relationship between culture and self-employment at the level of city is not improved. However, study on culture has been just marginalized. Only the residual influence, which cannot be explained by other variables, is left to examine the effect of culture. Yet, the cultures highly determine self-employment according to respondents”.

“Dissatisfaction with democracy (the percentage not at all satisfied with the way democracy works’). “Because the trade policy not treat all youth equally only those youths incorporated has had the probability to be tax exempted, working shed has been given and easily credit has been afforded easily”.

“A neutral or averse attitude to risk-taking. In particular, despite the common perception that self-employment behaviour is associated with willingness to take risks, it was notable that the most ‘risk averse’ individuals had the highest survival rates”. According to interviewees, they explained their opinion as follow

“ Many people ‘misconceived risks’ may act as obstacles to individuals starting a business, although myths exist which may encourage inappropriate entry to business ownership. Thus, while access to finance was found to be a common perceived barrier to starting a business, many of those citing this had not tried to access finance, and had not sought out information on it. The ‘myths’ and anxieties around finance include concerns about losing control to a third party; debt aversion; negative perceptions of bankers and loan conditions. Similarly some beliefs about pricing and the market for products have been found to be potentially damaging”.

“Psychological most people are excessively optimistic in their expectations about a wide variety of events, particularly those perceived as under the individual’s control. Applied to the choice of employment status, the implication is that the self-employed will be drawn from the most optimistic part of the population. I therefore investigated (i) whether people in general are over-optimistic (ii) whether the self-employed are the most over-optimistic of all”.

4.4 .GENDER

According to the literature reviewed in Chapter 2, men are more likely to be self-employed than women. This stylized fact can also be observed in my data. According to descriptive statistics, female have indeed lower rates of self-employment participation than men do. Table 5 shows the percentages for self-employment and paid employment by gender in 2006–2012.

According to the figure below, the percentage of self-employment is higher for men than for women, a trend that shows increment over time from year 2006 -2012 increased by 20%. But the change in paid employment was very large over five years; notwithstanding, the percentage of women has increased by 1% points since 2009, and women have higher participation rates in self-employment in 2012 than they had in 2009. Additionally, the percentage of women in self-employment has also increased by 2% percentage point. This trend may point out that the role of women play in SE is changing across time (i.e., it is increasing), women are still seen as someone with less wealth independence and who stays at home taking care of children. The difference between women and men has been increasing, which may be related with the fact that a self-employed can have a flexible work schedule which allows women to control their time better and being able to have more quality time with family.

Women participation in self-employment is higher now than in previous years. Furthermore, many authors argue that women have higher risk aversion than men (Byrnes et al., 1999; Watson and McNaughton, 2007; Ekelund et al., 2005), which can be one of the underlying reasons contributing to explain my descriptive results. However, both, men and women have high probabilities of entering SE if they are less afraid of failure (Arenius and Minniti, 2005).

As discussed in this section, most of self-employed are men; however, since the data show that differences between men and women in SE are progressively becoming two fold, it suggests that women are beginning to perceive self-employment as a viable occupation choice. Since women have becoming more independent and proactive, self-employment may represent a way for them to feel self-fulfilled, with more flexibility and autonomy in their professional occupation (Greene, 2000).

The chart in Figure 5 shows self-employment participation according to gender from 2006 to 2012

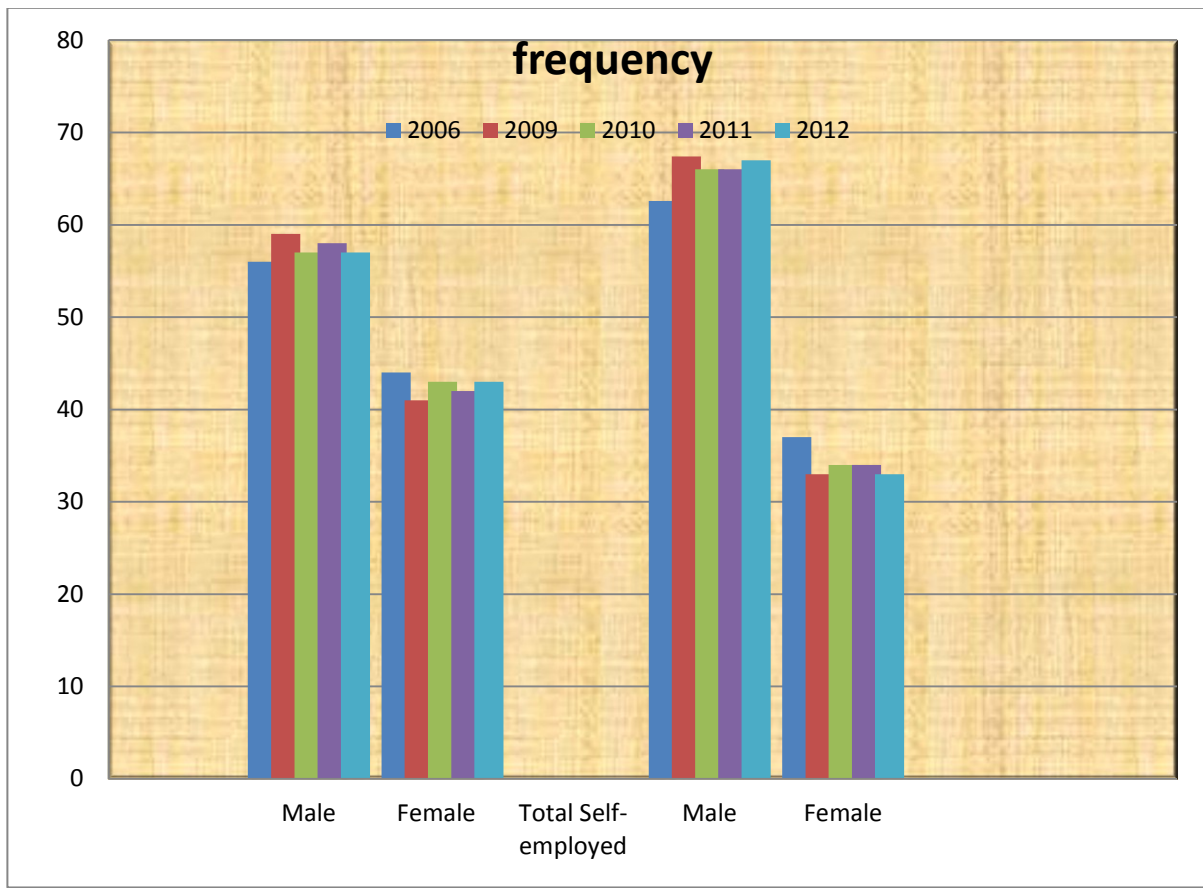


Figure 5a: Self-employment participation according to gender

From the total employed women, 76.62% was paid employed; 19.2% was self-employed with and without employees are self-employed. Men have a more homogeneous distribution than women, since 65.3% of the total of men is paid employed. Employed women are over represented in paid employment than employed men are, in the same occupation. With regard to self-employment, men account for around 30% from total employed person.

From the figure above, for the question self- employed women less participate in setting their own business 55.1 percent respondents said disagree, However, the probability of entering self-employment is not equal i.e. 62.3 percent participant agree, 26.3% are disagree

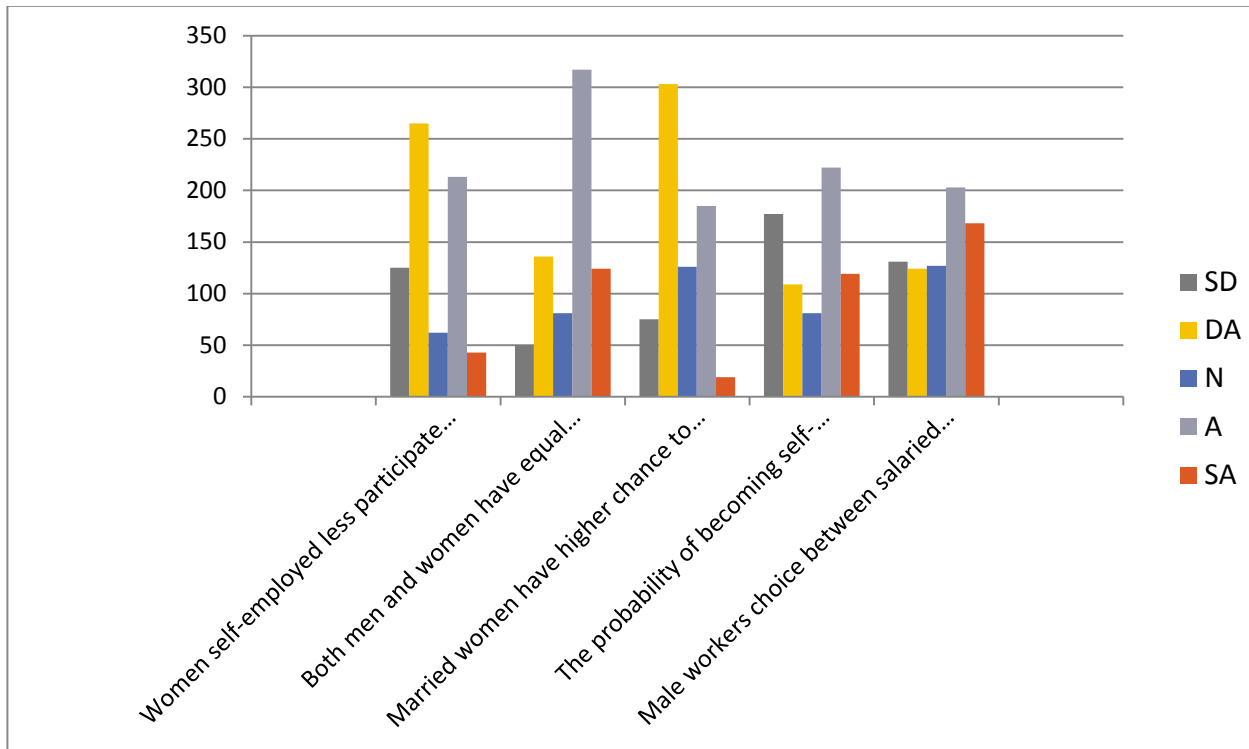


Figure 5b: demographic percentage distribution

Almost 30% of the total of men employed is self-employed which means that besides the fact that men tend to prefer self-employment than women.

4.5. AGE

In this section, in order to analyze individuals' age and occupational choice, I decide to break down the variable age into five intervals, following CSA, the national labor force survey, 2012, 15 to 19 years old, 20 to 24 years old, 25 to 29 years old, 30 to 34 years old and 35 or more years old.

Table 5: percentage distribution of respondents by Age, 2014

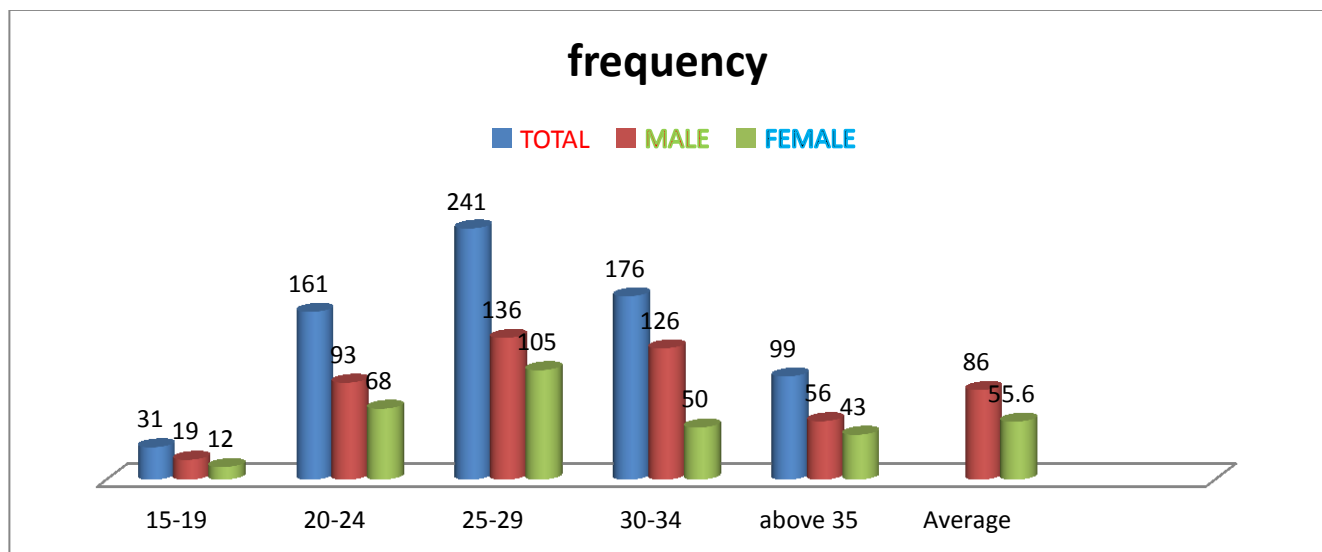
Sex	Age									
	15-19	%	20-24	%	25-29	%	30-34	%	35 and above	%
Total	31	100	161	100	241	100	176	100	99	100
Male	19	61.3	93	57.8	136	56.4	126	71.6	56	56.6%
Female	12	38.7	68	42.2	105	43.6	50	28.4	43	43.4%

Source: survey data, 2014

Following the previous findings and arguments discussed in the literature reviewed (see Section 2.4.1), my descriptive assessment of the data provide evidence that older individuals are more likely to be self-employed.

Self-employed individuals with ages ranging between 25 to 29 years exhibit the highest levels of participation among the entire sample. The second group with higher SE participation level corresponds to individuals with 30 to 34 years old. The above table show that , 61.2 percent respondents age range between 15-29 and 24.66 percent respondents age is between 30-34. This is naysaying the existing literature because; several papers claim that self-employment can be seen as an alternative to retirement. Individuals who are retired from their jobs decide to continue their active participation in the labor market by enrolling on self-employment or by starting and owning a business. (Giandrea et al., 2008; Watson and McNaughton, 2007

Figure 6: Average age of Self-employment.



Source Survey data, 2014

I can observe a growing participation in self-employment among the younger individuals. People in the middle age show a higher frequency of participation in self-employment. The average age, considering all years under analysis, is around 27 years old. This result is not consistent with the literature, which stresses the fact older people have higher probabilities to be self-employed.

This phenomenon is often explained by the fact the challenges for the youth that are central to the economic development are numerous and varied that include unemployment, health and political participation.

The issues within each sub-cite (by gender, education level, and ethnicity) and across sub-cites. Controversy, the size, innovation and dynamism of youth are assets that can be harnessed for development with appropriate police deal adequately with the issues facing them. Youth could be a source of labor input as well as human capital in production which would improve total factor of productivity in a sub- city of Addis Ababa where capital formation is limited. So, youth people have high probability to become self-employment than older one.

4.6. MARITAL STATUS

According to literature review married people are more likely to be self-employed; I obtained the different results in my data. Figure, presents the values for self-employment.

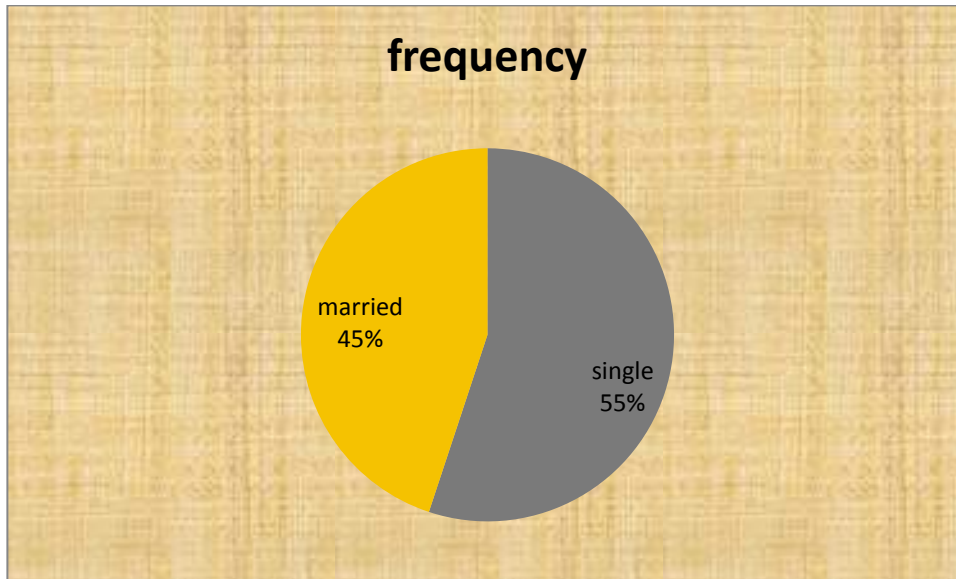
Table 6: Frequency distribution of respondents marital status

Marital status				
	frequency	%	frequency	%
	Male	%	Female	
Single	257	66.4%	130	33.6%
Married	179	55.6%	142	44.2%
Widowed	-	-	-	-
Divorced	-	--	-	-

Source: survey data, 2014

As discussed in the literature review section, the majority of self-employed individuals’ marital status is “married”, followed by the status of “single”. The divorced and widowed self-employees account small share of the sample. But from sample survey single people are more likely to be self-employed than married, 54.66 percent respondents were single which are followed by married individual. The reasons which may occur mainly because sources of finance come from the family. On the one hand, it may be related with the fact that government credit affordability may be important in lowering liquidity constraints usually associated with self-employment

Fig 7: frequency distribution of respondents by Marital Status.



Source: filed survey data,2014

4.7.Unemployment as determinant factor of urban youth self employed

Table 7a: percentage distribution of general unemployment and general self- employment in Addis Ababa

	Years				Percentag e Change from2009- 2012
% rate	2009	2010	2011	2012	
Unemployment rate (%)	28.35	27	25.5	23.35	5
Male	18.4	17.9	17.3	15.6	2.8
Female	38.3	36.1	33.7	31.1	7.2
Self-employment (%)	26.26	26.96	26.26	24.25	1.63
Male	30.8	32.2	30.84	30.05	.75
Female	21.71	21.73	21.68	19.2	2.51

Source: CSA, 2009, 2010, 2011 and 2012.

It is possible to observe that in table 7a, results remain reasonably Unemployment rate reduced by 2.8 percent and 7.2 percent for male and female respectively from 2009 to 2012 years. But the number of self-employment also reduced largely for female by 2.51 percent. So this finding go against the stream of the literature even though when there was high unemployment rate of female exist the number of self-employed female has been declined. While the chart depicts a slight decrease of this occupational group in recent years. If we take, for example, the total number of self-employees in 2009, it accounts for 287,999 individuals. Three years later, in 2012, the number reach 316,991 (CSA). While unemployed are 324,556 in 2009 and after three years have been increased to 374,626 almost increased by 13.34%.from this 170,361 (45.47%) unemployed are with more experience. So, this against the existing literature.

Table 7b: show the relationship between the general unemployment (UN) and general self-employment (SE) in Addis Ababa (2009-2012).

Year	UN	SE	D ^{/C}	D ²
2009	28.35	26.3	2.1	4.41
2010	27	26.9	0.1	0.01
2011	25.5	26.3	-0.8	0.64
2012	23.35	24.3	-.95	0.90
				ΣD^2 =5.96

Source: CSA, survey from 2009-2012

$$r_s = 1 - \frac{6(5.96)}{4(16-1)} = 0.404$$

The table: 7b indicate that there is little or no correlation between unemployment and self-employment, so from this one can conclude that the spearman's rank correlation coefficient is not statically significant.

4.8. General determinants among Youth self-employed.

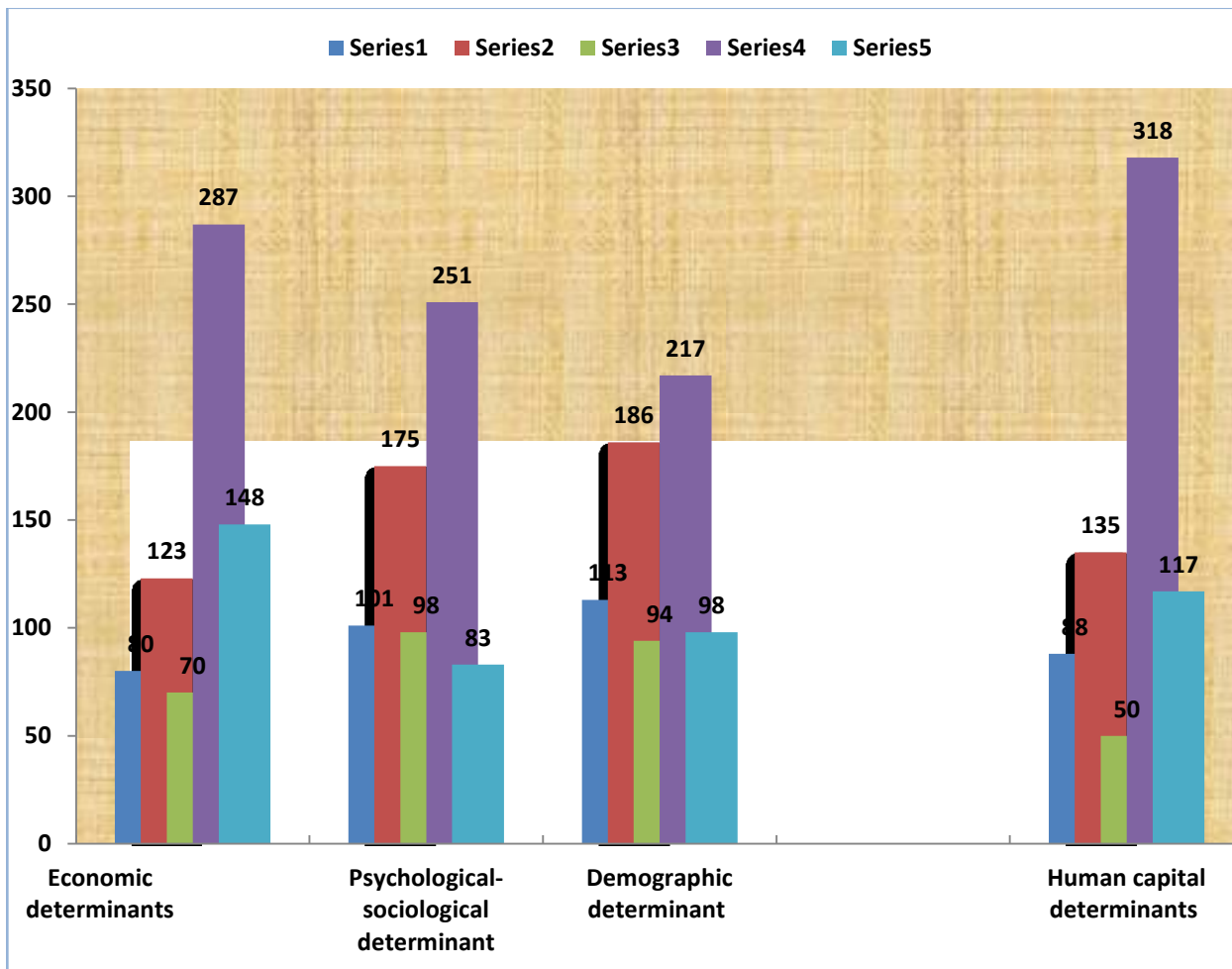
Table 8: frequency and percentage among determinants of Youth self-employments.

S. No	General determinant Factors	SD	%	DA	%	N	%	A	%	SA	%
6.1	Economic determinants	80	11.3	123	17.4	70	9.9	287	40.5	148	20.9
6.2	Psychological-sociological determinant	101	14.3	175	24.7	98	13.8	251	35.5	83	11.7
6.3	Demographic determinant	113	16	186	26.3	94	13.3	217	30.6	98	13.8
6.4	Human capital determinants	88	12.4	135	19.1	50	7	318	44.9	117	16.5

Source: survey data, 2014

Even though, all the economic, psychological-sociological, demographic, human capital and unemployment determinants factors affect the success of youths, this does not necessarily mean that all factors have equal impact. The following graph clearly compares the overall implementation.

Figure8:General determinants among youth self-employment



Source: survey data, 2014

It can now be seen that the economic, psychological-sociological, **demographic**, and human capital determinant factors affect the success of urban youths. **61.4** percent respondents agree that human capital and economic determinant factors have the biggest potential to affect the performance among urban youth and only **28.7** and **31.5** percent respondents disagree that human capital and economic factors not determinant. Followed by psychological-sociological determinants which was **47.2** percent agree and **39** percent disagree, demographic determinants come at last 44.4 percent respondents were agree about the question and **42.3** percent disagree. Table 9, depicted that economic determinants come first in affecting the decision of youth self-employment than other determinants factors and the human capital determinant factor also the second influencing factors, as well as psychological-sociological determinant and demographic determinant also the imperceptible factor in affecting the decision of youth.

Table 9: General determinants among youth self-employed

N o	Determinant factors	Grand mean	Grand standard deviation	Rank
1	Economic determinant	3.42	1.10	1 st
2	Psychological/soci ological determinants	3.06	0.5	3 rd
3	Demographic determinants	3.00	1.2	4 th
4	Human capital determinants	3.34	0.75	2 nd

Source : filed data ,2014

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The descriptive survey used in order to capture primary data from the self-employed youth. As study findings depicted that youth self-employed affected by internal factors which was vary across each sub-cities. Lack of background experience in the business, capital constraint, lack of proper business plan, theft or cheating and lack of trust in doing business, poor management and running informal/unregistered business are the problem that hinder the probability of youth not join up into self-employment labor market, this is common in Yeka sub-city. On the other hand, external factors that determine youth probabilities are mentioned by respondents of interviews were corruption and technological barriers. The degree of corruption and its depth was not consistent and not visible. The primary data on characteristics of self-employed were collected from 708 respondents which are composed of 430 male (60%) and 278 female (40%).

With regard to educational level of respondents, 60 percent of them have had diploma and above in terms of educational qualifications. Regarding currently working with training they have taken, 51.3 percent of respondents did not work with the training that they take before. The 50.3 percent of the respondents demonstrated that they had taken certificate and above from technical and vocational education.

The type of business service the respondents run depicts that one third of the respondents work in trade followed by service and other sector of the economy.

The percentage of youth who has employees 45 percent, no employees, and 18.2 percent have two employees, 14.83 % has three to five employees and 21.9% respondents have above six employees. Regarding the family economic background 54.4 percent of the respondent's family economic status is medium and 36.6 percent of the respondent's family economic status is low class groups. Most respondents have been earning a monthly income below 1000 birr (34.9percent), 2000 birr(36.3 percent), 2001 to 3000 birr only 17 percent and 12 percent

respondents earn monthly above 3001 birr. The study depicted regarding their marital status 54.7% never married or single and about 45.3 percent respondents were married. Concerning satisfaction with their monthly income 77.3 percent of survey participant did not get satisfied with the profit that they get but they had been satisfied with their jobs.

Regarding family experience 61 percent of the respondent's do not have models from their family; only **39** percent participants get experience from family and friends.

62 percent survey participants has been largely generated finance from their family and **20** percent come from government, and the rest 18 percent generated from collateral. Finally, 95.6 percent of the respondents prefer for their children in order to be self-employed than government employee this indicate that the attitude of families to ward self-employment increase over time and the economic independence as well as high return gain from the sector make it preferable.

. An economic determinant also affects youth probability of being entering self-employment, for the question to create job opportunity for others 67.5 percent respondents agree and only 24.percent disagree. for the next question 79.3% respondents were go into self-employment in order to earn high profit ,13.1 percent disagree about the question and 7.9 percent neutral, 34.6 percent respondents agree that due to lack of other chances and 53.2 percent disagree about the question. Regarding having interest to establish their own business 77.3 percent respondents agree and 15.7 participants' disagree. Finally, 65.1 percent respondents were agree because of their technical ability they start their business.

Regarding human capital, for question does individuals with higher levels of education believe that they are more satisfied with incomes and satisfied with their jobs about 53.6% respondents agree and 30.8% respondents disagree for that reason self-employment is seen as an option for educated individuals. However, it is important to mention that for people with higher levels of education self-employment are not occupational choice,54.2% respondents disagree and only 34.4% participant agree. For the question does education negatively affect self-employment,58.7% participant agree and 31.1% disagree, and lastly, regarding experience 54.8% agree that less likely not determinants among youth self-employed, and 37.6% participant disagree, and question 13, indicate, that 61% respondents come to start their own business without family experience. This finding goes against stream of the literature.

Regarding demographic determinant Self-employed individuals with ages ranging between 20 to 29 years exhibit the highest levels of participation i.e.56.8 percent. The second group with

higher self-employment participation level corresponds to individuals with 30 to 34 years old (24.7%). The above table show that , 61.2 percent respondents age range between 15-29 and 24.66 percent respondents age is between 30-34. This is naysaying the existing literature because; several papers claim that self-employment can be seen as an alternative to retirement. Individuals who are retired from their jobs decide to continue their active participation in the labor market by enrolling on self-employment or by starting and owning a business.

Regarding psychological/sociological determinant factors for the question Psychological barriers ("only marginalized People join self-employment" 47.9 percent respondent' disagree and 36.9 percent respondents agree that marginalized people join self-employed. 46.3 percent respondent's disagree that Cultural stereotype and lack of support From Family not affect self-employment and 37.8 percent respondent's. for the next question 53 percent respondent's agree that Unequal participation of person in labor market affected and 34.1 percent respondents disagree .71.1 percent respondent's agree that dissatisfaction with current working wage force a person to start his/her business and only 21.7 percent respondent's disagree about the question.40.6 percent respondent's negative reaction and propositions from surrounding people hinder self-employed not enter into own business and 36.7 percent participant's disagree. Finally, for the question Low labor market opportunity, ethnic minorities and poverty 45.6 percent respondents and 40.9 percent respondents disagree.

5.2. Conclusion

Self-employment is recognized as an important source of economic development. Moreover, the self-employment rate in Addis Ababa has been at descending rate since the (2009-2012) i.e. decreased by 1.63 percent and self-employment does not the best solution in decreasing unemployment. The above table, 7b, depicted that the result of spearman's rank correlation coefficient is 0.404 which is smaller than 1.so from this one can conclude that it is not statically significant.

As study findings depicted that youth self-employed affected by internal factors which are vary across each sub-cities. Lack of background experience in the business, capital constraint, lack of proper business plan, theft or cheating and lack of trust in doing business, poor management and running informal/unregistered business are the problem that hinder the probability of youth not join up into self-employment labor market, in each sub-city the lack of appropriate working place has been seen as a main problem of youth self-employed and the problem is common in Yeka sub-city. On the other hand, external factors that determine youth probabilities are mentioned by respondents of interviews were corruption and technological barriers. The degree of corruption and its depth was not consistent and not visible. So that from this one can conclude that might influence the decision of self-employed workers to join the self-employment in Bole,Yeka and Gullile sub-cities.

The study conclude that economic determinants influence the decision of self-employed workers than other determinants to join the self-employment with average mean of 3.42 and with 1.10 variability about the mean. The study conclude that human capital is the second determinant factors that affect the youth self-employed persons with mean of 3.34 and variability of 0.75.the findings of the research indicate that psychological/sociological determinant factors come thirdly that affect decision of self-employed workers to join the self-employment.

As far as age is concerned, most evidence indicates that the probability of being self-employed is higher for younger people. However, women's participation in self-employment is increasing. The family background also influences self-employment: married people have a higher propensity to become self-employed; as do women with young children. Individuals with higher levels of

education have greater chances of becoming self-employed, but these results are not highly statistically significant. Concerning past experience, individuals with past experience in self-employment are less likely to transit into self-employment than those who have never been self-employed. Lastly, the influence of the macroeconomic context is expressed through the unemployment push. According to these theories, unemployment rates not act as a key factor in encouraging or deterring people from becoming self-employed.

From findings of the research one can conclude that self-employment has a higher incidence among individuals aged between 25-29 years old; which means that self-employed tend to have high levels of participation at a younger age. So this finding deterring the idea that self-employment may be an alternative to retirement. Concerning marital status, my finding goes against the stream of the pervious findings. The incidence of self-employed individuals is among single people.

Most of self-employed have a high level of education followed by those with no grade completed and grade completed education.

Concerning education attainment, having a higher level of education give to an individual greater odds of being self-employed than not having any, contrary of what happen in the descriptive analyses.

One can draw conclusion from findings of this research that self-employed is a major means for development. For this reason any policy maker may perhaps promote economic development might probably tend to do so by encouraging youth self-employment, because this is a potential way of increasing job generation, productivity and growth.

Therefore, this study contributes for a better understanding and knowledge about the youth self-employed characteristics and processes of occupational choice, and the mechanisms that underpin those processes. Insight on the self-employment phenomenon is needed, so that decision-makers can successfully promote adequate policies and incentive, especial, good working environment, increase market size and schemes towards self-employment.

5.3 Recommendations

In light of the above discussion and findings of the study, the following recommendations may be helpful to promote self-employment among youth in the selected sub-cities of Addis Ababa.

- Since. Trade and Micro and small enterprise is the mainstay of Addis Ababa's economy so government should concentrated on formulating policy that solve the economic determinants that affect the decision of self-employment in the selected sub-cities and in Addis Ababa in general.
- In order to tackle the human capital, psychological/sociological, demographic trait determinant challenges that face youth, Policymakers should venue different programs that increase the business networking with professionals and mentors to start business and further researching in an area not only increase human capital but also create self-employment opportunities in the city.
- An idiosyncratic index of bureaucracy and the inefficiency of the bureaucracy system across sub-cities indicates that corruption lowers self-employment investment and thereby reduces economic growth. This influence implies that corruption also hampers self-employment. Therefore; in order to increases the involvement of youth self-employment in economic growth the government attention is very important.
- Still there is negative attitude towards self-employment from society and culture about self-employment in each sub-city and weredas is not improved. So, enhancing integrated approach in the future by government higher institution and private institution should be the indisputable.

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Appendix A

Addis Ababa University

College of Education and Behavioral Studies

Questionnaires to be filled by -----

introduction

Dear participant,

I am conducting research on self-employment to identify the determinant factors among self-employed urban youth. To this end, I kindly request you to complete this questionnaire regarding self-employment. It may not take you more than 15 minutes to complete. Although your response is of utmost importance for me, participation in this survey is entirely voluntary.

Please, do not enter your name or contact details in any part of this questionnaire. Your anonymity is always guarded and the information obtained through this questionnaire will remain strictly confidential.

Should you have any queries, please contact me at **T0913-25-63-00**

SECTION 1: Personal information

1. Sex
☐ Male ☐ Female
2. Age
☐ 15 – 19 ☐ 20-24 ☐ 25-29 ☐ 30-34 ☐ 35 and above
3. Marital status
☐ Single ☐ Married ☐ Divorced ☐ separated ☐ windowed
4. your ethnicity
☐ Amara ☐ Oromo ☐ Tigre ☐ Garage ☐ others
5. Your level of education ☐ illiterate ☐ grade not completed ☐ grade completed ☐ certificate
☐ diploma ☐ degree and above
6. Are you currently working using the training you have?
☐ Yes ☐ NO
7. Have you received a certificate or above in any professional or vocational/Technical training?
☐ Yes ☐ NO
8. What type of business services you run?
☐ Service ☐ Construction ☐ Trade ☐ Urban Agriculture ☐ Manufacturing ☐ Other
9. How many people do you employee?
☐ Just one ☐ 2 employee ☐ 3-5 employee ☐ more than 6 employee
10. How would you describe your family economic status?
☐ low ☐ medium ☐ high ☐ very high
11. Your monthly income in Ethiopian birr?
☐ Less than 1000 ☐ 1001-2000 ☐ 2001-3000 ☐ above 3001
12. Are you satisfied with your monthly income?
☐ Yes ☐ No
13. Is there anyone in the family who was self-employed or is owner of some business?
☐ Yes ☐ No
14. What is the source of finance for your self-employment?

☐ Family ☐ friend ☐ inheritance ☐ government

15. Suppose you were working and could choose between different kinds of jobs. Which of the following would you choose for your children?

☐ Being an employee ☐ Being self-employed

Section :2

The determinant factors that influence self-employed urban youth are listed below. Please indicate the degree to which those determinants affecting the performance of your business. After you read each of the factors, evaluate them in relation to your business and then put a tick mark (✓) under the choices below, where,

1=Strongly disagree (SD)

2=Disagree (DA)

3=Neutral (N)

4=Agree (A)

5= Strongly agree (SA)

4 .The degree to which you agree with the following statements concerning economic determinants of self-employed.

S.N	Economic determinants	SD	DA	N	A	SA
4.1	Possibility to give others a job	1	2	3	4	5
4.2	For Economic-independence and higher incomes	1	2	3	4	5
4.3	I do not have other chance	1	2	3	4	5
4.4	I am very interested in setting up my own business	1	2	3	4	5
4.5	To get support from government	1	2	3	4	5
4.6	I have more than one ability/talent	1	2	3	4	5

5. The degree to which you agree with the following statements concerning Psychological-sociological determinant of self-employment.

S.N	Psychological-sociological determinant	SD	DA	N	A	SA
5.1	Psychological barriers(“only marginalized people Join SE “)	1	2	3	4	5
5.2	Cultural stereotype and lack of support From Family	1	2	3	4	5
5.3	Unequal participation of person in labor market(women, youth)	1	2	3	4	5
5.4	Dissatisfaction with current working wage force a person to start his/her business	1	2	3	4	5
5.5	Negative reaction from surrounding people	1	2	3	4	5
5.6	Lack of tolerance to work hard	1	2	3	4	5
5.7	Low labor market opportunity, ethnic minorities and poverty	1	2	3	4	5

6. The degree to which you agree with the following statements concerning demographic determinant of self-employed

S.N	Demographic determinant	SD	DA	N	A	SA
6.1	Women self-employed less participate in setting their own business than men	1	2	3	4	5
6.2	Both men and women have equal chance to become self-employed	1	2	3	4	5
6.3	Married women have higher chance to start their own business	1	2	3	4	5
6.4	The probability of becoming self-employment for men is higher than women	1	2	3	4	5
6.5	Male workers choice between salaried and self-employment is due to difference in wage.	1	2	3	4	5

7. The degree to which you agree with the following statements concerning education as determinant of self-employed

S.N	Human capital determinants	DS	DA	N	A	SA
7.1	The probability of becoming self-employment is higher when level of education increase	1	2	3	4	5
7.2	The educated self-employed are more satisfied with incomes and jobs than less educated	1	2	3	4	5
7.3	Self-employment is the occupational choice for skilled person than unskilled	1	2	3	4	5
7.4	Level of education affect self-employment negatively	1	2	3	4	5
	Youth educated set up their own business than					

7.5	Experienced person	1	2	3	4	5
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8. Please indicate the degree to which you agree with the following factors that have a direct influence on the performance of your business?

S. No.	General determinant Factors	SD	DA	N	A	SA
8.1	Economic determinants	1	2	3	4	5
8.2	Psychological-sociological determinant	1	2	3	4	5
8.3	Demographic determinant	1	2	3	4	5
8.4	Human capital determinants	1	2	3	4	5

አዲስ አበባ ዩኒቨርሲቲ
ሥነ ትምህርት ኮሌጅ የሥርዓተ-ትምህርት
መምህራን ሙያ ልማት ትምህርት ክፍል

መግቢያ

ውድ የጥናቱ ተሳታፊዎች፦

እኔ በአዲስ አበባ ዩኒቨርሲቲ በሥነ ትምህርት ኮሌጅ የሥርዓተ-ትምህርት መምህራን ሙያ ልማት ትምህርት ክፍል የድህረምረቃ ተመራቂ ተማሪ ስሆን፤ በአሁኑ ሰዓት የመመረቂያ ፅሁፌን በማዘጋጀት ላይ እገኛለሁ፡፡ የጥናቴ ርዕስ በአዲስ አበባ ከተማ ውስጥ የሚኖሩ እና የራሳቸውን ስራ ፈጥሮ እየሰሩ የሚገኙ ወጣቶችን በተመለከተ ወሳኝ የሆኑ ግብአቶችን ለይቶ ለማወቅ ሲባል "ይመለከታል፡፡ እርስዎም በዚህ ጥናት እንዲሳተፉ ተመርጠዋል፡፡ እርስዎ የሚሰጡትን ትክክለኛውን መረጃ ለጥናቴ ውጤታማነት በጣም አስፈላጊ መሆኑን በመገንዘብ መጠይቁን በጥንቃቄ እንዲሞሉ እጠይቃለሁ፡፡ ተሳትፎዎ በእርስዎ በጎ በፈቃደኝነት ላይ የተመሰረተ ነው፡፡ በመጨረሻም የሚሰጡት መረጃ ሚስጥራዊነቱ የተጠበቀና ለዚህ ጥናት ዓላማ ብቻ እንደሚውል አረጋግጣለሁ፡፡ የማንኛውም መልስ ሰጪ ማንነት በማንኛውም መልኩ የማይታተምና የማይሰራጭ ይሆናል፡፡ ሁሉም መረጃዎች ለትምህርታዊ ዓላማ ብቻ ይውላሉ፡፡ ጊዜዎን ሰውተው ስለሚያደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ፡፡ ማንኛውም አይነት ጥያቄ ቢኖርዎ እባክዎን በ0913256300 ይደውሉልኝ፡፡

ክፍል 1፡-የራሳቸው ስራ በሚሰሩ የከተማ ወጣቶችን በሚመለከት ወሳኝ የሆኑ ግብአቶች

1. ፆታ፡
☐ ወንድ ☐ ሴት
2. እድሜ
☐ 15-19 ☐ 20-24 ☐ 25-29 ☐ 30-34 ☐ 35 እና ከዚያ በላይ
3. የጋብቻ ሁኔታ
☐ ያላገባ/ች ☐ ያገባ/ች ☐ የፈታ/ች ☐ የተለያየ/ች ☐ የሞተበት/ባት
4. ብሔር
☐ አማራ ☐ ኦሮሞ ☐ ትግሬ ☐ ጉራጌ ☐ ሌላ
5. የትምህርት ደረጃ
☐ ያልተማረ ☐ ክፍል ያላጠናቀቀ ☐ ክፍል ያጠናቀቀ ☐ የምስክር ወረቀት
☐ ዲፕሎማ ☐ ዲግሪ እና ከዚያ በላይ
6. በአሁኑ ወቅት የተከታተሉትን ስልጠና እየሰሩበት ይገኛሉን?
☐ አዎን ☐ የለም
7. በማንኛውም የቴክኒክና ሙያ ስልጠና የምስክር ወረቀት ወይም ከዚያ በላይ አግኝተዋል?
☐ አዎን ☐ የለም
8. እያካሄዱ የሚገኘው ስራ ምን ዓይነት አገልግሎት የሚሰጥነው?
☐ አገልግሎት አቅራቢ ☐ ኮንስትራክሽን ☐ ንግድ ☐ የከተማ ግብርና ☐ ማምረት
☐ ሌላ
9. በስርዎ ምን ያህል ሰራተኞች ይገኛሉ?
☐ አንድ-ብቻ ☐ ሁለት-ሰራተኞች ☐ ከ3-5 ሰራተኞች ☐ ከ6 በላይ ሰራተኞች
10. የቤተሰብዎን ኢኮኖሚያዊ ደረጃ እንዴት ይገልፁታል?
☐ ዝቅተኛ ☐ መካከለኛ ☐ ከፍተኛ ☐ በጣም ከፍተኛ
11. ወርሃዊ ገቢዎ በኢትዮጵያ ብር ምን ያህል ነው?
☐ ከ1000 ቢታች ☐ 1001-2000 ☐ 2001-3000 ☐ ከ3001 በላይ
12. በሚያገኙት ወርሃዊ ገቢ ይረካሉ?
☐ አዎን ☐ የለም
13. በቤተሰብዎ ውስጥ የራሱን የንግድ ስራ ፈጥሮ የሚሰራ የቤተሰብ አባል አለ?
☐ አዎን ☐ የለም

☐አዎን

☐የለም

14. የራስዎን ስራ ለመስራት የገንዘብ ምንጭዎ ምን ነበር?

☐ቤተሰብ

☐ጓደኛ

☐ወርስ

☐መንግስት

15. ስራ እየሰሩ ነው ተብሎ ቢታሰብ ከተለያዩ ስራዎች አንደኛውን ይምረጡ። ከዚህ ከሚከተሉት የትኛውን ስራ ለልጆችዎ ይመርጣሉ?

☐ተቀጣሪ ሰራተኛ መሆን

☐የራሱን ስራ እንዲያከናውን

ክፍል 2 የራሳቸውን ስራ የሚሰሩ የከተማ ወጣቶችን በተመለከተ ወሳኝ የሆኑ ግብአቶች ከታችተዘርዘረዋል። እባክዎን እነዚህ ወሳኝ የሆኑ ግብአቶች ስራዎን ለማከናወን ያላቸውን የወሳኝነት መጠን ያመልክቱ። እያንዳንዱን ግብአት ካነበቡ በኋላ ከስራዎ ጋር በማገናዘብ ይገምግሙ እና የ(✓) ከምርጫው በታች ያስፍሩ። በዚህመሰረት፡-

1. በፍፁም አልስማማም (ኤስዲ)

2. አልስማማም (ዲኤ)

3. ከሁለቱም ነጻ (ኤን)

4. እስማማለሁ (ኤ)

5. በጣም እስማማለሁ (ኤስ)

ተ.ቁ	4.ወጣቱየራስ ስራን ለመስራት ውሳኔ ላይ እንዲደርስ የሚያደርጉ ኢኮኖሚያዊ ምክንያቶች ምንድናቸው?	ኤስዲ	ዲኤ	ኤን	ኤ	ኤስ
4.1	ለሌሎች የስራ እድልን ለመፍጠር	1	2	3	4	5
4.2	ለኢኮኖሚያዊ ነጻነት እና ከፍተኛ ገቢ ለማግኘት	1	2	3	4	5
4.3	ሌላ ምርጫ አልነበረኝም	1	2	3	4	5
4.4	የራሴን ስራ ለማቋቋም ከፍተኛ ፍላጎት ነበረኝ	1	2	3	4	5
4.5	ከመንግስት ድጋፍ ለማግኘት	1	2	3	4	5
4.6	የራሴን ስራ ለመጀመር ከአንድ በላይ እዉቀት ነበረኝ	1	2	3	4	5

ተ.ቁ	5. ስነ-ልቦናዊ -ማህበራዊ ወሳኝ ግብአቶች	ኤስዲ	ዲኤ	ኤን	ኤ	ኤስኤ
5.1	ስነ-ልቦናዊ ገደቦች	1	2	3	4	5
5.2	ዘልማዳዊ የሆነ ተመሳሳይ አስተሳሰብ መያዝ እና ከቤተሰብድጋፍማጣት	1	2	3	4	5
5.3	በሰው ኃይል ገበያ ውስጥ ተመጣጣኝ ያልሆነ ተሳታፊነት (ሴቶች፣ ወጣቶች)	1	2	3	4	5
5.4	በወቅታዊ ውይይት ደመወዝ ክፍያ እርካታ ማጣት አንድ ሰው የራሱን/የራሷን ስራ እንዲጀምር/እንድትጀምር ያስገድዳል	1	2	3	4	5
5.5	በዙሪያ ከሚገኙ ሰዎች አሉታዊ ምላሾች እና ሀሳቦች	1	2	3	4	5

5.6	ጠንክሮ ለመስራት ፍላጎት ማጣት	1	2	3	4	5
5.7	ዝቅተኛ የስራ እድል፤ አናሳ የማህበረሰብ አባላት እና ድህነት	1	2	3	4	5

ተ.ቁ	6. የታ የራስን ስራ በመስራት ላይ የሚኖረው ወሳኝነት	ኤስዲ	ዲኤ	ኤን	ኤ	ኤስኤ
6.1	የራሳቸውን ስራ የሚሰሩ ሴቶች የራሳቸውን ስራ ከሚሰሩ ወንዶች በተሳተፉ ፎካላት	1	2	3	4	5
6.2	ሁለቱም ወንዶች እና ሴቶች የራሳቸውን ስራ ለመስራት እኩል እድል አላቸው	1	2	3	4	5
6.3	ያገቡ ሴቶች የራሳቸውን ስራ ለመጀመር ከፍተኛ እድል አላቸው	1	2	3	4	5
6.4	የራስን ስራ የሚፈጥሩ ወጣት ወንዶች ከሴቶች ይበልጣሉ	1	2	3	4	5
6.5	ወጣት ወንዶች ስራ ምርጫ የምያደረጉት በደሞዝ ከፍተኛ ምክንያት ነው	1	2	3	4	5

ተ.ቁ	7. የሰው ሀብት ልማት የራስን ስራ በመስራት ላይ የሚኖረው ወሳኝነት	ኤስዲ	ዲኤ	ኤን	ኤ	ኤስኤ
7.1	የትምህርት ደረጃ ከፍ ባለ ቁጥር የራስን ስራ የመስራት እድል ከፍ እያለ ይሄዳል	1	2	3	4	5
7.2	የተማሩ እና የራሳቸውን ስራ የሚሰሩ ሰዎች ዝቅተኛ ትምህርት ካላቸው ሰዎች በበለጠ በገቢያቸው እና በስራቸው ይረካሉ	1	2	3	4	5
7.3	የራስን ስራ መስራት ካልተማሩ ሰዎች ይልቅ ለተማሩ ሰዎች የሚሆን የስራ ምርጫ ነው	1	2	3	4	5
7.4	የትምህርት ደረጃ የራስን ስራ መስራት ላይ አሉታዊ ጎን አለው	1	2	3	4	5

7.5	ልምድ ካላቸው ይልቅ የተማሩ ወጣቶች የራሳቸውን ስራ ይፈጥራሉ	1	2	3	4	5
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ተ.ቁ	8.አጠቃላይ ወሳኝነት	ኤስዲ	ዲኤ	ኤን	ኤ	ኤስኤ
8.1	ኢኮኖሚያዊ ወሳኝ ግብአቶች	1	2	3	4	5
8.2	ስነ-ልቦናዊ -ማህበራዊ ወሳኝ ግብአቶች	1	2	3	4	5
8.3	ፆታዊ ወሳኝ ግብአቶች	1	2	3	4	5
8.4	የሰው ሀብት ልማት ወሳኝ ግብአቶች	1	2	3	4	5

Appendix B

Interview questions for self-employment in Addis Ababa, Ethiopia

Interviewee profile

Age

Sex

Level of education

1. The reason you create your own business is because?
 - 1.1 Explain your know-how or expertise on how to be self-employed?
 - 1.2 Do you think networking is one of the determinant factors that affect self-employment? Explain?
2. How do people perceive self-employment?
 3. Can you explain elaborately the challenges you faced in the effective establishing your own business?
 4. What determinant factors need to be considered to enhance and sustain your self-employability?
5. Women have low likelihood of entering self-employment than do men? Explain the reason?
 6. Do you believe that because of unemployment you join into self-employment? If so, Explain elaborately how unemployment determine self-employment?
 7. How do you get information about the labor market trend self-employment?
8. Is there anyone in the family who was self-employed or is owner of his/her business activities?
9. What are the Provisions to borrow money for your self-employment?
 - a. Collateral for self-employment?
 - b. What other opinions do you like to give on the issues discussed?
 - c. Government and others
10. Have you ever been communicated with any TVET institute for counseling or advisory services?
11. Is one of the economic factors that hinder the self-employed not to create their own enterprise?
12. Do you think Socio-cultural impacts have had any effect on your self-employment endeavors?
13. Is the existence of gender difference is one of the determinant factors among youth self-employment?
14. It has been observed that most of the graduates tend to be wage employment rather than self-employment. What are the reasons for such tendency?
15. Self-employed activities have been low. What do you think of the factors that affect them?

Declaration

I, the undersigned, declare that this study entitled “**Determinants among youth self-employment in Selected Sub-Cities of Addis Ababa**” is my own work. I have undertaken the research work independently with the guidance and support of the research advisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis have been duly acknowledged.

Declared by

Name: **Alemayehu Ayele**

Signature: _____

Date: June, 2014

Place: Addis Ababa, Ethiopia

Advisor: **Dr.Teshome Tola**

Signature: _____

Date: _____

