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RURAL-URBAN MIGRATION AND INCOME OF STREET TRADERS IN ADDIS ABABA

A THESIS SUBMITTED TO COLLEGE OF DEVELOPMENT STUDIES PREPARED IN PARTIAL FULFLIMENT OF THE REQUIREMENTS OF MASTER OF SCIENCE (MSC) DEGREE

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This is to certify that the thesis prepared by **Mignote Woldyesus** entitled:

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Abstract

In developing countries like Ethiopia rural-urban migration affects development of urban economy. This study examines the income opportunities being enjoyed by migrants and non-migrants of street traders in Addis Ababa. To achieve the objective 268 respondents were selected randomly from four areas of Addis Ababa in the year 2011. These Areas are Pazea, Megnagna, Torhighle and Aserasemnte. The main instrument of data collection was the questionnaire administered in the selected areas. Analysis of data revealed that 82.8% of street traders are migrants, 62.1% are male and the average age and income of street trade of Addis Ababa is 26 year and 1111 birr respectively. While about 74.4 % of them arrived their destination within the last decade (2002-2011) or less. In terms of welfare, 55% of the migrants reported improved welfare and 71.43 % among non-migrants. According to the result of multiple regression analysis estimated, migration ,age, household size, startup capital and having skill before trader variables was a statistically significant variable affecting income among others. Therefore the need for policy measures that will create income and employment opportunities in the rural areas and cities cannot be over-emphasized.

Keywords: *Rural-urban migration, employment, street trading, informal sector and income.*

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Acronyms

CSA---------- Central Statistics Agency

GTZ----------German Technical Co-operation

ICBT ----------Informal Cross Border Trade

ILO---------- International labor office

SPSS----------Statistical package for social science
SSA----------sub-Saharan Africa

UN----------United Nation

UNDP----------United Nation Development Program

UNFPA----------United Nation Population Fund

CHAPTER ONE

INTRODUCTION

1.1 Background

Migration is one of the three population process (along with fertility and mortality) which refers to the movement of people from one geographical location to another, either on a temporary or permanent basis i.e., the change of residence for a substantial period (Ekong, 2003). It is a direct component in the growth of the population and the labor force in an area. A common form of internal migration in the developing world is rural-urban migration. Rural-urban migration has become an important livelihood support strategy for rural households to increase their income and to reduce income fluctuation through remittances (Stark & Bloom, It further helps them to overcome the adverse welfare effects of social, economic, and institutional constraints in their places of origin (Ezra, 2001).

Informal sector in this thesis used for all activities that goods and services of means of production are formal or legal but not registered or out of government control. That people work as self-employed without pay any cost for registration, tax.....and who work as a means of income with poor condition of working and with-out security. Within informal-sector activities including petty traders, street traders, shoeshine boys and personal servants.

Street traders are prominent examples of informal sector workers. They are commonly self-employed, work alone or with family members who may be unpaid, and have no fixed place of work (Leibo, 2004). The informal sector is extremely important in the absorption of the labor force and in supporting overall economy. Since formal requirements are avoided, it is a shelter for workers who do not possess or are unable to obtain them. The modern formal sectors have been unable to absorb labor that is surplus to agriculture, causing workers to turn to the informal sector. Informal sector activities generally exhibit ease of entry, reliance on indigenous resources, family ownership, small scale operation, labor intensiveness, and skills acquired outside the formal school system, part-time labor, locally-based ventures, and unregulated and competitive markets (ILO, 1985).

Rural-urban migration has its close connections to the development and spread of urban informal sectors (Ronald.S 2002).The massive influx of rural people into the urban areas has changed the job structure of the destination places. Rural peoples are mainly attracted to migrate by economic incentives as well as by other attractions of an urban life. But in reality very few of the fortunate migrants are able to manage to secure jobs in industries. Some of others wait to get a job in the formal sector and thus form a 'reserve army of labour' (Chaudhuri, 2010). The rest get absorbed only in the urban informal sector. Again low wage, low security, high labour intensity in the informal jobs has reduced living standard of the migrants who are involved into those jobs.

Ethiopia is the least urbanized countries of the world where only 16% of the population is urban and the highest rate of urbanization. According to Wessling Tolon (2008), the average rate of urban population growth for the country is 5% per year and in some individual towns and cites the rate approaches 8% per annum. Addis Ababa is the capital and the largest city in Ethiopia, with a population of 2,739,551 according to the 2007 population census conducted by the central statistical Agency of Ethiopia with annual growth rate of 3.8% and the total migrant population for Addis Ababa is estimated to be 47.58%. The city compared with other parts of the country enjoys a relatively higher concentration of facilities; infrastructure and industries. The main reason for high migration to the city is economic reasons.

The economic activities in Addis Ababa are diverse in trade and commerce, in manufacturing and industry, homemakers of different variety, in civil administration, in transport and communication, in education, health and social services, in hotel and catering services; and in agriculture. According to Addis Ababa Trade Bureau report of 2018, the estimated street traders are 117,000. Most of these street traders in Addis sell jewelry, electronic gadgets, fruits and vegetables, second hand clothing including underwear and other items. The street trades were taking place in Arada, Yeka, Gullele, Addis Ketema and Bole Sub- Cities. . https*://www.capitalethiopia.com/featured/most-street-traders-continue-selling-illegally/*

Many factors have contributed to an increase in the number of workers in the informal sector. They are insufficient number of jobs, increasing poverty (especially among women) and demographic factors, including migration (ILO, 2006). In Addis Ababa the magnitude of the informal sector makes it an important source of livelihood and, in challenging economic conditions, this sector has important roles to play, particularly as a "survival strategy" for the urban poor. Therefore, the role of

this research is to addresses the relation between rural urban migration and income of street trades in Addis Ababa. Thus, the paper will examine the effect of rural urban migration on income of street traders. It is construct an income model of street traders based on their demographic and socioeconomic characteristics.

1.2 Statement of the Problem

Internal migration is viewed from two directions. On one hand migration causes excessive urbanization, unemployment, income inequalities and dilution, ecological stress and population mal-distribution; whereas on the other hand migration is a necessary part of economic growth, equilibrating tendencies, facilitating industrialization, improving income distribution and introducing technological change in agriculture, and generalize that migration is the human right ensuring choosing one's destination to improve welfare and economic benefit (Lewis, 1982).

As stated in the two-sector model of Lewis credited for explaining the phenomenon of rural-urban labour transfer process where the rural unemployed and the underemployed migrate to the urban center in search of formal sector employment. Due to the low labour absorptive capacity of the urban formal sector, many of the recent migrants who do not obtain the desired wage formal sector jobs do ultimately settle for low-wage urban informal paid employment, or self-employment in the informal economy. Thus, internal movement represents labour redistribution process between areas of perceived low economic opportunities to another area of perceived enhanced economic opportunities. Among the various types of employment opportunities in the informal economy are those requiring little or no restriction of entry and exit, as well as low initial capital. A typical example of such business ventures is street trading in the urban center of developing economies (Ijaiya, 2000 and Lee, 2004)

Increased flows of rural-urban migration contribute to the growth of the urban population. This is a challenge to governments in their efforts to ensure the social and economic well-being of people living in urban areas. The main challenge is to improve household livelihoods and food security, and this will involve the determination of appropriate roles for informal activities.

Those in Ethiopia the informal sector are not involved in urban planning and lack of research on informal sector workers, especially street traders. Given the above scenario, several research questions become pertinent in this research:

1.3 Research Questions

The leading research questions are:

- What are the general characteristics of migrant street trader in the study area?
- What are the key demographic and socioeconomic determinants the income of migrant street traders?

1.4 Research Objectives

The purpose of this study is to examine the effect of rural urban migration on income of street traders in Addis Ababa.

Based on the general research objective the study has the following specific objectives:

- To identify the proportion and characteristics of migrant street traders in the study area.
- To examine the key demographic and socioeconomic determinants the income of migrant street traders.

1.5. Significance of the Research

In Ethiopia, different factors enforce the study of issues of migration and these measuring and compares of the income of street trading become one of the significance of the study. First and most, Ethiopia is largely a rural and agrarian society. And the rate of urbanization is very low in relative to SSA an average of 36 percent, (World Bank, 2009), and only 16 percent of its population lives in urban areas. Second, in rural Ethiopia migration has been used as means to diversifications mechanisms. And also serve as a livelihood strategy, means to increases income and relived own food scarcity constraints.

The study was mainly concerned the rural urban migration and effect on income condition of street trader. It gives responses to the question related to ‘what’, ’why’, ’who’ ‘how’ in relation street trading sub-sector of the urban informal economy. The findings of the study were serve as base for other planners, policy makers, and public administers and develop mentalist in local and regional areas.

The overall consideration of the significance of the study will be summarized in the following statements.

- Fill the gap in the literature in the areas of internal migration and income of street traders in urban informal economy

- It became not a primary but a secondary source of information for researchers , academicians and practitioners regarding to the demographic and socioeconomic characteristics street traders,
- Give insight for the city administrators about the existing and emerging migrants and socio-economic challenge of the city.

1.6 Scope and Limitations of the Research

The topic of migration is a huge area of systematic investigation and needs an ample devotion of time and attention to acquire knowledge. So many scholars and academicians attempts to deal with the topic and forwarded their own contribution in varies school of thoughts. The study has been geared to those who are street traders of non-migrant and migrants from different regions and the surrounding zone to Addis Ababa city. Also the research will explore the employment and income opportunities being enjoyed by migrants and non-migrants in street trading sub-sector in Addis Ababa. Some of the limitation of the study was: shortage of time, nature of respondents which mean they are not stationary at specific place and restricted geographical coverage.

1.7 Organization of the thesis

This thesis has been divided into five chapters; the first chapter was introduction and which contains the background of the study, statements of the problem, research questions, research hypotheses, general and specific objectives, significance, scope and limitations of the study. The second chapter deals with previous theoretical and empirical studies that are related to the research topic had been reviewed. The third chapter was concerned with the methodology used for the study. The fourth chapter presented with data analysis, interpretation and presentation of the result. The last chapter fifth outlined summary of findings, conclusions, recommendations, policy implications and suggestion for future studies would have been addressed.

CHAPTER TWO

LITERATURE REVIEW

This chapter provides an overview of literatures related to theoretical and empirical review, rural urban migration and welfare among street and conceptual framework for the study.

2.1 Definitions of Migration and informal sector

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

Migration is one of the three population process (along with fertility and mortality) which refers to the movement of people from one geographical location to another, either a temporary or permanent basis i.e., the change of residence for a substantial period (Ekong, E. 2003). It is a direct component in the growth of the population and the labor force in an area. It usually takes place at a variety of scale; intercontinental (between continents), intercontinental (between countries of a given continent), and interregional (with in countries) (National Geographic Society, 2005).

Migration has immense role to play in the modern societies being controlled by some characteristics of human societies or communities. For demographic purposes, two broad types of migration are identified, international and internal migration. The former refers to movement across national boundaries and the later term refers to migration within the national boundaries. A common observation all over the world is rural-urban migration- virtually, a dominant pattern of internal migration. Studies on migration in different regions of developing countries have commonly dealt with the economic aspects of migration. Evidence shows that a remarkable number migrates to urban from rural areas for better education, health, employment and investment opportunities American Journal of Economics (2013).

The informal sector or informal economy refers to activities and income that are partially or fully outside government regulation, taxation, and observation. The main attraction of the undeclared economy is financial. The activity allows employers, paid employees, and the self-employed to

increase their take-home earnings or reduce their costs by escaping taxation and social contributions. It is means of employment who cannot find a job in the formal sector. But, a loss in budget revenues by reducing taxes. http://web.worldbank.org

The basic nature of the informal sector units can be summarized have little or no division between labour and capital, self-employed activities with the help of unpaid family members or a few hired workers with low wage than formal sector and without guarantees mean wage level and working condition is unprotected, consists of small scale, at a low level of organization and technology with the primary objective of as means of employment rather growing organization. (ILO, 1992) Street vendors fall within the informal sector and almost all definition of informal sector is defining it.

According to (Becker 2004), the informal economies defined as the unregulated, non-formal portion of the market economy that produced goods and services for sale or for other forms of remuneration. In effect, the term informal economy as, it is often used to denote informal sector, refers to all economic activities by workers and economic units that are not covered or are insufficiently covered by formal arrangement.

ILO (2002) define informal economy by Employment Categories, "Informal employment comprise of both self and wage-employment that are usually not recognized, regulated, or protected by legal or regulatory frameworks.

In developing countries, informal sector is linked to poor people's livelihood approach due to its increasing role in absorbing and creating employment opportunities. The informal sector provides activities for the urban poor and is carried out within easy reach of their available resources. As Chambers (1997) puts the reality for the majority of the very poor in both the rural areas and the urban informal sector, is one of diverse livelihoods exploiting varies resources. Informal sector has been recognized as leading to development and has continued to support most of the population in many developing countries, by creating necessary employment opportunities and income.

In this study, a street trader is a person who offers goods or services for sale to the public without having a permanent built up structure, but has a temporary static structure or mobile shop (or head load). Street traders may be stationary by occupying space on the pavements or other

public/private areas, or may be mobile in the sense that they move from place to place carrying their wares on push carts or in cycles or baskets on their heads, or may sell their wares in moving bus etc.

2.2 General Characteristics of informal sector

To start with operation in the informal sector depending on its scale of operation doesn't require formal education, procedures and other requirements. Studies covering twenty one African countries show that only a quarter of enterprise in the informal sector acquire their skills from formal school and training centers.(ILO,1985).

"Small-scale activities characterized by self- employment, mainly using self-labor and household laborers (usually less than ten), simple technology, low level of organization and unfixed operation of premises and working hours.''(ILO, 1992)

According to CSA urban informal sector survey of 2003 has mainly engaged in marketed production, not registered as companies or co-operatives, no full written book of accounts, less than ten persons engaged inactivity, no license & fixes time of operation, small-Scale operation and usually uses indigenous, local raw materials.

2.2.1 Specific characteristics of informal traders/street traders

According to John Mwaniki informal traded are categorized in the levels are Global level- Informal Cross Border Trade (ICBT), Regional level and local level- urban informal traders. Street traders are categorized local level- urban informal traders with the following characteristics.

Location

Mitullah.W (2004) argues traders are choosing place where easily visible to pedestrians & motorists that place at strategic points with heavy human traffic. Such as: main roads, streets, parks, pavements, within shopping centres and corners of streets & roads.

Structures

Winnie Mituallah, (2003) describes the traders use different structures. Most of them are use mats, gunny bags, tables, racks, wheel barrows, handcarts and bicycle seats to display their goods. The other traders carry their commodities on their hands, heads and shoulders. Some of

them are hang their commodities on walls, trees & fences, and significant of them construct temporary shades to displaying their goods.

Urban informal sector in the public area of cities are particularly in street-based trading, which is usually known as street trades. These street enterprises are not paid tax, not registered and they involve very visible structures. These economic activities involve simple organizational, technological and production structures. It is ease of entry and small scale of operate where operates in urban area especially take place at heavy human traffic.

2.2.2 Causes of informal Sector

The driving force of informal sector is different from one country to another that affected by culture, politics and economic backgrounds. Before we go to specified cases based on countries causes of informal sector theories based on dominant school of thought. The schools debated on the causes based on the relationship between formal and informal sector. And also are different in countries or industries because of it work different contexts. However some factors apply in most of them is summarize in the following.

I. Rural-urban migration

Todaro (1981) argues many factors are for rural –urban migration in developing countries such as social factor, physical factors including climate, demographic factors including rural population growth, cultural factors and communication factors like improved transportation, modernization impact: Radio, Television and the Cinema. Also creation of one job in the formal sector is attracts more than one migrant. Due to push and/or pull factor of migration the rate of migration from the rural to the urban area will greater that of the number of jobs generated by the formal sector. The Todaro Model shows, so the urban informal sector has been able to generate employment for them by using labour-intensive technologies. This is directly opposite to Lewis model that his assumptions that the level of industrial growth and urbanization is more than that of the population and that the rate of migration from the rural to the urban area will equal that of the number of jobs generated by the formal sector. http://economics-exposed.com/rural-urban-migration-models/

Hayat, (2000) argues that case of informal sector is agricultural sector. Agricultural sector was unable to accommodate the rapidly growing labour force in the rural areas. This resulted in

higher rate of rural-urban migration particularly to most of them, lack skill and education coupled with the failure of the formal sector to generate additional employment, forced to participate informal activity which found to be the immediate and livelihood.

II. Lack of Growth

The dualist school belief that the informal sector is include of marginal activities but not related to the formal sector that provide income for the poor and a safety net in times of crisis (ILO, 1972). The pushing factor of informal activities is due to a slow rate of economic growth and/or a faster rate of population growth industrial sector cannot created job opportunity for surplus labour. According to the dualist school causes of informal sector is lack of growth (Chen, 2005).

III. Choice of illegal operation

The il-legalist school subscribes to the notion that informal sector driving by entrepreneurs purposely want to avoided costs of formally operating that regulations fee, taxation water and electricity cost. So that the school belief that the causes of informality are entrepreneurs chooses operate illegally (Maloney, 2007).

IV. The Pattern of Economic growth

Martha Alter Chen and Marilyn Carr (2001) argue the patterns of economic growth are the main factors of informal sector.

2.3 The Conceptual Framework

Migration in every part of the world is triggered by several factors, economic reasons not being the least among these factors. For instance, Long (2004) writing on rural urban migration in Britain, observed that several factors combined to make the populace mobile, the uneven spread of industrialization and economic modernization created wage differentials that induce migration.

On the other hand, those rural people who are relatively economically better off tend to migrate to the urban areas in search of a better standard of living. So it is pretty clear from the fact that there are two perspective groups of migrants from rural-urban though their needs are different. As a result of that, the migration framework should be quite different for both these groups. The determinants of migration of first group mainly, depend on the factor of job availability without being much concern about the qualitative aspect of that job, while target of the second group of migrants is the availability of basic amenities and standard job, mainly in the urban formal

sector. The rural poor being mainly unskilled look for the jobs in the informal sector. On the other hand relatively better off urban people having higher degree of education compare to the rest of the rural people, look for the skilled formal sector jobs. So there is a clear divide in the searching pattern of the migrants. One group searches for the urban formal sector job while other primarily targets the urban informal sector jobs with an intension to shift to the urban formal sector jobs by a process of 'learning-by-doing'.

As a result, there have been two kinds of migration flows in the urban areas from the rural areas. This is rural migrants to informal and formal sector. The study formalizes the following figure.

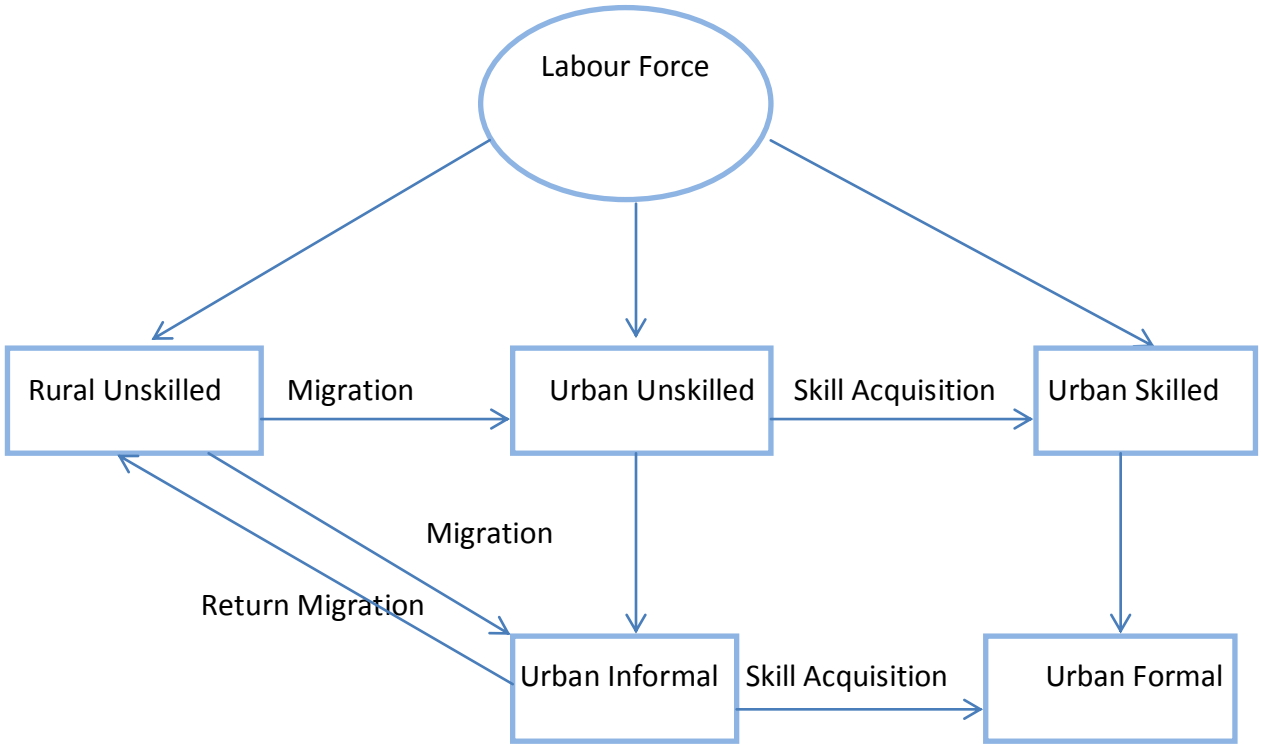

Figure 2. 1 Rural-Urban Migration and Inter sectorial Movement of Labour Framework

Source: Adopted from Rural-Urban Migration and Urban Informal Sector in India (2011) with modification.

Thus, internal migration is seen as a strategy to escape poverty and the negative effects of mal-economic development (Zohry, 2009). Specifically, the fundamental pull and push economic factors are common crucial impetuses for the migration and mobility of population across political or geographical boundaries round the globe especially in the developing countries

(Morrison and Swanso, 2004). However, the rate of labour force growth in cities is far greater than the rate of job creation in the urban formal economy. Unfortunately, the surplus labour arising from this imbalance in most cases do not engage in return migration to the rural and other origins, but either join the queue of the unemployed in cities or engage in casual jobs, and/or engage in human capital formation through the apprenticeship system that has wide prevalence in the urban informal sector.

The urban sector of most developing economies therefore remains an excess of both the unemployed and the mass of underemployed labour engaged in various forms of informal activities. Within the informal sector, some of the jobs that can be easily picked up in the informal sector are those that require low initial human and financial capital such as street trading, shoe shining, car washing and so on. Where the migrants have relations that could support them financially either in the city or from their rural origin, they take up skill training or other form of human capital development in the city with a view to becoming self-employed or gain the desired formal sector employment. In situation where there is no support, they strive to survive through street trading. Studies have confirmed that rural-urban migration has continued to aggravate urban joblessness considering the fact that the influx surpasses urban job creation and the capacity of both industry and urban social services (Todaro, 1980).

The need to study the pattern of internal migration and its income effect among street traders cannot be overemphasized in several respects. First, the high rate of rural neglect in the development process has led to a massive rural-urban migration to escape the drudgery of rural life .This increases the supply of labour to the cities in excess of the absorptive capacity of the formal sector enterprises both private and public. Majority of the excess labour get involved in jobs requiring low entry requirement which explains why the streets are filled with such hawkers and peddlers in city traffic in spite of various forms of harassment received by them from government officials. It is therefore very important to examine the profile of young street traders in order to determine their migration status and hence the welling implications of their occupation in spite of its many hazards.

2.4. Theoretical Literature of Migration

Arguments on the differences on migration causing factors exist not only among researchers from different disciplines, but also among researchers within one discipline. Here, I have divided theoretical discussion on migration into three different models: dual economy models which emerged in the 1950s and 1960s; Harris-Todaro models developed in the 1970s and 1980s; and microeconomic models which is called new economies of labour migration.

2.4.1 Dual Economy Models of Rural-urban Migration

The first theoretical explanation on rural-urban migration is the Lewis (1954) model of development, which tries to explain the transition from a stagnating economy based on a traditional rural sector to a growing economy driven by the development of a modern urban sector (Lall, Selod and et. al, 2006). They further add that according to Lewis theory, subsistence areas referring to rural:-the agricultural sector where the labor forces are suffering from unemployment and underemployment, and modernized areas: - the industrial sector where many employment opportunities are being generated and are also suffering from a labour shortage. Along the development course, the industrial sector is expanding and it requires more and more labour while the agricultural sector is stagnant with a labour surplus. Under these circumstances, the labour surplus in rural areas will supplement the labour shortage in urban areas, and in this way the rural-urban migration begins.

In this model, Lewis assumes that rural economies initially present a specific context in which there is surplus labour in the agricultural sector. On this consideration, the agricultural sector is able to supply labour force to the modern industrial sector which can grow by accumulating capital and steaming labour from the traditional agricultural sector. The transfer of the labour between two economic sectors involves the reallocation of the labour force across space through migration from low population density rural to high density of urban areas. Lewis adds that migration occurs until surplus labour is absorbed by the modern sector (Lall, Selod and et. al, 2006).

However, this model is criticized by some scholars and they emphasize that the assumption of zero marginal productivity and remuneration at the average product in the agricultural sector is more debatable. It appeared to inadequately describe the urbanization process of many

developing countries. In the late 1960s, urban areas experienced high levels of unemployment, hence this model might not tell the right story about rural-urban migration.

2.4.2 Todaro and Harris-Todaro Model of Rural-urban Migration

During the 1970s, Michael Todaro published a number of papers on migration related issues, and his papers have contributed greatly to the understanding of migration. The argument on the causes of rural-urban migration is based on his observation that throughout the developing world, rates of rural-urban migration continue to exceed the rates of job creation and to surpass greatly the capacity of both industry and urban social services to absorb this labor effectively (Todaro, 1976). The Todaro (1969) and Harris-Todaro (1970) models also consider the role of internal migration in a dual economy in which the urban sector draws labour force from the rural sector (Lall, Selod and et. al, 2006). In Lewis model, internal migration removed surplus labour force from rural areas and enabled the transition to a modern economy. In Todarian models, the focus is explaining the existence of unemployment in urban areas and its link with internal migration. According to Todaro, individual migration decisions are based on the difference between the discounted expected income streams in urban and rural areas net of migration costs. In his model, urban job seeker evaluate his discounted expected income stream in the city taking into account the endogenous probability of being employed. Thus, the main contribution to this model is to link urban employment and migrants flow.

Furthermore, according to the model by Todaro (1976); high levels of rural-urban migration can continue even when urban unemployment rates are high and are known to potential migrants. He suggests that a migrant will move even if he ends up being unemployed or receives a lower urban wage than the rural wage. This happens because the migrants expect that they will end up with some kinds of job that gives them a good compensation, and therefore they are willing to be unemployed or underpaid and to wait for a better job opportunity in the future. This argument explains the high flow of migrants from rural to urban areas but end up with unemployed.

However, this model is also criticized by many authors. The message they have provided is that internal migration can be harmful, which is exacerbated. This model only explains the static but migration is a dynamic phenomenon by nature. Other important aspects are missing, including

the heterogeneity of migrants which is not accounted for, the possibility of return migration, the existence of rural unemployment etc. It is almost silent about what happens in the rural areas. The assumption they have made on workers either employed in the manufacturing sector or unemployed has been criticized stating that unemployment could also be interpreted as underemployment in the informal sector. Furthermore, the assumption of migration led by expected income may overlook that migration can occur even when the urban expected income is below the rural income.

2.4.3 New Economies Models of Rural-urban Migration

Recent models of internal migration, called New Economies of Migration, adopt a complete change in perspective as they do not pretend to explain urban employment as presented by Harris-Todaro (Katz and Stark, 1986 cited in Lall, Selod and et. al, 2006). According to this model, migration takes place in a world of imperfect information that can account for the sorting of migrants according to their skills. The key assumption is that information about skills does not flow freely across labour markets. Sometimes, the employer in the origin can have better information on workers' productivity than employers' in the destination. In this situation, skilled workers may not find it beneficial to migrate. This is because skilled workers would be paid a lower wage in the destination than in the origin, where their skills are recognized.

Others have focused on alternative motivations to migrate which can contradict the view that the expected income differentials between rural areas and urban areas necessarily have to be positive in order to induce migration. This paradox can be explained when migration entails a small chance of reaping a very high reward. For example, when utility is assumed to increase with comparative wealth or with the ranking of the individual in the income distribution of his/her group of reference, he/she can still choose to migrate to the city in the hope of possible to increase his/her social status among rural residents and migrants. Thus, this model predicts that rural individuals whose income position is in an upward-sloping, he/she can decide to migrate in the hope to increase his/her social status even with only a small chance of a monetary gain.

Furthermore, rural-urban migration is job related in its nature. Therefore, it is natural to study migration as job-search framework. According to Vishwanathan (Selod and et. al, 2006), the models have three options involving different information flows and search: i) stay in the rural

areas, ii) engage in rural-based search for an urban job, iii) move to the city and engage in urban based search. This model also provides another explanation of income differential paradox, because when viewed in the context of a continuous programmer of job search, the dispersion in the distribution of job offered increases the value from urban-based search and migration. Bhattacharya (1998) in this regard adds that workers have to move to a particular location in order to be able to observe the quality of jobs offered at that location, which intends to repeat and return migration that can be obtained with job-search and incomplete information.

Singh (2005) argue that the urban labour market is being segmented, and distinguish between the urban formal sector and the urban informal sector, but do not see the informal sector as a stagnant and unproductive sector. In their view, it is economically rational for a low skilled worker to migrate to the informal sector without giving much attention to neither formal sector employment opportunities nor the relatively higher formal sector wages. They argue that these rural-urban migrants are not blinded by formal sector amenities, because they are fully aware of their potential and the limited opportunities in the formal sector. The informal sector provides job opportunities, which are on their own enough to attract agricultural workers, who work under harsh and uncertain conditions.

They further argue that rural urban migration induces as a demonstrative effect where the performance of the out-migrants in terms of money remitted to their families is easily visible for other residents and is a way to verify the success stories. It is because villages have a tight community, news (letters for example) about their urban experiences circulates quickly. So, rural to urban migration increases where skilled migrants are attracted to the formal sector, less-skilled migrants are engaged in the informal sectors. According to Bhattacharya (2002), migrants that have obtained a high level of education are most likely to be absorbed in the formal sector, while less educated, less skilled migrants are absorbed in the informal sector.

2.5 Empirical Literature

The empirical evidence only partly supports the theory. On the factors motivating migration it confirms that the wealth and education levels play a major role. Agesa (2001) used data from Kenya to show that skilled workers are more likely to migrate to urban areas. Another study from Kenya pointed out that the decision to migrate depends on education and migrant networks,

but not on household wealth (Giesbert, 2007). Ezra (2001) found for Ethiopia that individuals belonging to economically poor households in ecologically vulnerable communities have a higher propensity to out-migrate than those from less vulnerable regions. UNFPA (2005) revealed that the majority of migrants move because of economic reasons. This is also supported by Dang et al. (2003) and Niimi et al. (2009), both arguing that rural out-migrants shifted to urban areas to benefit from increased economic opportunities.

Unemployment as a macro economic problem has become a major characteristic of developing economy and remained an issue in all policies tailored towards development. Unemployment connotes a condition whereby individuals who are willing and able to work could not find suitable paid employment (Briggs, 1973). It is also described as the difference between the amounts of labour employed at current wage levels and working conditions and the amount of labour not hired at these levels.

Some of the reasons for high rural-urban migration include: rural neglect, drudgery of farming occupation, concentration of development of social infrastructures in the urban areas, among many other negative factors (Fadayomi, 1979). Thus, internal migration is seen as a strategy to escape poverty and the negative effects of mal-economic development (Zohry, 2009). However, the rate of labour force growth in cities is far greater than the rate of job creation in the urban formal economy. Unfortunately, the surplus labour arising from this imbalance in most cases do not engage in return migration to the rural and other origins, but either join the queue of the unemployed in cities or engage in casual jobs, and/or engage in human capital formation through the apprenticeship system that has wide prevalence in the urban informal sector.

The urban informal sector of most developing economies therefore remains a excess of both the unemployed and the mass of underemployed labour engaged in various forms of informal endeavors. Within the informal sector, some of the jobs that can be easily picked up in the informal sector are those that require low initial human and financial capital such as shop-keeping, street vending, shoe shining, car washing, domestic house-help, baby-sitting and so on. Where the migrants have relations that could support them financially either in the city or from their rural origin, they take up apprenticeship training or other form of human capital development in the city with a view to becoming self-employed or gain the desired formal sector

employment. In situation where there is no support, they strive to survive through street trading. Studies have confirmed that rural-urban migration has continued to exacerbate urban joblessness considering the fact that the influx surpasses urban job creation and the capacity of both industry and urban social services (Todaro, 1980).

The need to study the pattern of internal migration and its welfare effect among street traders cannot be overemphasized in several respects. First, the high rate of rural neglect in the development process has led to a massive rural-urban migration among the educated youths to escape the drudgery of rural life as pointed out earlier. This increases the supply of labour to the cities in excess of the absorptive capacity of the formal sector enterprises both private and public. Majority of the excess labour get involved in jobs requiring low entry requirement which explains why the streets are filled with such hawkers and peddlers in city traffic in spite of various forms of harassment received by them from public officials. It is therefore very important to examine the profile of young street traders in order to determine their migration status and hence the welfare implications of their occupation in spite of its many hazards. In addition, there is a dearth of studies of the migrant and street traders in general and that of the internal migration pattern of street traders in particular in Ethiopia. Scanty studies that are available are carried out in South Africa and Kenya (Mitullah, 2004), Asian countries (Nirathron, 2006), and Ghana (Davis, 2008) among others. Some studies carried out in Ethiopia Chalachew (2018) the role and characteristics of the Ethiopian urban informal sector and another one include the study of informal economy in Addis Ababa (Edmealem, 2018 and Elias, 2015). Thus, this study of street trading is expected to broaden our understanding in the areas of welfare implications of internal migration among street traders in the informal sector of Addis Ababa, Ethiopia.

2.6 Description of Hypothesis

These relations developed based on relationship of theories of rural urban migration and informal sectors that are:-

- **Relationship between migration and informal sector:-**

Rural-urban migration- the rate of migration from the rural to the urban area will greater that of the number of jobs generated by the formal sector. The Todaro Model shows, so the urban informal sector has been able to generate employment for them by using labor-intensive technologies (Todaro, 1981).

- **Relationship between Education, capital and informal sector:-**

The main characteristics of informal sector are small scale of operation, skills acquired outside the normal school system, (ILO, 1972). I tried to relate to this Educational level and initial capital with income of respondents.

- **Relationship between age, gender and informal sector:-**

Some writers associate informal sectors with age that and others with gender that majority of informal operators is child (young) and women respectively. For example the majority of women in both rural and urban areas of India are employed in the informal sector. R (Chhabra, 2003). Majority of those left out from formal job opportunity structure are women's (lourdesarizpe, 1977).

As a reflection of above relationships, following hypothesis are build:

Hypothesis1. Migrant will have positive effect on income of street trader.

Hypothesis2. Age has negative effect on the income of street trades operator.

Hypothesis3. Women street traders' respondents will have positive effect on income.

Hypothesis4. Level of education has negative effect on income of street trader.

Hypothesis5. Size of household has negative effect on income of street trader.

Hypothesis6. The operator's initial capital has positive effect on income of street trader.

Hypothesis7. Having skill before street trading will positive effect on income of street trader

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the rationalization of the research and methods that were employed in order to assure the overall aim of the study has been meet. This chapter provides the general overview of the research methodology used so as to arrive at valuable findings. Moreover, it describes the study area, research design and methodologies. It also provides detailed description of population, the sample and the sampling procedure, data collection techniques, and data analysis tools that adopted.

3.1 The Research Design

Research design is a comprehensive plan for data collection in an opinion research project. It is a blueprint" for empirical research aimed at answering specific research questions or testing specific hypotheses (Bhattacherjee, 2012).

In order to achieve the general objective of study, the researcher used descriptive research methods. Descriptive method is set out to describe and to interpret what is going on. Therefore, the study has been descriptive research with cross sectional data. With regarding to the research method, the study is survey since cross sectional data collected with the help of questionnaire.

This study follows quantitative research approach. In quantitative approach, survey design which provides a quantitative or numeric description of trends, attitude or opinion of a population by studying a sample of that population used.

The purpose of the quantitative aspect of this proposed study is to seek information that can be generalized about the relationship between rural urban migration and street traders' income based on socio economic and demographic characteristics. The study used survey design with a structured self-administered questionnaire.

3.2 The Research Methods

In this part of the study, the sample and sampling techniques, the instruments and procedures of data collection and methods of data analysis were thoroughly discussed.

3.2.1 Sampling Techniques and Sample Size

The survey study design was employed in this study. The data for this study were taken into account to get a representative sample of street traders in Addis Ababa using random sampling technique. First to be adopted was the purposive selection of four areas where street traders are attracted either due to their level of population density. The street treading areas selected are Piazza, Megenagna, Kolfe Aserasment and Torhighl .The researchers further randomly selected sixty-seven (67) street traders in each of the four areas making the total number of respondents for these study two hundred sixty-eight (268) street traders.

Sample size determination is the act of choosing the number of observations or replicates to include in a statistical sample. Therefore, based on the nature of our data and study probability to proportional size is used. The sample size of this study was determined by using the formula developed by Cochhran 3rd edition.

$$n = \frac{Z^2 . p. q.}{e^2}$$

$n=1.96^2 * 0.5 * 0.5/0.05^2 = 268$

Z= standard normal value at confidence 95% or generally given as $Z_{0.025} = 1.96$

e= allowable margin of error which is 5% or0.05

p = prevalence of problem in population which is 50% or 0.5

q =1-p which is 50% or 0.5

p=indicates that the probability that street traders income above the Minimum Wages which is 50% or 0.5

q =1-p= indicates that the probability that street traders income below the Minimum Wages which is 50% or 0.5

Thus, sample size of 268 street traders was selected for this research.

3.2.2 Data sources, data collection instruments and procedures

The main source of data is primary data collected through self-administered questionnaire to street traders in Addis Ababa City Administration. And also makes use secondary source like was censes data 2007, 2012 inter-censal survey data, research paper, magazines and publication materials.

This research analysis is categorized in quantitative analysis, used a method sample survey**.** The survey was using self-administered questionnaire through interview and individual discussions with the operators. The reason why the method chose take in to account topic and targeted group (street traders have no permanent address to give questionnaire interview and group discussion were difficult circumstance).

The questionnaire was prepared in English, but interview is done in Amharic (Ethiopians official language) due to education status of the respondent. Questionnaires for this survey included two groups of questions (characteristics of respondents & information on the activities in the street treading) and the interview cannot record cause of unwillingness of street traders related to lack of trust and it was difficult to due to respondent working behavior.

3.2.3 Measurement and Description of Study Variables

In this research, the variables of the study were determined from various literatures and research papers written on the related topics, which is presented on conceptual framework under the rural urban migration and income of street trader in urban informal economy, hence defining dependent and independent variables in quantitative researches is paramount significant.

Dependent Variable: a dependent variable of this research is income of street traders /informal operators, to measure the dependent variable; I was asked the following question how much is you expand in month?

Independent variable: To create independent variable I was asked respondents about the characteristics of them and activities of street trader. Indicator variables (independent variables) for this study are: Age, gender, and migration status, and educational level, household size, skill before trading, source of initial capital, and present capital of respondent.

3.2.4 Data Analysis Techniques

After data collected through questionnaire, its completeness was verified, coded and entered the computer using SPSS. The data was subject to analysis using an application software packages named as Statistical Package for Social Sciences (SPSS) version 20. Data analysis was performed using descriptive and inferential statistics. Descriptive statistics recommended for interval scale items include the mean for central tendency. Additional data analysis procedures appropriate for interval scale items would include the Pearson's r, ANOVA, and regression procedures.

3.2.4.1 Descriptive Statistical Analysis

Descriptive statistics was used to explore the patterns of important socio-economic, demographic and migration related characteristics, economic activities of migrants and non-migrants, well-being and job aspirations. Frequencies and percentages were used to analyze general information about respondents; to describe aspects of rural urban migration and reason and business characteristics of street trader and mean to describe income. The results were presented using tables accompanied with explanations.

3.2.4.2 Inferential Statistical Analysis

In Inferential statistical analysis, correlation and multiple linear regression analysis were used to determine the relationship between the independent variable (demographic and socioeconomic characteristics) and dependent variable (income); and to test the effect of demographic and socioeconomic characteristics on income of respectively. The results were presented using tables. Every table was accompanied by result interpretation. Correlation and multiple linear regressions are explained below.

3.2.4.2.1 Correlation Analysis

Correlation may be defined as the degree of relationship existing between two or more variables (Koutsoyiannis, 1977). The correlation coefficient (r) is a measure of the degree of covariability of the variables. The values that the correlation coefficient may assume vary from -1 to +1. When r is positive, there exists a positive correlation between the variables. r = +1 implies that there is a perfect positive correlation between variables. When r is negative, there exists a

negative correlation between the variables. r = -1 implies that there is a perfect negative correlation between variables. When r is zero, then the variables are uncorrelated. The closer the value of r is to one, the greater is the degree of covariability. On the other hand, the closer the value of r is to zero, the lesser is the degree of the covariability.

The quantity r, called the linear correlation coefficient, measures the strength and the direction of a linear relationship between two variables. The linear correlation coefficient is sometimes referred to as the Pearson product moment correlation coefficient in honor of its developer Karl Pearson (Samuel and Okey, 2015).

As statistical estimate, r is inevitability subject to some error and should be tested for its reliability by conducting some test of significance (Koutsoyiannis, 1977). While computing a correlation, the level of significance shall be set at 95% with alpha value of 0.05).

3.2.4.2.2 Multiple Regression Analysis

According to Gujarati (2004), the term regression was introduced by Francis Galton. Regression analysis is concerned with the study of the dependence of one variable, the dependent variable, on one or more other variables, the explanatory variables, with a view to estimating and/or predicting the (population) mean or average value of the former in terms of the known or fixed (in repeated sampling) values of the latter.

The multiple regression analysis was used to determine whether demographic and socioeconomic characteristics influence the income of street trader. The study takes the seven determinant factors as independent variables and the income of street trader as dependent variable in the regression model. The study used the following multiple regression model to establish the statistical significance of the independent variables on the dependent variable.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \square$$

Where; Y = Income of street traders

X_1 = Migration status

X_2 = Sex

X_3 = Age

X_4 = Household Size

X_5 = Start-up capital

X_6 =Skill before trading

X_7 = Education level

In the model, $\beta 0$ = Constant, β_1 to β_7 = Regression coefficients represent the mean change in the dependent variable for one unit of change in the independent variable while holding other independent variables in the model constant and = Error term which captures the unexplained variation in the model.

Assumptions in Multiple Linear Regressions

A multiple linear regression analysis is carried out to predict the values of a dependent variable, Y, given a set of p explanatory variables (x_1,x_2,….,x_p).

The main assumptions are:

1. There are no very extreme values in the data. That is, there are no outliers.
2. The residuals are normally distributed.
3. The residuals are not related to the explanatory variables.
4. We also assume that the residuals are not correlated with one another.
5. The residuals have constant variance, whatever the value of the dependent variable. This is the assumption of homoscedasticity. Sometimes textbooks refer to heteroscedasticity. This is simply the opposite of homoscedasticity

(http://www.statisticssolutions.com/assumptions-of-logistic-regression/)

3.3 Validity and Reliability

3.3.1 Validity

Validity is the extent to which a test measures what it claims to measure (Lakshmi and Mohideen, 2013). A measure is valid if it measures what it is supposed to measure. According to Kindy et al. (2016), content validity is the extent to which the items in an instrument cover the entire range of the significant aspects of the area being investigated. It is the degree to which the measurement device, in this case, the measuring questions in the questionnaire, provides sufficient coverage of the research investigative questions. To maintain the validity of the instruments, most of the questionnaires were adopted from previous researches. Some of the questionnaires were developed based on careful review of literatures.

3.3.2 Reliability

Reliability is the extent to which measurements are repeatable when different persons perform the measurements on different occasions under different conditions with supposedly alternative

instruments which measure the same thing (Drost, 2011). Reliability is consistency of measurement or stability of measurement over a variety of conditions in which basically the same results should be obtained. The most popular method of testing for internal consistency in the behavioral sciences is Cronbach's coefficient alpha. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. Gliem, A.J and Gliem,R.R (2003), provide the following rules of thumb: if " $0.9 < \alpha < 1$ – Excellent, $0.8 < \alpha < 0.89$ – Good, $0.6 < \alpha < 0.79$ – Acceptable, $0.5 < \alpha < 0.59$ – Questionable/Poor, and $\alpha < 0.5$ – Unacceptable".

An overall value of 0.848 was obtained which implied that good level of internal consistency of research instruments.

Table 3. 1 Cronbach's alpha reliability test

Reliability Statistics	
Cronbach's Alpha	**N of Items**
0.848	20

3.4 Ethical Consideration

First of all the study will be permitted from Addis Ababa University, college of development studies center for population studies in order to get acceptable the data that is will collect from individual respondent incorporate directly. The confidentiality of responses and information obtained from the respondent and key informant will be considered.

In addition, at the time of data collection the researcher gives respect to the participants and asks permission about their voluntariness for response. The researcher will also ethically consider not to put the participants at risk and not to act against the human rights of the county. For the analysis of the data collected the researcher ethically use only for this research project with integrity. The findings of the research were presented without any deviation from the outcome of the research. Also, the researcher gave full acknowledgements to all the reference materials used in the study.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

For the purpose of achieving the objectives of the study, the collected data was analyzed. The analyses were performed; first, descriptive analysis was conducted to assess the respondent demographic and socio-economic characteristics, wellbeing, their view on the issues related with street trading activities, their transition intension for future and an income model will be presented and discussed.

4.1 Descriptive analysis

To highlight the major results of the survey, summary and brief description on some of the survey results are given in this initial analysis. However, the detailed hypothetical test, income of people operates in the informal sector with different factors. Such as gender, age, household size, migrant status, educational level, skill before trading, and start-up capital are presented in the main analysis (inferential analysis).

4.1.1 General Characteristics of Respondents

Data were collected from the samples of the population and summarized via frequency and percentage has been undertaken in the study.

Gender of Respondents

The study sought and obtained gender details of the respondents as shown in table 4.1.

Table 4. 1 Gender of respondents

Gender	**Migration Status**					
	Migrants		**Non-Migrants**		**Total**	
	Frequency	**Percent**	**Frequency**	**Percent**	**Frequency**	**Percent**
Male	135	50.4	36	13.4	171	63.8
Female	87	32.5	10	3.7	97	36.2
Total	**222**	**82.9**	**46**	**17.1**	**268**	**100.0**

Source: Survey (2019) SPSS Output

This section examines the profile of migrants and non-migrants in urban informal street trading against the background of some of the existing literature on rural-urban migration in developing countries. As shown in Table 4.1, one major observation of urban informal sector activities in Addis Ababa is that the majority of street traders are male individuals 63.8 % who are engaged on self-employment. Even among the migrants, majority 60.8% are of male gender as compared to the female.

4.1.1.2 Distribution of respondents based on place of birth

Table 4. 2 Place of birth

Place of birth	**Migration Status**				**Total**	
	Migrants		**Non-Migrants**			
	Frequency	**Percent**	**Frequency**	**Percent**	**Frequency**	**Percent**
Addis Ababa	-	-	46	100.0	46	17.2
Tigray	11	5.0	-	-	11	4.1
Amhara	34	15.3	-	-	34	12.7
Oromia	25	11.3	-	-	25	9.3
SNNP	152	68.5	-	-	152	56.7

Source: Survey (2019) SPSS Output

As shown in Table 4.2 SNPP region has the largest proportion of migrant street traders 56.7% Amhara and Oromia region followed by 12.7% and 9.3 % respectively. This shows that street traders of Addis Ababa most of them came out of Addis Ababa.

This share with findings: assessment of driving factors, transition intention and constraints of urban informal economy of Addis Ababa: which was most of street traders are come out of Addis Ababa (Edmealem Esubalew, 2018).

4.1.1.3 Time of Arrival at Addis Ababa among Migrants

According to the figures reported in Table 4.3 below, a high proportion of these migrant street traders are recent residents in Addis Ababa about 51.8 % percent of them settled in their present locations after between year 2007 and 2011 this might be the internal conflict or political instability of same regional, 38.7 % who arrived between 2002 and 2006. Only 9.5 percent arrived before 2002. So, internal conflicts one major causes of rural urban migration, the government have to work hard in peace building and conflict management.

Table 4. 3 Time of Arrival

Migrants Time of Arrival Addis Ababa	**Frequency**	**Percent**	**Cumulative Percent**
before 2002	21	9.5	9.5
2002-2006	86	38.7	48.2
2007-2011	115	51.8	100.0
Total	**222**	**100**	

Source: Survey (2019) SPSS Output

4.1.2 Demographic characteristics of respondents

The first part of the questionnaire consists of six items about demographic characteristics of the respondents. It covers the personal data of respondents, such as sex, age, migration status, marital status and household size. Table 4.4 reveals the total demographic characteristics of street traders in Addis Ababa. The average age is 26 year and most them are male 63.8%.

In order to test the selectivity theory of migration, i.e. whether migrant street traders in this study are a selective group with specific attributes already identified in the literature, migrants are compared with non-migrant street traders in Addis Ababa.

Table 4. 4 Percentage Distribution of Demographic characteristics

Demographic characteristics	Category	Migration Status				Total	
		Migrants		Non-Migrants			
		Frequency	Percent	Frequency	Percent	Frequency	Percent
Age	20 and under	5	2.3	0	-	5	1.9
	21-25	75	33.8	16	34.8	91	34.0
	26-30	134	60.4	29	63.0	163	60.8
	31-35	8	3.6	1	2.2	9	3.4
	Never married	111	50.0	30	65.2	141	52.6
Marital Status							
	Married	111	50.0	16	34.8	127	47.4
Household Size	Mean (Average)	2		2			

Source: Survey (2019) SPSS Output

According to Table 4.4, migrant and Non-migrant street traders are concentrated between 26 to 30 years of age, where most rural-urban migrants and non-migrants were found in the age group 26 to 30 is 60.4% and 63% respectively, also the mean age of the street traders is 26 year. And the mean age between migrant and non-migrant street traders there is no significant difference which is 26.42 and 26.34 year respectively.

The marital status of street trader of the total 52.6 % never married, 50% of migrant and 34.8% non-migrant were married and 65.2% of non-migrant never married .This shows non-migrant street trader high proportion of married.

Regarding to household size of street trader was 2 for both migrant and non-migrant This shows there is high proportion of street trader of migrants were married and the household size were small, being street trader has impact on fertility.

4.1.3 Socio Economics characteristics of respondents

The overviews of the socio-economic characteristics of street traders in Addis Ababa are presented in Table 4.5 From 268 respondents 222 of them are migrants and 46 are non-migrants

and the average monthly income is 896 birr and 56% attained primary education. In terms of educational attainment 48.9% migrants and 7.1% of non-migrants are primary education. This shows migrants street traders a higher proportion of persons with primary education. This pattern of educational attainment among street traders is in direct correlation with the high rate of unemployment among the educated youths, especially primary and under primary school in the Addis Ababa labor market.

In terms of type of work, 98.9% of street trader of Addis Ababa is self-employed. Most migrants and non-migrants are alike in self-employment. They are basically "own" account workers or self-employed given the fact that street trading is largely a non-restrictive "unorganized" informal sector activity that can accommodate all kinds of people working for survival in an economy suffering from a high rate of unemployment and under-employment in the formal sectors.

Most of migrants and non-migrants have no skill. Regarding to initial capital of street traders were less than 1000 birr 65.7% and 1000 to 5000 birr 34.3 %. Also both migrants and non-migrant of street trader initial capital were less than 1000 birr .This shows that to join informal economic street trader in Addis Ababa need small amount of start-up capital.

Given the usually low capital inputs required in informal activities such as street trading, most migrants and non-migrants operate their activities with less than 1,000 birr initial capital. The major source of funding deployed to their trading activities is from personal savings. About 89.2% of the migrants and 89.1% of non-migrants depend on personal saving source of capital.

Generally, street trading is not considered to be one of the high educational occupations in Ethiopia by school leavers; in most cases, it is regarded as the last option for job seekers. It is an informal occupation which is non-restrictive in terms of education and skills requirements, space, and low capital demanding.

Table 4. 5 Distribution of Socio-economic characteristics by Migration status

Socio-economic Variables	Category	Migration Status					
		Migrants		Non-Migrants		Total	
		Frequency	Percent	Frequency	Percent	Frequency	Percent
Educational Level	No formal education	54	20.1	6	2.2	60	22.4
	Primary education	131	59.0	19	7.1	150	56
	Secondary	37	13.8	21	7.8	58	21.6
Employment status	Self-employed	219	98.6	46	100	265	98.9
	Employees	3	1.4	-	-	3	1.1
Skill before street trading	Yes	121	54.5	19	41.3	140	52.2
	No	101	45.5	27	58.7	128	47.8
Source of initial capital	Personal saving	198	89.2	41	89.1	239	89.2
	Family or Friends	24	10.8	2	4.3	26	9.7
	Others	-	0.0	3	6.5	3	1.1
Initial Capital/Startup capital	Less Than 1000 Birr	148	66.7	28	60.9	176	65.7
	1000-5000	74	33.3	18	39.1	92	34.3
Present Capital	Less Than 1000 Birr	10	4.5	4	8.7	14	5.2
	1000-5000 Birr	160	72.1	34	73.9	194	72.4
	Over 5000 Birr	52	23.4	8	17.4	60	22.4

Source: Survey (2019) SPSS Output

4.1.4 Reasons to become street traders and business characteristics.

The reason of engage in street trading in Addis Ababa is 51.1 % of prefers self-employment and 40.3 % to get money for another business. Similarly for migrant and non-migrants street traders which are 48.6% and 63 % respectively prefers self-employment. The type of trading is 79.1 % product seller and 20.9 % services giver. And also migrant and non-migrant high proportion of product seller which is 80.1% and 73.9% respectively. This shows most street trading engaged on product selling, which is practically observed in Addis Ababa street. Also the product sellers' sources of product supply were wholesalers. Their sources of goods supply point to the strong linkages between the informal and formal sector activities as migrants and non-migrants alike depend largely on whole sale distributors in the organized private sector for the goods being retailed on the streets treading.

Table 4. 6 Distribution reasons to become street traders and business characteristics.

Variables	Category	Migration Status					
		Migrants		Non-Migrants		Total	
		Frequency	Percent	Frequency	Percent	Frequency	Percent
Why you engage in street trading	Prefers self-employment	108	48.6	29	10.8	137	51.1
	Yet to secure the desired job	6	2.7	-	-	6	2.2
	No other job after losing the former	17	7.7	-	-	17	6.3
	To get money for another business	91	41.0	17	37.0	108	40.3
Types of trading	Product seller	178	80.2	34	73.9	212	79.1
	Services	44	19.8	12	26.1	56	20.9
Sources product supply	Wholesaler	180	81.1	35	76.1	214	99.5
Nature of trading	Sedentary	168	75.7	32	69.6	200	74.6
	Hawking/Peddling	54	24.3	14	30.4	68	25.4

Source: Survey (2019) SPSS Output

According to Table 4.6: a high proportion of migrant and non-migrant street traders are prefer as a source of self-employment. Rather, a relatively higher proportion of them, i.e. the migrant street traders, are in this trade either to acquire enough capital for other businesses or as a stop-gap before getting the desired job in the formal urban employment sector.

Most street trading activities are carried out by peddling the products for sale. However, slightly more migrants than non-migrants carry out their street trading by operating from road-side stalls rather than hawking goods, which are in most cases shoes, clothes, house equipment and food items.

4.1.5 Perception of Well-Being and Future Job Aspirations

Table 4. 7 Perception of Well-Being and Future Job Aspirations

Variables	Category	Migration Status					
		Migrants		Non-Migrants		Total	
		Frequency	Percent	Frequency	Percent	Frequency	Percent
Status of Well-being	Better-off	127	57.2	33	71.7	160	59.7
	No Change	95	42.8	13	28.3	108	40.3
Looking for another Job	Yes	217	97.7	45	97.8	262	97.8
	No	5	2.3	1	2.2	6	2.2
Future career prospect	Self-employment in the informal sector	3	1.4	-	-	3	1.2
	To start personal business in the formal sector	146	65.8	46	100.0	192	77.1
	Return to the rural area provide firm rural base	73	57.2	-	-	73	27.2

Source: Survey (2019) SPSS Output

In spite of the fact that street trading is not a job of first priority for the respondents in this study, yet, many of them reported welfare enhancement in street trading compared to their previous engagements. Table 4.7 describes the perception of street traders of their well-being (as street traders) and future job aspirations. A higher proportion of migrants and non-migrant counterparts have a much more positive feeling of well-being as street traders in spite of the fact that both groups have benefited from street trading.

However, when examine the future job aspirations of street traders and why they were into street trading, it can be inferred that the preference for street trading on the account of self-employment is as strong a reason as a source of raising funds for another endeavor.

Given the high level of unemployment in the national economy, many of the unemployed had to take up street trading as a coping strategy since there is no system of unemployment endowment that can provide funds for basic necessities of life. This study found out if there had been a welfare change to respondents since they engaged in the informal street trade in the urban economy in addition to finding out the future career expectation of the operators.

The responses from the sampled street trading operators revealed that 59.7% of the respondents reported improved welfare since they engaged in street trading. Disaggregated by migration status, over 57% of those reporting improved welfare are migrants while the remaining 71.7% are non-migrants. In terms of future career prospect, 77.1% of the respondents reveal strong preference for changing job and/or go to start personal business in the formal sector and 27.2% of migrants return to the rural areas.

This shows that, internal migration is seen as a strategy to escape poverty and the negative effects of economic development (Zohry, 2009) and the rate of labour force growth in cities is far greater than the rate of job creation in the urban formal economy. Therefore, the surplus labour arising from this imbalance in most cases does not engage in return migration to the rural and other origins.

4.2 Relationship between rural urban migrant demographic & socioeconomic determinants and income

The third objective of the study was to examine the relationship between rural urban migration and income of street trader in Addis Ababa. Inferential statistical analysis, correlation and multiple linear regression analysis were used to examine the relationship between the independent variable (demographic and socioeconomic characteristics) and dependent variable (income or monthly expenditure).

4.2.1 Correlation Analysis

The sign of the correlation coefficient determines whether the correlation is positive or negative. The magnitude of the correlation coefficient determines the strength of the correlation. The strength of correlation can be described using the guide that Evans (1996) suggests for the absolute value of r as cited in (Beldjazia and Alatou, 2016). If "r = 0.00-0.19 - very weak, r= 0.20-0.39 - weak, r = 0.40-0.59 - moderate, r = 0.60-0.79 - strong and r = 0.80-1.0 - very strong".

Pearson correlation coefficients were determined with the objective to obtain information about the relationships between the dependent and independent variables as presented in table 4.8.

Table 4. 8 Correlation coefficients between dependent and independent variables

		Monthly income (in birr)	Migrant status	Age	House hold size	Skill before trading	Educational Level	Sex	Start Up Capital
Monthly income	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	268							
Migrant status	Pearson Correlation	.691**	1						
	Sig. (2-tailed)	.000							
	N	268	268						
Age	Pearson Correlation	-.520**	. 342*	1					
	Sig. (2-tailed)	.000	.043						
	N	268	268	268					
Household size	Pearson Correlation	-.677**	-.085*	.543**	1				
	Sig. (2-tailed)	.000	.045	.000					
	N	268	268	268	268				
Skill before trading	Pearson Correlation	.505*	.100	-.233**	-.180**	1			
	Sig. (2-tailed)	.037	.104	.000	.003				
	N	268	268	268	268	268			
Educational Level	Pearson Correlation	-.471**	-.265**	-.050	.087	-.005	1		
	Sig. (2-tailed)	.005	.000	.417	.158	.930			
	N	268	268	268	268	268	268		
Sex	Pearson Correlation	-.096	-.137*	.198**	.116	-.005	.038	1	
	Sig. (2-tailed)	.119	.025	.001	.058	.934	.540		
	N	268	268	268	268	268	268	268	
Start Up Capital	Pearson Correlation	.689**	.083	.113	-.093	-.011	-.197**	.009	1
	Sig. (2-tailed)	.000	.178	.065	.129	.863	.001	.885	
	N	268	268	268	268	268	268	268	268

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Survey (2019) SPSS Output

The results indicated that there is a positive and significant correlation between migration and income ($r=0.691$, $p<0.01$). According to Evans (1996) magnitude of correlation, the relationship between the two variables is strong. In addition, the result indicated that age of street trader is negative and significantly correlated with income ($r=-0.520$, $p<0.01$). Consequently, the relationship between the two variables is moderate.

The results also showed that household size is negative and significantly correlated with income ($r=-0.677$, $p<0.01$) which indicates strong relationship between the two variables. Further, the result indicated that skill before trading was moderate relationship with income which is positive and significant at ($r=0.505$, $p<0.05$).

From the results table 4.9, the correlation between education and income is negative and significant ($r=-0.471$, $p<0.01$) which is moderate relationship between the two variables according to the correlation magnitude of Evans (1996).And also, strong and statistically significant positive correlation is found between start-up capital and income with ($r=0.669$, $p<0.01$).

Generally, the correlation analysis showed that there is a positive and statistically significant relationship between demographic and socioeconomic determinants and income of street trader of Addis Ababa.

4.2.2 Regression Analysis

A multiple regression analysis was carried out to determine the influence of independent variables on the dependent variable. Multiple regressions also used to determine the overall fit (variance explained) of the model and the relative contribution of each of the predictors to the total variance explained.

According to Balance (2004), the correct use of the multiple regression models requires that several critical assumptions be satisfied in order to apply the model and establish validity. Inferences and generalizations about the theory are only valid if the assumptions in an analysis have been tested and fulfilled.

Before carrying out multiple regression analysis, the researcher has checked the required assumptions that the data must meet to make the analysis reliable and valid. The following assumptions of multiple linear regressions were tested using SPSS.

1. Linearity assumption: Linearity defines the dependent variable as a linear function of the predictor (independent) variable (Balance, 2004). Linearity assumption was tested by producing scatterplots of the relationship between each of independent variable and the dependent variable. By visually looking at the scatterplot produced by SPSS, the relationship between each independent variable and the dependent variable found to be linear except sex as shown in appendix I.

2. Multicollinearity assumption: Multicollinearity is a statistical phenomenon in which there exists a perfect or exact relationship between the predictor variables. When there is a perfect or exact relationship between the predictor variables, it is difficult to come up with reliable estimates of their individual coefficients. It will result in incorrect conclusions about the relationship between outcome variable and predictor variables (Alibuhtto and Peiris, 2015). According to Reddy et al. (2013) the most widely applicable method of detecting the multicollinearity is variance inflation factor (VIF) and it is very accurate in determining the problem of multicollinearity. The common thumb rule is if any of the VIF values exceeds 5 or 10, it implies that the associated regression coefficients are poorly estimated because of multicollinearity.

Accordingly, collinearity diagnostics was conducted using SPSS and VIF values found to be less than the values stated in the rule of thumb which shows that multicollinearity was not a problem as shown in appendix I.

3. Normality assumption: Multiple regressions assume that variables have normal distributions. This means that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve. Two common methods to check normality assumption include using a histogram (with a superimposed normal curve) and a Normal P-P Plot. It can be concluded that normality is guaranteed as the histogram generated is normally distributed and the P-P plot follows the diagonal reference line as shown in appendix I.

4. Homoscedasticity assumption: The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables. This means that errors are spread out consistently between the variables. This is evident when the variance around the regression line is the same for all values of the predictor variable. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value. Ideally, residuals are randomly scattered around zero (the horizontal line) providing even distribution. Heteroscedasticity is indicated when the scatter is not even; fan and butterfly shapes are common patterns of violation.

To assess homoscedasticity, the researcher created a scatterplot of standardized residuals versus standardized predicted values using SPSS and found that heteroscedasticity was not a major problem as shown in appendix I.

After the data was checked for the above required multiple regression assumptions and confirmed that it has meet all these assumptions, multiple regression analysis was carried out to determine how well the regression model fits the data (model summary), independent variables statistically significantly predict the dependent variable (ANOVA) and statistical significance of each of the independent variables (regression coefficients).

4.2.2.1 Model Summary

As indicated in the below model summary table (table 4.9), The "R" column represents the value of R, the multiple correlation coefficient. R value of 0.851 indicates very strong correlation between income of street trader and the seven independent variables which shows a good level of prediction. The "R Square" column represents the R^2 value (also called the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the independent variables. As shown from the table, R^2 value of .725 indicates that 72.5% of the variation in the income of street trader in Addis Ababa can be explained by the demographic & socioeconomic determinants (independent variables included in the model).

Table 4. 9 Model summary

Model Summary[b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.851[a]	.725	.714	.50151	2.138

a. Predictors: (Constant), Educational Level new, Do you have skill before trading , Sex of respondents , Start Up Capital, Household size, Are you Migrant, Age of respondents

b. Dependent Variable: Monthly income (in birr)?

Source: Survey (2019) SPSS Output

4.2.2.2 ANOVA Model Fit

The F-ratio in the below ANOVA table (table 4.10) tests whether the overall regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable, $F = 23.459$, $p < 0.05$ (i.e., the regression model is a good fit of the data).

Table 4. 10 ANOVA model fit

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3931.57	7	561.37	23.459	.000[b]
	Residual	6223.22	260	239.53		
	Total	10154.79	267			

a. Dependent Variable: Monthly income (in birr)

b. Predictors: (Constant), Educational Level new, Do you have skill before trading , Sex of respondents , Start Up Capital, Household size, Are you Migrant, Age of respondents

Source: Survey (2019) SPSS Output

4.2.2.3 Regression Coefficients

Table 4. 11 Regression coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	533.108	396.995		1.343	.030
	Migrant status	964.163	83.632	.591	11.529	.000
	Sex	-15.815	64.188	-.012	-.246	.806
	Age	-33.665	14.691	-.140	-2.292	.023
	Household size	-110.580	29.406	.223	3.760	.000
	Start Up Capital	26.063	.044	.073	1.440	.002
	Having skill before trading	66.448	62.064	.054	1.071	.013
	Educational Level	-38.345	76.873	-.026	-.499	.618

a. Dependent Variable: Monthly income (in birr)

Standardized Coefficients

The standardized coefficients are useful to know which of the different independent variables is more important. They are used in comparison of impact of any independent variable on the dependent variable. As indicated in regression coefficients table (table 4.11), migration had the highest standardized coefficient (.591) followed by household size (.223). This revealed that migration and household size had higher relative effect on the income street trader. Age, startup capital, skill before trading, education level and sex ranked from three to six respectively in their relative importance on income of street trader.

As it can be seen from the regression coefficient table, the predictor variables of migration status, age, household size, start-up capital and having skill before trading are statistically significant in predicting income of street trading because all their p-values are less than alpha level of 0.05. However, the p-value for sex (0.806) and educational level (0.618) are greater than alpha level of 0.05, which indicates that they are not statistically significant which shows that changes in both variables are not associated with changes in the dependent variable (income of street trader). This may be due to street trading practice cannot sex segregation working area and since it is informal sector no need of education. And also as literatures showed in the second chapter of the study relations developed based on theories of rural urban migration and informal as table 4.11 shows migrant has positive effect, age has negative effect, women have positive effect, Level of

education has negative effect , Size of household has negative effect, initial capital has positive effect and Having skill before street trading have positive effect on income of street trader. Therefore null hypothesis are all accepted.

Unstandardized Coefficients

Unstandardized coefficient denotes the change in the dependent variable with a unit change in the independent variable. But they are not comparable in terms of impact on the dependent variable. As stated in chapter three, the study used the following multiple regression model to establish the statistical significance of the independent variables on the dependent variable.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \varepsilon$$

Where; Y = Income of street traders

X_1 = Migration status

X_2 = Sex

X_3 = Age

X_4 = Household Size

X_5 = Start-up capital

X_6 =Skill before trading

X_7 = Education level

In the model, $\beta 0$ = Constant, β_1 to β_7 = Regression coefficients represent the mean change in the dependent variable for one unit of change in the independent variable while holding other independent variables in the model constant and ε = Error term which captures the unexplained variation in the model.

$$Y = 533.11 + 964.16X_1 - 15.82X_2 - 33.67X_3 - 110.58X_4 + 26.06X_5 + 66.49X_6 - 38.35X_7 + \varepsilon$$

The constant value ($\beta_0 = 533.11$) shows that income of street trader of Addis Ababa would be 533.11 if other variables of the model were zero. Similarly, a beta coefficient of 964.16 indicates that when respondents became a migrant a change in the in the income of street trader 964.16. In addition, the Error term (ε) estimate was assumed to be zero.

Regression coefficient results shows that five out of the seven variables are statistically significant in predicting the income of street trader in Addis Ababa. The statistically significant variables are migration status, age, Household size, startup capital and skill before trade as evidenced by their P-values ($P<0.05$). This indicates that an increase in these variables results in an increase in the income street trader.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This study examines the income opportunities being enjoyed by migrants and non-migrants of street traders in Addis Ababa. And found out that 82.8% of street traders are migrants, 60.8% are male and the average age and average income of street trade of Addis Ababa is 26 year and 1,111 birr respectively. While about 90.5 % of them arrived their destination within the last decade (2002-2011) or less. In terms of welfare, 55% of the migrants reported improved welfare and 71.43 % among non-migrants. In spite of this, however, 97.7% of the migrants are keen on securing other job as compared with about 97.8% among non-migrants.

The relationship between demographic and socio-economic characteristics to the income of street traders based on the model obtained, it was found that variables that influence the income of street traders are being a migrant highly enhances income rather than otherwise. In addition, other demographic and socio economic variables like age, household size, startup capital and having skill before trading are statistically significant in their contribution to income in the street trading of Addis Ababa. Age of street trader has negative effect on the income, those young street trader they can be done her and there in the street of Addis Ababa. The model also shows that the having skill street traders increase in their income. Those who have not skill before joining street trade tend to have lower incomes than having skill street trading. The street traders how have limited (small) household size were get higher income, this is similar with different literature as the household number increased expenditure. Also the startup capital of street trading has positive effect on the income.

An important implication for policy formulation and further research can be gleaned from this study. The findings of this study suggest that in the current situation of high open unemployment in urban and rural areas of Ethiopia, migrating to the cities to take up informal economy activity like street trading is an economically rewarding venture among the unemployed and the underemployed from different region of Ethiopia. Thus, despite the dearth of formal sector wage employment, migrating to the cities is economically rewarding for the migrant by providing immediate source of sustenance as well as promising a platform for future desired career

development. This attraction and the resultant continual rural-urban migration are expected to compound the social and economic problems in cities.

Therefore, policy measures that will create income and employment opportunities in the regional stat, either in formal or informal sector is expected to stem the pressure of rural-urban migration in Addis Ababa. More importantly, provision of cheap source of capital for the skilled persons among the street traders would be an encouragement to stop them from the risky activity of street trading and thus provide opportunity of regular employment.

5.2 Recommendations

Based on the results obtained in this study the following recommendations are drawn**:**

- The regional state government bodies have to create mass job opportunity for youths in the place of origin.
- Addis Ababa city administration has to introduce a new rule on how to handle and manage rural urban migrant engaged in the informal economy particularly in street trading to gradually transform them to the formal economic sector.
- Street trading empowerment program should be developed by the government to improvement of business capability; facilitation of access to capital; facilitation of trade facilities assistance and coaching and technical guidance.
- The government needs to take effective initiatives for strengthening the capacity and skills of street traders through training, access to credit, and improvement of infrastructure and information flows. Particularly with respect to food and product seller, to ensure the safety of food and product sold in the streets, it may be necessary to license Street trading and provide training on food hygiene and quality product supply, thereby improving the health and safety of citizens at a national level.

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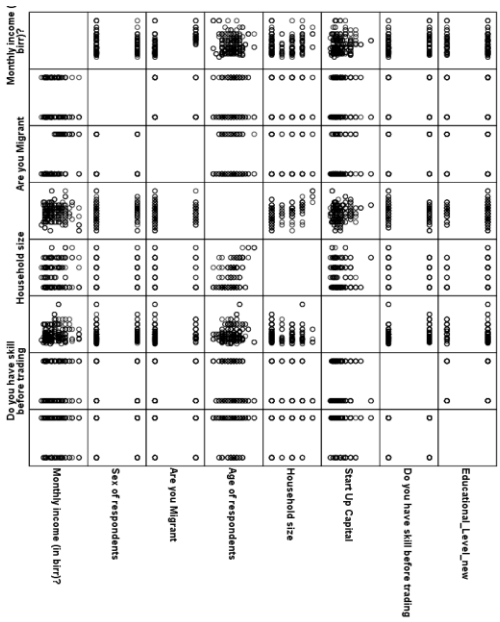
Appendix

Appendix I SPSS output table

1. Linearity of relationship test



Source: Survey (2019) SPSS Output

2. Multicollinearity Test Result

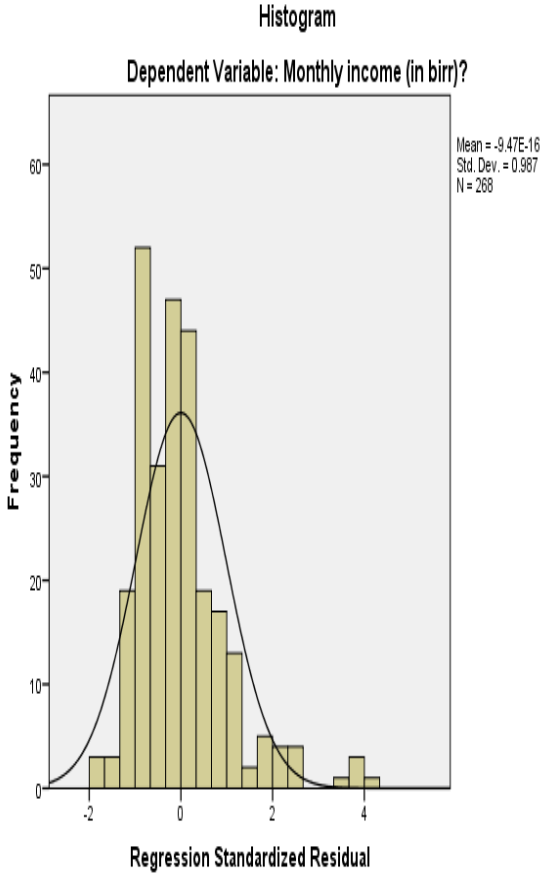
Coefficients[a]

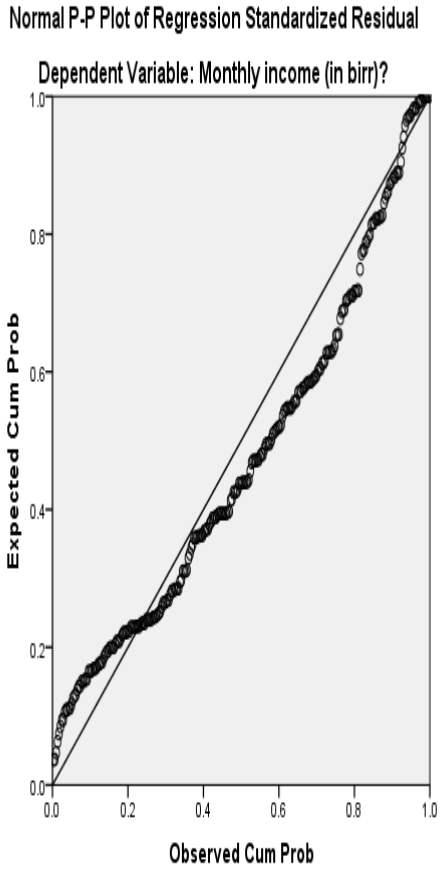
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Sex of respondents	.939	1.065
	Are you Migrant	.898	1.113
	Age of respondents	.635	1.575
	Household size	.669	1.495
	Start Up Capital	.925	1.081
	Do you have skill before trading	.929	1.076
	Educational Level new	.891	1.122

Dependent Variable: Monthly income (in birr)

Source: Survey (2019) SPSS Output

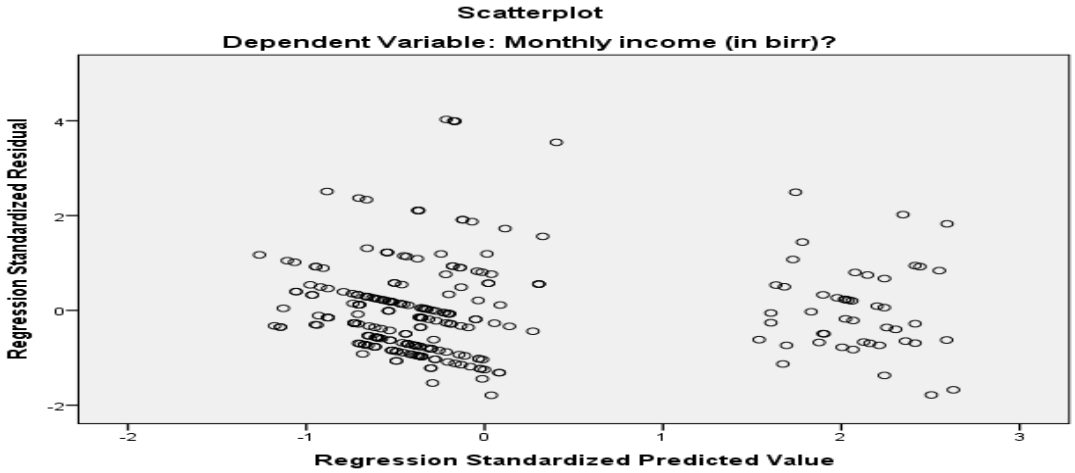
3. Normality Test





Source: Survey (2019) SPSS Output

4. Homoscedasticity Test



Source: Survey (2019) SPSS Output

Appendix II .Research Questioner

ADDIS ABABA UNIVERSITY COLLEGE OF DEVELOPMENT STUDIES

CENTER OF POPULATION STUDIES

Dear research respondent

The general objective of this research is to examine the employment and income opportunities being enjoyed by migrants and non-migrants in street trading sub-sector of the urban informal economy in Addis Ababa City.

So in the research question

The response that you give in the questioner has a garter role for the research; therefore I will your commitment to respond the appropriate answer for the listed research question.

General Directive

- Read carefully the directive before you respond.
- For multiple choose questioner put this sign 'X' in front of the alternative chooses.
- No need have to write your name.

For your cooperativeness I would like to say thank you

No	Questioner / Variables	Alternative response	
	Part 1: Demographic character of respondent		
1.1	Are you?	Male	
		Female	
1.2	Are you Migrant?	Yes	
		No	
1.3	If yes to 1.2 Place of birth (which region)		
1.4	If yes to 1.2 when did you come to Addis (in years)?		
1.5	What is your Age?		
1.6	What is your Marital Status?	Never married	
		Married	
		Divorce	
		Widowed	
1.7	Number of household size		
1.8	Why you engage in street trading	Prefers self-employment	
		Yet to secure the desired job	
		No other job after losing the former	
		To get money for another business	
		Others	

No	Questioner / Variables	Alternative response	No
	Part 2: Economic status of respondents		
2.1	Education level?	Able to read and write	
		No formal education	
		Primary education	
		Secondary education	
		Higher Secondary & above	
2.2	Your Employment status	Self-employed	
		Employees	
		Others	
2.3	If you are Self-employed how much your initial capital(in birr)		
2.4	If you are Self-employed how much your present capital Worth (in birr)		
2.5	Types of trading	Product seller	
		Services	
2.6	If you product seller who is sources product supply	Wholesaler	
		Retailer	
		Importer	
2.7	Source of initial Capital	Personal Saving	
		Family/Friends	
		Cooperative	
		Others	
2.8	Nature of trading	Sedentary	
		Hawking/Peddling	
2.10	Monthly income (in birr)?		
2.11	Do you have skill before trading	Yes	
		No	
	Part 3 Well-Being and Future job aspirations		
3.1	Status of Well-being	Better-off	
		No Change	
		Worse off	
3.2	Do you Looking for another Job?	yes	
		No	
3.3	If yes 3.2 what is future career prospect?	To go farther for higher education	
		Travel abroad for better job	
		Settle dawn in self-employment in the informal sector	
		To start personal business in the formal sector	
		Return to the rural areas provide firm rural base.	
		Other	