



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

MASTER OF BUSINESS ADMINISTRATION PROGRAM

**ASSESSMENT OF DRIVING FACTORS, TRANSITION INTENTION AND
CONSTRAINTS OF URBAN INFORMAL ECONOMY: THE CASE OF
STREET VENDORS IN ADDIS ABABA CITY ADMINISTRATION**

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Abstract

The informal economy plays an important, yet often overlooked, role in economy throughout the world. Informal activities can provide a much needed source of income for a great number of people. At the same time, informality motivated by regulatory distortions, tax evasion, or in the pursuit of illegal activities can be a development trap that deprives governments of needed funds and leaves participants without legal protection. The main aim of this study has been to assess the driving factors, transition intention and constraints of urban informal economy, the case of street vendors in Addis Ababa city administration. The informal economy is an important part of economic, social and political life in most developing, as well as some developed economies. To understand the contribution of informal economy to employment opportunity and GDP, several scholars have conducted researches on informal economy focusing on the causes and constraints at international and national level. This study used a qualitative research method. Questionnaire and in-depth interview were used to gather pertinent data for the study. The collected questionnaire survey data were analyzed using SPSS version 22 software. The researcher has taken 198 street vendors purposively for survey questionnaire and the sample size calculated using sample size determination formula for unknown population size. In-depth interview was also conducted with selected street vendors. Descriptive statistics such as percentages, frequencies and tables are used to analyze and present the data. The study found that the main factors determining the reason in the informal sector are unable to fulfil criteria of formal sector and lack of capital to start formal business. Street vendors also have transition intention to formal sectors. The study reveals that informal sectors are source of income for the poor or means of employment and also it is a base for formal sector. This study shows that the majority of the street vendor's constraint was shortage of capital and low price for products. As recommendation, the government should give much emphasis on rural job opportunity for youth to reduce rural to urban migration and informal sectors. In addition, provide financing opportunity to those who do not have capital to start formal business.

Key words: *Constraints, informal market, lack of capital, street vendor, and Unemployment*

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Acronyms

AAU-----Addis Ababa University

CSA----- Central Statistics Agency

MIMIC-----Multiple Indicator Multiple Cause

GDP-----Growth Domestic product

HLCLEP- -----Higher Level Commission for Legal Empowerment for the Poor

ICBT-----Informal cross Border Trade

ILO----- International labor office

IMF----- International monetary fund

MOLSA-----Ministry of Labor and Social Affairs

NGO-----Non-Governmental Organization

SPSS-----Statistical package for social science

SSA-----sub-Saharan Africa

UN-----United Nation

CLRM.....classical linear regression model

WIEGO----- Women in Informal Employment: Globalizing and Organizing

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

According to Schneider and Enste (2000), economic activity that falls outside the control of government accounting is known by various names as informal, hidden, underground, black, gray, clandestine, illegal or shadow. Informal economy refers to a home based or an individual establishment or an activity operated by the owner with a few or no employees, little or no access to organized markets, credit institutions, modern technologies, formal trainings, public services and without fixed shopping center (CSA, 2004). ILO (2002:6) defines informal economy: “all economic activities which are not usually recognized, regulated, or protected by legal or regulatory frameworks”. Commonly, informal economies are understood as socially desirable economic activities which produce goods and services which are considered in national account calculation but escapes from government observation, regulation and taxation (Schneider and Enste, 2000).

The informal economies are largely characterized by low entry requirements in terms of capital and professional qualifications, small scale of operation and labor-intensive methods of production (Owne, 2013). Informal economy is continuously expanding in developing countries and providing employment and income to the poor. It is stimulating the growth of the market economy, promoting flexible labor market, stimulating and absorbing labor than the formal economy. Specifically, urban informal economy is a major source of employment and income in developing countries. The sector has helped the impoverished groups of the urban population to improve their business skills and income levels required for business development (Asaminew, 2010).

Though informal economy is important for socio-economic development in developing countries like Ethiopia, the sector is facing constraints such as legal impediments, inadequate capital, and lack of appropriate skills to operate businesses, unfavorable government regulation, lack of access to finance and lack of training, poor urban land administration and bureaucratic rules and regulations (Beker, 2004; ILO, 2004; HLCLEP, 2006).

The researcher tried to identify different causes of informal economy that enforces informal economy operators to engage in the informal economic activities. Ogbuabor and Malaolu (2013) note that unemployment, tax burden, government regulation, and inflation are major causes for informal sector; as Schneider (2006) studied increased burden of taxation and social security contributions and labor market regulations are causes to engaged in street vendor market informally. Similarly, Tunyan (2005), stated that tight and unfair tax administration and regulations, and corruptions are mostly mentioned reasons to start informal market in street vendors.

In line with the above empirical literatures, this study intends to examine the major driving factors, transition intention and constraints of urban informal economy operators in case of Addis Ababa city administrations.

1.2 Statement of the problem

The informal economy is an important part of economic, social and political life in most developing, as well as some developed economies. In countries with high rates of population growth or urbanization, the informal economy tends to absorb most of the growing labor force (MoLSA, 2013). In Africa, informal economy is estimated to have accounted for almost 80% of non-agricultural employment, over 60% of urban employment and over 90% of new jobs (Becker, 2004). Later Schneider (2006:21) study revealed informal economy accounts percentage of official GDP in 2002/03 in 96 developing countries is 38.7%, in 25 transition countries 40.1% and in 3 Communist countries 22.3%.

A survey by World Bank (2008) has also indicated that urban informal sector accounts for 60 % of employment in Africa. Ethiopia has also experienced widespread informal economy between 1977-1991 while the country was under continuous civil war and instability providing a favorable condition for the development of informal economy. During this period, the average size of informal economy amounts 41.5% of the recorded economy (Asaminew, 2010).

Moreover, a study by IMF (2013) about the Ethiopian economy reveals that the informal economy shares to GDP accounts for 38.6 percent and 31 percent for employment opportunity. This study also noted that the contribution of informal economy for GDP is greater than the

average of 38.4 percent for Sub-Saharan Africa nations and 38 percent for all low-income countries (IMF, 2013).

Understanding the contribution of informal economy to employment opportunity and GDP several scholars have conducted researches on informal economy causes and constraints at international and national level. For example, Ogbuabor and Malaolu (2013), Schneider (2006) and Tunyan (2005) researched and investigated different causes and constraints.

In Ethiopia, though informal economy greatly contributes for the socio-economic well-being through creating employment and incubating new entrepreneurs, researches on informal economy causes, transition intention and constraints are almost scanty.

Yet Ebisa (2012), assess the status of women in the informal sector with particular emphasis in south western Ethiopia- Gomma district. He investigated different constraints facing women informal economy operators like slum and squatter settlements with poor conditions of houses, electricity, and water and drainage systems. Another scholar Habtamu (2013) investigated various types of economic linkages between formal and informal- economy in Hawassa-Ethiopia. In his study Habtamu identified backward, forward, consumption and technological linkages between formal and informal economies.

The above studies indicated that this sector still demands due attention particularly in Addis Ababa city administration has not yet been investigated. Moreover, the sector demands a comprehensive study that identify the major causes of informal economy engagement, examine the transition intention of informal economy operators and constraints facing informal economy operators.

Therefore, this study intends to examine the urban informal economy causes, transition intention and constraints the case of Addis Ababa city administrations.

1.3 The Research Questions

To narrow down and make more concise the above stated problem, the researcher has raised the following questions.

- ❖ What are the driving factors of informal economy engagement in Addis Ababa city administration?
- ❖ How far do informal economy operators have transition intention to formal economy?
- ❖ What are the constraints facing informal economy operators?

1.4 Objectives of the Study

1.4.1 General Objective

This study in general intended to assess the driving factors, transition intention and constraints of urban informal economy operators in Addis Ababa city administration areas.

1.4.2 Specific Objectives

- ❖ To identify the driver factors of informal economy engagement in Addis Ababa city administration areas
- ❖ To know how far do informal economy operator's transition intention into formal economy
- ❖ To assess constraints facing informal economy operators

1.5 Scope of the study

The study assessed the driving factors, transition intention and constraints of urban informal economy operator's in case of street vendors at Addis Ababa city Administration areas. It was delimited in street vendors.

1.6 Limitation of the study

First, the study only focused on street vendor business operators. This leads to obscurity to generalize the informal economy as a whole in Addis Ababa city administration. Second, since the researcher used sample, the sample for this investigation might not truly represent the entire informal market operators.

1.7 Significance of the Study

The study would have the following significance. It aids to improve researcher's skill of conducting research for the future. The outcome of this thesis would be a decision tool for decision makers in the area of informal economies. Since government is responsible for issuing policies and regulations it may guide socio- economic issues of a country. Hence the result of this research would enable government official to formulate better polices and regulation regarding to informal economy in Addis Ababa city, Ethiopia. Finally, this finding and

recommendation can serve as reference material for any interested body who will conduct a research in the area of informal economy.

1.8 Organization of the thesis

This paper 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, urban informal market driving factors, transition intention and constraints and conceptual framework for the study.

2.1 Operational definition of key terms

In this study basic concepts are given operational definition working specifically for this study. Accordingly:

Informal economy means: All socially desirable economic activities which produce goods and services which are considered in national account calculation but escapes from government observation, regulation and taxation.

Transition intention mean: The inclination of informal economy operators to join the formal economy in the near future.

Constraint mean: All bottle necks that disturb the current smooth functioning of informal economy operators.

2.2 Definitions of Informal Economy

The term informal economy has numerous uses and meanings and few precise definitions. Its original formulation is attributed to an anthropologist, Keith Hart, studying emerging urban labor markets in Africa for the International Labor Office (ILO) (Hart, 1973). Hart distinguished between waged employment in large firms or government agencies and self-employment in his studies of the urban labor force, noting the wide variety of small-scale entrepreneurial activities that were central to the livelihood strategies and economic life of residents of urban centers in Africa. Small traders, food vendors, and sellers of goods or services from shoe shines to haircuts are the familiar mainstays of urban economies. Subsequent use of the term by the ILO came to mean self-employment and small-scale family enterprise correlated with poverty, underemployment, and low productivity, particularly in poor, developing nations. This view was widely adopted by analysts and policy makers for whom the informal economy was a phenomenon of poverty and underdevelopment, with the implication that development of a

modern economy decreases the need for and significance of informal activity. Ultimately, informal work should be absorbed into the regulated economy.

More recently, assumptions about the scope, location, and importance of informal work have come under scrutiny, since it has been recognized that informal work is neither unique to impoverished Third World countries nor necessarily diminishing in size or importance. Several developments in diverse areas of economic sociology, but all of them linked to global economic restructuring, have led to renewed interest in informal work and a growing understanding that it is both more widespread and less understood than previous accounts suggested. Studies of urban ethnic enclaves, patterns of employment for new immigrants, and the explosion of the global division of labor in "world cities" have generated interest in informal work. Similarly, there has been a corresponding interest in livelihood and income-generating strategies of both the urban and rural poor, and in wide-scale economic restructuring that sought increased flexibility in production processes and labor practices, as well as recognition of the persistence of noncash exchanges in communities of all sizes and locations. Additionally, periodic headline-grabbing media accounts of sweatshops, child and immigrant labor abuses, and other gross violations of labor law and workplace protections have fueled broad awareness of the persistence and pervasiveness of informal activity.

Definitions. Despite growing awareness of the ubiquity of the informal sector, a precise definition remains elusive, and numerous issues remain unresolved. Typically, informal activity is defined by what it is not; that is, it is not formal, it is not regulated, and it is not counted in official statistics and national accounting schemes. Castells and Portes (1989:12) provide an influential definition using this approach: "The informal economy is a process of income-generation characterized by one central feature: it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated".

While broadly inclusive, this definition provides little guidance for distinguishing between different types of activities conducted under different circumstances. For example, should overtly criminal activities, such as drug dealing, be classified in the same way as work that is otherwise legal, such as flea market sales, except that it is unreported and untaxed? Should both production and consumption processes be classified as part of the informal sector? In other

words, are the goods that are produced in sweatshops comparable to those produced at home for private consumption? When do self-employment and the use of family labor become informal work? These questions illustrate both the diverse approaches found in the literature and the confusion that exists there.

Other analysts emphasize specific defining characteristics of the informal economy rather than focusing on what it is not. For example, Roberts (1994), while accepting the basic outline of the standard definition, argues that the key feature of informality is not the absence of regulation but instead the existence of a specific type of regulation that dominates the activity. Thus, the informal sector is marked by the dominance of regulation based on personal relations and networks embedded in family, community, friendship, or ethnicity rather than on regulation organized on formal, legal, or contractual bases. Similarly, Mingione (1991) suggests that income strategies organized around reciprocal networks, such as those found in family and household labor and relations and characterize the informal sector. These analysts emphasize the interpersonal networks that create obligations and responsibilities that permit exchanges that bypass formal institutions. This approach has found expression in the many studies of immigrant labor and ethnic enclave enterprise where kinship and co-ethnic personal ties are the means for conducting business.

A number of taxonomies and typologies have been proposed in an effort to codify characteristics of informal activity. Feige (1990) distinguishes between illegal, unreported, unrecorded, and informal categories of a more encompassing underground economy. While there is much overlap, these categories appear to represent a continuum ranging from those most thoroughly in violation of the law to those that merely forgo its protections. Castells and Portes (1989) clearly differentiate informal from illegal by separating processes of production and distribution from the product itself. Thus, a perfectly legitimate product or service may be produced informally in violation of the law. Cappechi (1989) cross-classifies three types of labor markets (nonmonetary, informal monetary, official) with the equivalent three markets for goods and services to derive a nine-cell typology. Informality in either labor or product markets creates five types of informality.

Still other analysts argue that, fundamentally, informality can only be understood on a case-specific basis. For example, Gaughan and Ferman (1987:18) contend "that the term informal economy will mean different things in advanced industrial nations from what it does in developing countries poor communities as opposed to middle-class communities, or in an urban as opposed to a rural setting". In keeping with this notion of the variability of forms of informal activity, Miller (1987) discusses informal economies in the plural rather than the singular.

Regardless of specific emphasis, virtually all analysts agree that informal economies, sectors, activities, and labor can only be understood their relationship to their formal counterparts and in the context of their relationship to the state (Roberts, 1994). There is no such thing as an informal economy in the absence of a formal economy. (Portes, 1994) even suggests that the extent of informal activity depends on the degree of state regulation, with greater informal development representing a response to an overly restrictive formal sector. Furthermore, while many analysts discuss informal activity as outcomes or in terms of structural elements that comprise a form of economic institution, there appears to be greater utility in conceptualizing it as a process that varies in time and space. Thus, the concepts of informality and in formalization, in which economic activity is evaluated in terms of its degree of adherence to state regulation and particular labor practices, permit an assessment of variation in levels and development of informal sectors and their shares of the larger economy.

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.

The informal sector or informal economy means, activities and income that are partially or fully outside government regulation, taxation, and observation. The main attraction of the informal 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.

An international statistical definition of the informal sector also defined: namely, all unregistered enterprises below a certain size, including

- a) micro-enterprises owned by informal employers who hire one or more employees on a continuing basis; and
- b) own-account operations owned by individuals who may employ contributing family workers and employees on an occasional basis (ILO, 2002)

For simplification it is better to give definition for informal sector based on characteristics, the known definition given by ILO that the way of the activity characterized by easy to entry mean that not need much training, education and capital. Depend on local resources; family ownership of enterprises; small scale of operation; labor-intensive, skills acquired outside the formal school system; and not officially regulated and competitive markets. The basic nature of the informal sector units can be summarized have little or no division between labor 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, 1993&1998) Street vendors fall within the informal sector and almost all definition of informal sector is defining it.

Amin (2002) and ILO (2002:55) 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.” According to Latest definition by CSA, 2003 of Ethiopia informal economy refers to those economic activities which are:

- Home based or individual establishment/ activity operated by the owner with few or no employees;
- They are for the most part unregistered and operating on a very small scale and with a low level of organization; most of them have very low-level productivity and income;
- They tend to have little or no access to organized markets, to credit institutions, to modern technology, to formal training and to many public services and amenities;
- A large number of them are carried out without fixed location or in places such as small shops, outlets or home-based activities;
- They are not recognized, supported or regulated by the government;

- They are beyond social protection, labor legislation and protective measures at the workplace.

The informal economy is largely characterized by low entry requirements in terms of capital and professional qualifications, a small scale of operations, skills often acquired outside of formal education and labor-intensive methods of production and adapted technology (Becker, 2004).

In fact, it has increasingly become clear that there are many interdependencies between the informal and the formal economies. Market links exist through the trade of goods, raw materials, tools and equipment and acquisitions of skills and know-how. Informal actors provide services to formal actors on a sub-contracting basis. In addition, individuals can participate both in the formal and the informal economies.

In the current debate, some also highlight the informal economy's role in for instance stimulating the growth of the market economy, promoting a flexible labour market and absorbing retrenched labour from the formal sector. Others on the other hand claim that informal labour has become a convenient means of pursuing the global agenda of privatization and liberalization.

Over the years, the debate on the large and heterogeneous informal economy has crystallized into four dominant schools of thought regarding its nature and composition, as follows: The Dualist school sees the informal sector of the economy as comprising marginal activities—distinct from and not related to the formal sector that provide income for the poor and a safety net in times of crisis (Hart 1973; ILO 1972; Sethuraman 1976; Tokman 1978).

The Structuralist school sees the informal economy as subordinated economic units (micro-enterprises) and workers that serve to reduce input and labour costs and, thereby, increase the competitiveness of large capitalist firms (Moser 1978; Castells and Portes 1989). The Legalist school sees the informal sector as comprised of “plucky” micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration and who need property rights to convert their assets into legally recognized assets (De Soto 1989, 2000). The Voluntarist school also focuses on informal entrepreneurs who deliberately seek to avoid regulations and taxation but, unlike the legalist school, does not blame the cumbersome registration procedures.

Each school of thought subscribes to a different causal theory of what gives rise to the informal economy. The Dualists: argue that informal operators are excluded from modern economic

opportunities due to imbalances between the growth rates of the population and of modern industrial employment, and a mismatch between people's skills and the structure of modern economic opportunities. The Structuralists argue that the nature of capitalism/capitalist growth drives informality: specifically, the attempts by formal firms to reduce labour costs and increase competitiveness and the reaction of formal firms to the power of organized labour, state regulation of the economy (notably, taxes and social legislation); to global competition; and to the process of industrialization (notably, off-shore industries, subcontracting chains, and flexible specialization). The Legalists: argue that a hostile legal system leads the self-employed to operate informally with their own informal extra-legal norms. The Voluntarists: argue that informal operators choose to operate informally—after weighing the costs-benefits of informality relative to formality.

The dominant schools of thought have different perspectives on this topic, although some do not explicitly distinguish between the two or adequately deal with both. The Dualists subscribe to the notion that informal units and activities have few (if any) linkages to the formal economy but, rather, operate as a distinct separate sector of the economy and that the informal workforce—assumed to be largely self-employed comprise the less advantaged sector of a dualistic or segmented labour market. They pay relatively little attention to the links between informal enterprises and government regulations. But they recommend that governments should create more jobs and provide credit and business development services to informal operators, as well as basic infrastructure and social services to their families. The Structuralists see the informal and formal economies as intrinsically linked. They see both informal enterprises and informal wage workers as subordinated to the interests of capitalist development, providing cheap goods and services. They argue that governments should address the unequal relationship between “big business” and subordinated producers and workers by regulating both commercial and Employment relationships. The Legalists focus on informal enterprises and the formal regulatory environment to the relative neglect of informal wage workers and the formal economy per se. But they acknowledge that formal firms what De Soto calls “mercantilist” interests collude with government to set the bureaucratic “rules of the game” (De Soto 1989). They argue that governments should introduce simplified bureaucratic procedures to encourage informal enterprises to register and extend legal property rights for the assets

The Voluntarists pay relatively little attention to the economic linkages between informal enterprises and formal firms but subscribe to the notion that informal enterprises create unfair competition for formal enterprises because they avoid formal regulations, taxes, and other costs of production. They argue that informal enterprises should be brought under the formal regulatory environment in order to increase the tax base and reduce the unfair competition to formal business. (WIEGO Working Paper No1 August 2012:4-6)

2.3 General Characteristics of Informal Sector

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

To begin with operation in the informal market 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, 1992:2). 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.

We can categorize characteristics of informal sector based on employment that the people engaged in the informal sector and enterprise that the activities in the informal sector.

Characteristics of the people engaged in the informal sector

- ✓ Absence of official protection and recognition

- ✓ Non-coverage by minimum wage legislation and social security system
- ✓ Predominance of own-account and self-employment work
- ✓ Absence of trade union organization
- ✓ Low income and wages
- ✓ Little job security
- ✓ No fringe benefits from institutional sources

Characteristics of the activities in the informal sector

- Unregulated and competitive markets
- Small scale operation with individual or family ownership
- Ease of entry
- Reliance on locally available resources
- Family ownership of enterprises
- Labor intensive and adapted technology
- Absence of access to institutional credit or other supports and protections

2.4. Distinguishing Characteristics of the Informal Sector

Employment

Characteristics of the people engaged in the informal sector

1. Absence of official protection and recognition
2. Non-coverage by minimum wage legislation and social security system
3. Predominance of own-account and self-employment work
4. Absence of trade union organization
5. Low income and wages
6. Little job security
7. No fringe benefits from institutional sources

Enterprise

Characteristics of the activities in the informal sector

1. Unregulated and competitive markets
2. Small scale operation with individual or family ownership
3. Ease of entry
4. Reliance on locally available resources

5. Family ownership of enterprises
6. Labor intensive and adapted technology
7. Absence of access to institutional credit or other supports and protections

Habitat

Characteristics of the informal sector land and housing

1. Unauthorized use of vacant public or private land
2. Illegal subdivision and/or rental of land
3. Unauthorized construction of structures and buildings
4. Reliance on low cost and locally available scrap construction materials
5. Absence of restrictive standards and regulations
6. Reliance on family labour and artisanal techniques for construction
7. Non-availability of mortgage or any other subsidized finance

Credit

Characteristics of informal credit markets

1. Unregulated and non-subsidized
2. Easy accessibility
3. Availability in very small size and for short terms
4. Low administrative and procedural costs
5. Little or no collateral requirements
6. Flexible interest rates (from very high to no interest at all)
7. Highly flexible transactions and repayments tailored to individual needs

https://www.gdrc.org/informal/1-is_characteristics.html

2.5 Specific characteristics of informal traders/street vendors

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

Location

Mitullah (2003) 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 centers and corners of streets & roads.

Structures

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 vendors. 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.

2.6 Types of informal sector

Generally, businesses categories in four enterprises: illegal enterprises that fully activity related to criminals, subsistence enterprise that use as means of income or for survival, unofficial enterprises who seek avoid or reduce cost and formal enterprises that works based on rule and regulation.

When we become to informality there are different kinds of informal businesses we can categorize

1. depending on the industry that are informal businesses in agriculture, in domestic services, in manufacturing, in construction and commerce, among others.
2. depends on the geographic region rural and urban informal businesses.
3. depends on the size survival business and there are the micro enterprises

We can categorize types of informality based on characteristics broadly in to two. That are substantial enterprises and unofficial official enterprises

2.7 Categories and marketing strategy of informal Sector

Maliyamkono and Bagachwa (1986) cited in Sisay Seifu, (2005) argue informal sector categorized by social convention are considered as legal in themselves is one category but not in estimate of national income data. And that are inherently illegal and strictly forbidden by Government statutes is another category. Street vendors are categorizing the former one.

Informal sector uses different marketing strategy such as change in stock quantity, quality and Variety. The popular strategy among street vendors is decreasing stock. They worried about decrease quality of product that would have fewer repeat customers. Use another strategy that change in work schedules (change hours in a day and the days they work in a week.) and change in work location, it is not popular for street vendors but common for waste pickers. (Horn, 2009), specifically some city like Mexico street vendors has fixed location. (SERGIO, 1999)

2.8 Current Status of the Informal Economy in Ethiopia

A study by HLCLEP in 2006 before a decade notes that the informal sector in Ethiopia has flourished due to economic recession, high rates of population growth and urbanization as well as structural adjustment policies. Therefore, large number of peoples resorts to informal means to enhance employment and household income. HLCLEP referring the CSA 1997-2003 data show employment in urban informal sector was eight times higher than wage employment in the formal sector and the number of people engaged in urban informal sector activities has increased by approximately 37% during the period (HLCLEP, 2006). Latest survey by MoLSA (2013) has indicated significant decline of the working population in the informal sector from 72.8% in 1999 to 33.3% in 2010.

However, despite significance number of peoples has engaged in the informal economy and served as an alternative source of employment and income, its productivity is very limited. The sector carries over 95 percent of total employment whereas its relative share in gross value of production and value added for the same year was only 30 and 34 percent respectively. Explanations for the low productivity of the informal sector is partly found in the fact that it is dominated by a number of micro enterprises operators who are in search of subsistence income, sell anything by the roadside, door to door and open markets(CSA,1997).

2.9 Problems and Constraints of Informal economy

The problems encountered and the constraints imposed on the informal sector have adversely affected its growth and development. In developing countries, the sector encounters a range of problems and constraints such as legal impediments, inadequate capital, and lack of appropriate skills to operate businesses (Beker, 2004; ILO, 2004). According to some studies, informal economy respondents indicated that obstacles that hampered business startups in the sector were unfavorable government regulation, lack of access to finance and lack of training .Other problem areas also include poor urban land administration, bureaucratic inefficiency, the tedious process and long procedures in issuing housing permits and the shortage of supply and high cost of construction materials, shortage and irregularities in the supply of inputs combined with low demand for informal products and others such as bureaucratic rules and regulations, financial problems, access to land, family problems as well as socio economic and cultural (HLCLEP, 2006).

A case study on street vendors by HLCLEP in 2006 also identified the problems facing street vendors. According to HLCLEP the major problems were exposition to rain and sun, traffic incidence, and police harassment, high house rent, lack micro credit and inadequacy of loans and lack of access to training on basic book keeping principles and employable skills.

2.10 Effects of Informal Sector

2.10.1 Importance of informal sector in the economy

According to back ground paper for the 2005 world development report, street trade is rampant and possible source of employment and income for many urban labor forces. However, in most of the nations, not considered in national economic statistics. Street trade has viewed undermines the healthy operations of formal economy. Due to this perception conflict rise with urban government authorities over licensing, taxation, location of operation, sanitation and working conditions. Economists do not understand the role of street trade. Even local urban authorities who are collect revenue from this sector do not maintain records of the numbers and real contributions for urban economy.

This negligence leads to fail to estimate numbers of street vendors and role they play in the sector.

In developing countries poverty is even growing due to the uncontrolled rapid population growth, which is not equal with degree of economic growth. This resulted in serious social and economic hazards in which Ethiopia is part, in turn bring rapid urban population growth as a result of rural-urban migration. As a result, the number of unemployed people seems increasing. On the other hand, informal sectors play an important role in securing employment for large number of women in Ethiopia not only accompany them with stuff but also provide them with necessary goods and services. So, informal sector provides significant contribution to the local economic development pertaining to employment output in many African countries (ILO, 2002) & (Matthias, 2011). However, in Ethiopia this sector has got marginalized and much less emphasis in general and in Addis Ababa particular.

2.10.2 Negative Impact of Informal Sector Particularly Street Vendors

Some critics of street vending argue that vendors compete unfairly price against formal market because they do not incur registration and taxation costs, and do not have costs such as rent and utility payments. This creates unfair competition, the argument goes, threatening the viability of off-street establishments. Following this reasoning, local governments should “formalize” street vendors by relocating them to off-street premises where they would be expected to register, pay taxes and rent or own their workplace.

2.11. Empirical literature Review

2.11.1. Causes of Informal economy Engagement

The existence of an informal economy and its persistence over time has been explained by a variety of related cause. According to (Becker, 2004:9), “The limited capacity of agriculture and the formal economy to absorb surplus labour, together with increasing numbers of job seekers, has boosted the size of the informal economy. In countries with high rates of population growth or urbanization, the informal economy tends to absorb most of the growing labour force in the urban areas when the manufacturing industry and off-farm activities in general do not grow at the same pace.” Barriers of entry into the formal economy: Excessive costs and government regulations as well as corruption in areas such as business start-up, granting of business permits and land titles, according to scholars such as Hernando de Soto (a renowned Peruvian development economist), have forced people to remain informal. Many governments are

unaware of the economic contributions of the informal economy and the problems found in it and have therefore found it unnecessary to intervene because of the belief that the informal economy would die out. The informal economy has often been left unattended and has thus had few obstacles for its growth. Economic hardship and poverty (Becker, 2004). As several researchers studied, The most frequently cited of causes of informal economy engagement are Unemployment, tax burden, government regulation (Ogbuabor and Malaolu 2013); an increased burden of taxation and social security contributions and labor market regulation (Schneider, 2006); tight and unfair tax administration and regulations, and the corruption (Tunyan, 2006); Government, regulation, taxation, economic issues and social ethos (Jie et al .2010); burden of taxes and social security contributions, increased regulation in the official economy, earlier retirement, unemployment, and the decline of civic virtue and loyalty towards public institutions ,tax morale(Schneider and Enste2000);relatively less entry barriers, low capital, and flexibility (HLSLEP,2006).

“Mainly because of the lack of appropriate mechanisms that would have contributed to the absorption of the labor force into the national economy, the bulk of new employment in recent years in many of the least developed countries has taken place in the informal economy. Moreover, all segments of the informal workforce – self-employed, casual, sub-contract, temporary and part-time workers and micro entrepreneurs – also appear to be growing” (Becker 2004:10)

The work of (Sim Wan Jie et al. 2010) on underground economy definition and causes define on underground economy as economic activities, whether legal or illegal, that escapes from government observation, regulation, and taxation. They have also attempted to gather many factors that contribute to Underground Economy from empirical sources of literate and research findings which have been classified into five origin factors as follows: government regulation, taxation, economic issues and social ethos. Ogbuabor and Malaolu 2013 examined the size, development, and causes of Nigerian informal economy using EMIMIC model. They found that since 1970 the size of the informal economy has hovered between 53.6 – 77.2% of GDP with the average size of the informal economy 64.6% of GDP. Furthermore, their results support a direct relationship between increasing unemployment and the size of the informal sector they also identified increased burden of taxation, increased government regulation of economic activities

and inflation as important drivers of the informal sector. Surprisingly Ogbuabor and Malaolu reveal that interest rate is not a key driver of informal economy.

Asaminew (2010) notes that there is a significant amount of economic activity (36% of the recorded economy) that is not reported and captured by the official statistics. He also stress on incentive structure towards the small and medium scale enterprises if these sectors are to be the deriving engines of Ethiopia's transformation.

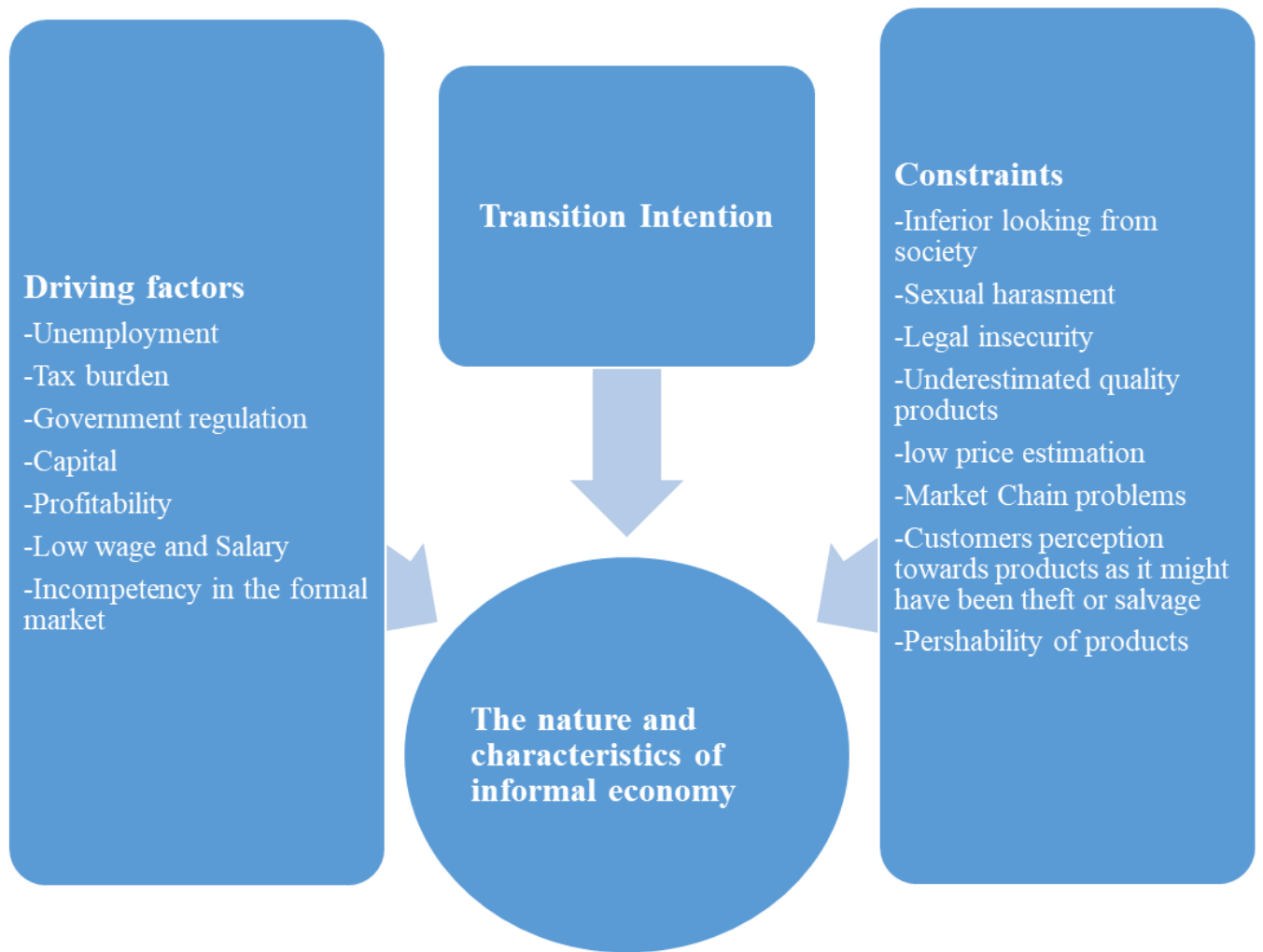
Mustafa (2012) examine the trends and characteristics of informal sectors and concluded as a nation wealth increase informality decrease. Mustafa also said that government and policy makers should develop new businesses, expand of existing ones, promote self-employment to reduce unemployment and achieve long-term benefits. This in turn contributes to creation of the conditions to integrate the informal economy into the formal economy. According to Ebisa (2012) assess the status of women in the informal sector with particular emphasis in south western Ethiopia Gomma district. He witnessed that women inhabit slum and squatter settlements with poor conditions of houses, electricity, and water and drainage systems. Yet according to Ebisa, Informal sector is the only hope for a large number of women who are not able to find employment in the formal sector.

Habtamu (2013) investigates various types of economic linkages between formal and informal-economy-street vendors in Hawassa-Ethiopia. In his study Habtamu identified backward, forward, consumption and technological linkages between formal and informal economies. In terms of backward types of linkages, his study revealed that 56.1 percent of vendor entrepreneurs obtained initial capital from formal economy units. Finally, Habtamu indicated that a much larger proportion of the entrepreneurs sold their goods or services to individual households implying that most of informal sectors traders dealt in goods or services consumed daily.

According to (Sebsib 2015:87) conducted on Women in The Informal Sector: Retrospect's and Socioeconomic Response in Dessie Town, Ethiopia: The Case of Parallel Trading and he conclude that, causes for women and major factors that lead to informal sector, sources of startup capital, the sector socio-economic impact; employment extent, monthly income of women, housing situation, health care affordability and education accessibility and working conditions.

2.12. Conceptual framework

From the literature review it is inferred that unemployment, tax burden, government regulation, lack of capital to start new business, low salary payment from government, incompetency in formal market and profitability of informal sectors are driving factors for informal economy prevalence. Thus, based on the reviewed literature the researcher developed a conceptual framework to assess informal economy in Addis Ababa City street vendors.



Source :(Reviewed from previous literature, 2018)

CHAPTER THREE :RESEARCH METHODOLOGY AND RESEARCH DESIGN

3.1. 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.

3.2. Research Design

Many scholars depicted that there are many definitions of research design, despite no single definition imparts for the full ranges of its importance. (Kothari, 2004) According to Creswell(2014), research design is the overall plan or structure of the study; researchers employ to address the objectives of the inquiry. Similarly, Schindler (2003) argues that research design is the plan and structure of investigation so conceived as to obtain answers to research questions. He also contends that research design is the proposal for the collection, measurement and analysis of data. For others research design is the blueprint that includes experiments, interviews, observation, and the analysis of records, simulation, or some combination of these. (Kothari, 2004). The study identifies the drivers of informal economy operators, assessing transition intention of informal economy operators to the formal economy and identify to prioritize the constraints facing the informal economy operators.

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 and interview.

3.2.1. Research time horizon

This study was an academic research and it applied a cross-sectional study; the study of a particular phenomenon (or phenomena) at a particular time.

3.3. Study Area

Addis Ababa is the capital city of Ethiopia. It is located on a plateau high in the central mountains of Ethiopia. Addis Ababa is the highest city in Africa and located at 8,000 feet (2,450 meters) above sea level. Amharic is the working language of the city administration.

Addis Ababa is the diplomatic capital of Africa. More than 92 embassies and consular representatives cluster in the city where the Organization of African Unity and the UN Economic Commission for Africa have their headquarters. Addis Ababa is located in the heart of the country surrounded by Oromia state region. Addis Ababa covers about 540 Km² of which 18.2 Km² are rural. According to the 1994 census, the population of Addis Ababa is 2.3 million of which 28,149 are living in the rural parts of the city. Of the total population 51.6% are females while 48.4% are male.

As capital of the country, Addis Ababa is a city where, despite differences in number, almost all ethnic groups live in. However, the major ethnic groups are, Amharas 48.3%, Oromos 19.2%, Guragies 17.5%, Tigrains 7.6%, and others all together 7.4%.

Regarding religion, 82% of the population are Orthodox Christians, 12.7% Muslims, 3.9% Protestants, 0.8% Catholics, and 0.6% followers of other religions (Hindus, Jews, Bauhaus, Jehovah, Agnostics...).

Addis Ababa lies between 2,200 and 2,500 meters above sea level. The city lies at the foot of the 3,000 meters high Entoto Mountains. Despite its proximity to the equator, Addis Ababa enjoys a mild, Afro-Alpine temperate and warm temperate climate. The lowest and the highest annual average temperature is between 9.89 and 24.6400c. The city rambles pleasantly across many wooden hillsides and gullies cut through with fast flowing streams especially during the rainy seasons from July-September.

Major Economic Activities in Addis Ababa city administration

The day to day life activities of the city's population is predominantly based on different sorts of occupation. These include, 119,197 in trade and commerce; 113,977 in manufacturing and industry; 80,391 home makers of different variety; 71,186 in civil administration; 50,538 in transport and communication; 42,514 in education, health and social services; 32,685 in hotel and catering services; and 16,602 in agriculture. Besides the residents of rural parts of Addis Ababa, the city dwellers also participate in animal husbandry and cultivation of gardens. Currently 677 hectares of land is irrigated annually, on which 129,880 quintals of vegetables are cultivated.

These days, Addis Ababa found in the lines of development due to rural to urban migration, foreign direct investment, accessibility of jobs and Merchandising and the sum effects of these creates challenges in informal market operations in Addis Ababa street.

<http://www.ethiopia.gov.et/addis-ababa-city-administration>

3.4. Target Population, Sample Size and Sampling Techniques

Population is the total units of the subject that can be taken into consideration in a particular study. Mostly, identifying the target and appropriate population is a very difficult task in doing a research, however, identifying the target population is the most crucial element of research methodology because without knowing who/which the target group is being studied, and the finding or the result that can be obtained from the study would be meaningless and worthless. When the population is small, it is better to undertake census but if the reverse is true it is very difficult to manage/enumerate the whole population in the given study so that researchers need to draw the portion of the population as a sample to represent the population. The sample to be drawn from the population must be representative in a sense that it must be capable of drawing the conclusion that can be valid for the population. As the sample is representative, the conclusion that the researcher possibly made truly approximate the conclusion that could be made if the whole population has been considered. Determining the number of samples to be taken from the population is very difficult, however, the first question new researchers tend to ask is 'how many people I should speak to?' This obviously depends on the type of research. For large scale, quantitative surveys you will need to contact many more people than you would for a

small, qualitative piece of research. The sample size will also depend on what you want to do with your results. If you intend to produce large amounts of cross tabulations, the more people you contact the better (Dawson, 2009). According to (Israel, 1992) the most frequently asking question concerning sampling is, ‘what size sample I need?’ the answer to this question is influenced by a number of factors, including the purpose of the study, population size, the risk of selecting a bad sample, and the allowable sampling error. As cited by Israel, in addition to the purpose of the study and population size, three criteria need to be usually specified to determine the appropriate sample size: the level of precision, the level of confidence or risk, the degree of variability in the attributes being measured (Miaoulis and Michener, 1976).

It tends to be a general rule in quantitative research that the larger the sample the more accurate your results. However, the researcher need to remember that he/ she may be restricted by time and money so that he/she must be make sure that he/she can construct a sample that can be manageable.

There are different strategies or approaches of determining the appropriate sample size. These are; one, taking a census for small population- taking a census has many advantages such as eliminating sampling error, however, it is costly to undertake for large population size. Second, using a sample size of a similar study another approach is to use the same sample size as those of studies similar to the one you plan. A third way to determine sample size is to rely on published tables which provide the sample size for a given set of criteria. Although tables can provide a useful guide for determining the sample size, you may need to calculate the necessary sample size for a different combination of levels of precision, confidence, and variability. The fourth approach to determining sample size is the application of one of several formulas.

According to (Hair, et al 2008:129) defined a targeted population as “consisting of the complete group of elements (people or objects) that are identified in the investigation based on the objectives of the research”. Thus, for this study target populations were informal sector operators in Addis Ababa city at street vendor.

From the above the researcher applied the second approach with purposive sampling techniques used to take samples of 198 informal street vendors from (Megenagna, Autobs-Tera, Kality, Mexico,4 killo, piazza) the sample determined with unknown sample size determination formula (Sarantakos, 1998: 159):

$$\text{Sample Size} = PqZ^2/E^2$$

P: population estimate (15%) q: refers to the value derived by subcontracting P from 100; (85%)
Z: refers to the level of confidence (1.96 preferred level of confidence by the researcher)

E: refers to the maximum deviation tolerated from the proportions (a deviation from the population percentage, 5%).

$$= 15 \times 85 \times 1.96^2 / 5^2 = 4898 / 25 = 196.$$
 Therefore, 198 respondents were investigated including return rate (1% of the respondents). Adopted from (Sebsib 2015:87)

3.5. Data Type and Source

The study was carried out with the help of quantitative and qualitative data. The primary data regarding constraints, causes and transition intention obtained from informal economy operators in Addis Ababa city Administration Street vendors. Secondary data collected from books, journals, and manuals that describe policies, rules and regulations towards informal economy in Addis Ababa.

3.6. Data Collection Method

In this research primary data collection instruments: close and open-ended questionnaire, and semi-structured interview employed. 198 Questionnaires primarily distributed to the informal economy operators randomly and all 198 collected. An in-depth interview also conducted with 12 selected informal economy operators with convenience in selected places; Autobis tera, Megenanga and stadium. Issues raised about driving factors, transition intention and constraints facing informal economy operators in Addis Ababa city Administrations.

3.7. Validity and Reliability

Validity refers to the quality that a procedure or an instrument used in the research is accurate, correct, true and meaningful (Enon, 1998). According to Kothari (1990) validity is the most critical criterion which indicates the degree to which an instrument measures what is supposed to measure. After the construction of questionnaire, the researcher did a pilot on seven respondents which conducted to check whether the questions constructed was supply the appropriate information, and to check if there is any confusion in the way the researcher can make necessary amendment to the questionnaires and remove ambiguities.

Reliability refers to how consistent a research instrument will in measuring the variables of interest where the measurement is scale-based and therefore means the degree of internal consistency in the instrument of a study. (Saunders, 2000). A scale test has carried out to establish the internal consistency of the instrument. Subsequently reliability analysis was conducted using Cronbach's Alpha which measured the internal consistency by establishing if certain item within a scale measures the same construct. According to Gliem (2003), the Alpha value threshold is 0.7, which forms the study's benchmark. Cronbach's Alpha was established for every objective which formed a scale.

3.7.1. Reliability Test

The reliability analysis was conducted using Cronbach's Alpha which is important to measure the internal consistency of questionnaires by establishing certain item within a scale measures with the same construct. The findings of the test are shown below on Table 3.1

Table 3.1. Reliability Test Results

Construct scale	Cronbach's Alpha if Item Deleted	Levels of Reliability
government tax burden	.833	Very good
existence of government bureaucracy for license	.806	Very good
low salary payment	.748	Good
incompetence in the formal market	.792	Good
lack of capital to start formal business	.760	Good
Unemployment	.843	Very good
Profitability of the sector	.757	Good

Source: Survey result (2018) SPSS output

The table shows high government tax burden, existence of government bureaucracy for license and unemployment have the highest reliability value ($\alpha = 0.833, 0.806$ and 0.843) respectively, followed by incompetence in the formal market, lack of capital to start formal business, profitability of the sector and low salary payment having reliability values of ($\alpha = 0.792, 0.760, 0.757$ and 0.748), respectively. This illustrates that all the seven variables were reliable as their test values exceeded the prescribed threshold of level of Cronbach's Alpha, 0.7.

3.8. Data Analysis Techniques

After the data has been collected, it should be edited and well coded, then should be presented in a way which is convenient for understanding and making analysis. The analysis made using descriptive statistics tools such as tables and simple percentages. Kotari (2002) states that descriptive statistics is used to organize, summarize and present data and translate data into information. Percentage and frequency used as data summarization and analysis technique. The analyzed data presented with the help of data presentation instrument such as table. The collected data was analyzed using the computer software known as statistical package for social science (SPSS) Version 22.

3.9. Measurement of Variables

To measure Informal market, the researcher identified 7 key indicators which are measured by 5-point Likert scale that indicates 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, and 1 = Strongly Disagree

Table 3. 2. Summary of Measurement of variables

Variables	Measurement
1. high government tax burden	5-point Likert scale
2. exist of government burocracy for license	5-point Likert scale
3. low salary payment	5-point Likert scale
4. incompetence in the formal market	5-point Likert scale
5. lack of capital to start formal business	5-point Likert scale
6. Unemployment	5-point Likert scale
7. Profitability of the sector	5-point Likert scale

3.10. Ethical Consideration

Mugenda (2008), underscores that participation in research should be in voluntary bases and the respondent is always at liberty to withdraw from the study as he/she pleases without any obligation from the researcher. Therefore, the researcher ensured all respondent of the study understood the objective and concerns of the study. No respondent was forced to take part in the study, thus the principle of voluntarism practiced all through the data collection process of the study. In addition to the introduction part of the questionnaire which clearly describes the objective of the study the researcher informed respondents on the confidentiality of their responses and that the information would only be used for academic purpose.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATIONS

4.1 Data Analysis

For the purpose of achieving the objectives of the study, the collected data was analyzed. Two analyses were performed; first, descriptive analysis was conducted to assess the respondent demographic characteristics, their view on the issues related with street vending activities, on constrains of street vending and their transition intension; second, qualitative analysis also performed to narrate semi- structured interview questions.

4.2. Demographic characteristics of respondents

In this section, the analysis is made by assessing personal characteristics of street vendors. The first part of the questionnaire consists of seven items about demographic information of the respondents. It covers the personal data of respondents, such as sex, age, educational background, and marital status, Number of dependents experience and origin of place. The subsequent tables revealed the total demographic characteristics of the respondents.

4.2.1. 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.

Table 4.1: Respondents' personal information and experience

	Category	Frequency	Percentage	Cumulative %
Sex	Female	13	6.6	6.6
	Male	185	93.4	100
	Total	198	100	
Age	14-18	34	17.2	17.2
	19-29	147	74.2	91.2
	30-45	17	8.6	100
	>45	0	0	
	Total	198	100	
Educational level	Illiterate	24	12.1	12.1
	1-6	43	21.7	33.8
	7-8	37	18.7	52.5
	9-10	45	22.7	75.5
	Certificate	12	6.1	81.3
	Diploma	31	15.7	97.0
	Degree and above	6	3.0	
	Total	198	100	
Marital status	Single	176	88.9	88.9
	Married	18	9.1	98.0
	Divorced	4	2.0	100
	Windowed	0	0	
	Total	198	100	
Number of dependents	1	120	60.6	60.6
	2	52	26.3	86.9
	3	23	11.6	98.5
	Above 3	3	1.5	100
	Total	198	100	
Origin/place of birth	Addis Ababa	36	18.2	24.3
	Out of Addis Ababa	162	81.8	54.8
	Total	198	100	
Experience of respondents on informal market	Below 1 year	33	16.7	16.7
	1 year	39	19.7	36.4
	2 years	95	48.0	84.3
	3 years	31	15.7	100
	>4 year	0	0	

Source, Survey (2018) SPSS Output

As shown in table (4.1), out of the total respondents about 185 (93.4%) were males and the remaining 13 (6.6%) were females; meaning the majority of street vendors in Addis Ababa city administration were males. This indicates that the street venter business operators proportion of males were larger than females. Of the total participants, 34(17.2%) of street vendors aged (14-18), 147 (74.2%) street vendors aged (19-29), 17 (8.6%) street vendors aged (30-45) years. This infers that the majority of street vendors were young followed by baby and adults aged street vendors. More over the educational levels of respondents reveals 24(12.1%) were illiterate, 43(21.7%) were 1-6 grade, 37(18.7%) were Grade 7-8, 45(22.7%) were 9-10, 12(6.1%) were certificate, 31(15.7%) have diploma, 6(3%) have degree and above. This implies that the majority of street vendors were 9-10 Grade holders followed grade 1-6. This indicates that majority of street vendors engaged in street business are those who skip their education.

As depicted in table 4.1, the marital status of total 176(88.9 %) respondents were single, 18(9.1%) married and the remaining 4(2%) were divorced. This shows that the majority of Addis Ababa street vendors are single. Regarding to numbers of dependents, 120(60.6%) respondents have one dependent, 52(26.3%) have two, 23(11.6%) have three and the remaining 3(1.5%) have more than three dependents they administer. As shown in the above table 4.1 respondents place of birth counted 36(18.2%) from Addis Ababa city administration, whereas 162(81.8%) out of Addis Ababa which means they come from different rural parts of Ethiopia. This indicates that majority of Addis Ababa Street vendors originated from other areas of Ethiopia. Besides that, respondents experience in street vendor from above table 4.1, of total respondents 33(16.7%) have below one-year experience, 39(19.7%) have one year, 95(48%) engaged before 2 years ago, the remaining 31(15.7%) have more than three years' time in street vending trade. One can conclude that the majority of respondents have one-year experience.

4.3. Respondents view on the Issues related with street activities

The researcher asked selected street vendors regarding issues related with source of capital to start business, sources of output, standard of leaving before and after they engaged in street vendors. The results are presented below.

Table 4. 2: Summary of Respondents on source of capital to start up informal market

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	own saving	54	27.3	27.3	27.3
	donor organization	4	2.0	2.0	29.3
	relative/friend	137	69.2	69.2	98.5
	Other	3	1.5	1.5	100.0
	Total	198	100.0	100.0	

Source, Survey (2018) SPSS Output

As shown from the above table 4.2: respondents were asked on sources of capital they get to start up street vending, accordingly among total respondents 54(27.3%) answered from own save, 4(2%) from government or other donor organization, 137(69.2%) sourced from their relative and friends, the remaining 3(1.5%) sourced from others. This indicates that the majority of street vendors sourced their finance from relative, families and friends. The most alternative source of finance of the sampled vendors was borrowed from friends or relatives with above 137(69.2%) of the respondent.

Table 4.3: summary for source of output

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	own produce	2	1.0	1.0	1.0
	formal traders	160	80.8	80.8	81.8
	informal traders	36	18.2	18.2	100.0
	Total	198	100.0	100.0	

Source, Survey (2018) SPSS Output

As table 4.3 above revealed respondents sources of commodities of total 2(1%) were own producer, 160(80.8%) received from formal trader, 36(18.2%) were get their output from informal market. This shows that the majority of street vendors received products from formal traders.

Table 4. 4: leaving standard of respondents after engaged

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	10	5.1	5.1	5.1
	medium	43	21.7	21.7	26.8
	Good	145	73.2	73.2	100.0
	Total	198	100.0	100.0	

Source: Survey (2018) SPSS Output

As depicted table 4.4 above respondent's life improvement, 10(5.10%) responds still have low living standard, 43(21.7%) were medium and 145(73.2%) lead good life within the help economy. This means majority of street vendors get economic improvement by informal trade in Addis Ababa city administration.

4.4 Respondents view on the driving factors to operate informal business in street vendor

The major push factors mentioned by respondents were unemployment, low alternative source of income and searching for job opportunities. On the side of pull factors, miss information migrants received before they come to Addis Ababa city, Lack of awareness, assumption of golden opportunity street vendors gets from informal sector at Addis Ababa and quality of life is better in Addis Ababa city than others they assumed. Among driving factors for informal economy

- The First and the most binding cause is lack of job opportunity
- lack of capital to start up formal business
- lack of land for business operation
- lack of awareness for street vendors and
- lack of training as to how to operate business

Respondents look the informal sectors as basic sources of income for the poor or low economic activity groups. Mainly informal sectors used as bridge to transfer into the formal sectors. Also create employee opportunity those do not have other alternatives to fulfil basic needs.

As solution, ideas forwarded that government should create job opportunity to those unemployed citizens as much as possible, give periodical training to develop skills of business operation. Also provide awareness for society and informal traders on impacts of street vending on socio-economic activity as well as health impacts of consuming street products especially agricultural items. In economy it deprives government taxes, since tax is the major sources of income for expenditures.

In this section the researcher wants to know which factor might be major causes to street vendor and the result present below table

Table 4. 5: Summary of respondents result on driving factors to start street vending (In %)

Item	Measurement	Strongly agree	Agree	neutral	Disagree	Strongly disagree
High tax burden imposes by government	In No.	21	136	6	28	7
	In %	10.6	68.7	3.0	14.1	3.5
Government regulation and bureaucracy for license	In No.	36	118	11	29	4
	In %	18.2	59.6	5.6	14.6	2
Low salary payment from government	In No.	63	120	2	13	0
	In %	31.8	60.6	1	6.6	0
Incompetence in formal market.	In No.	46	126	6	16	4
	In %	23.2	63.6	3.	8.1	2
Lack of capital to start up formal business	In No.	138	58	0	2	0
	In %	69.7	29.3	0	1	0
Un employment	In No.	136	62	0	0	0
	In %	68.7	31.3	0	0	0
Profitability of informal market in street.	In No.	44	96	6	45	7
	In %	22.2	48.5	3	22.7	3.5

Source, Survey (2018) SPSS Output

Table 4.5 above shows respondents on Likert scale question on possible drive factors to engaged in street vending and asked whether respondents strongly agree, agree, neutral, disagree and

strongly disagree. Accordingly, for the question as High tax burden imposed by Government, of total respondents 21(10.6%) replied strongly agree, 136(68.7%) agree, 6(3.0%) answered neutral, 28 (14.1%) showed their disagreement and the remaining 7(3.5%) Strongly disagree. So, High tax burden can also be the major drive factor for street vending.

For the question as Government regulation and bureaucracy for license of total respondents 36(18.2%) replied strongly agree, 118(59.6%) Agree, 11(5.6%) neutral, 29(14.6%) Disagree and the remaining 4(2%) replied strongly disagree. on Low salary payment from government: of total respondents 63(31.8%) answered strongly agree, 120(60.6%) agree, 1(1%) neutral and the remaining 13(6.6%) disagree. majority of respondents that is about 126(63.6%) agreed as Incompetence in formal market. Majority of respondents also replied strongly agree on Lack of capital to start up formal business which is 138(69.7%), 58(29.3%) were agree, only 2(1%) disagree. from the result we can realized that, the majority of street vendors come to operate informal market due to lack of capital. In addition to that, respondents replied on unemployment, 136(68.7%) strongly agree, were as the rest of 62(31.3%) were agree. This depicts unemployment was major factor for involved in street vending. Respondents' point of view regard with question as Profitability of informal market in street vending, the majority of them answered Agree which is 96(48.5%) among others. this also a factor.

4.5. Respondents view on constrains of street vending

Table 4.6: Respondents view on constraints of street vending

Item	Measur ement	Strongly agree	Agree	neutral	Disagree	Strongly disagree
Inferiority by society	In No.	33	116	4	38	7
	In %	16.7	58.6	2.0	19.2	3.5
Sexual harassment	In No.	29	102	18	48	1
	In %	18.2	59.6	5.6	14.6	0.5
Insecurity	In No.	26	98	7	54	13
	In %	13.1	49.5	3.5	27.3	6.6
Customers think the product has low quality	In No.	71	123	0	4	0
	In %	35.9	62.1	0	2	0
Give low price estimation by customer	In No.	93	102	2	1	0
	In %	47	51.5	1	.5	0
Customer Perceived the product is theft/salvage	In No.	42	132	12	12	0
	In %	21.2	66.7	6.1	6.1	0
Products damaged with rain or hot conditions.	In No.	18	103	11	62	4
	In %	9.1	52	5.6	31.3	2
Lack of credit service	In No.	83	113	0	2	0
	In %	41.9	57.1	0	1	0
Lack of trading area	In No.	135	61	1	1	0
	In %	68.2	30.8	0.5	0.5	0

Problem to establish market chain	In No.	47	116	7	27	1
	In %	23.7	58.6	3.5	13.6	.5

Source: Survey (2018) SPSS Output

As table 4.6 above revealed that respondents view is assessed about constraints in street vending, and in relation to this for the question such as inferiority by society, about 116(58.6%) of respondents agree with the statement whereas 33(16.7%) were strongly agree,38(19.2%) disagree. From this we can realized the majority of street vendors perceived that society looks them as inferior. For the question as Sexual harassment, of total respondents replied that 29(18.2%) strongly agree, 102(59.6%) agree, 18(5.6%) neutral, 48(14.6%) disagree and the remaining 1(0.5%) strongly disagree. The researcher can have realized that sexual harassment happened on street vendors especially on female vendors since the majority of respondents agreed on issues raised. On question asked as legal insecurity they faced, among respondents 26(13.1%) replied that strongly agree, 98(49.5%) agreed, 7(3.5%) neutral, 54(27.3%) disagreed, the remaining others 13(16.6%) strongly disagreed. This shows that majority of respondents agreed on legal insecurity they were faced. Other question asked whether Customers think the product has low quality, of total respondents 71(35.9%) strongly agree, 123(62.1%) agree, the rest 4(2%) replied disagree. Here also the majority of respondents agree on raised questions.

For questions as give low price estimation by customer, 93(47%) strongly agree, 102(51.5%) agree, 2(1%) neutral and only 1(.5%) shows disagree. This shows that majority of respondents agree for low price estimation from customer. For questions that Customer Perceived the product is theft/salvage, among total respondents 42(21.2%) replied strongly agree, 132(66.7%) agree, 12(6.1%) neutral, the remaining 12(6.1%) disagree. The majority of respondents agree that customers perceived street vendors product would theft or salvage.

Products damaged with rain or hot conditions, selected respondents expressed their view point of total 18 (9.1%) strongly agree, 103(52%) agree, 11(5.6%) neutral, 62(31.3%) disagree, the rest 4(2%) deal on their disagreement. This shows that the majority of respondents agree on raised issue. In addition for question asked as Lack of credit service, of total respondent 83(41.9%) strongly agree, 113(57.1%) agree, the remaining 2(1%) show their disagreement. From this we can conclude that majority of respondents agree that street vendors did not get credit service from financial sectors for their finance.

Majority of respondents strongly agree that lack of trading area was one of constrained factor for street vendors which was more than 135(68.2%) respondents. Street vendors also faced on Problem of market chain for their market that more than 116(58.6%) respondents agreed.

Table 4. 7: transition intension of informal marketer to formal sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	195	98.5	98.5	98.5
	No	3	1.5	1.5	100.0
	Tot al	198	100.0	100.0	

Source: Survey (2018) SPSS Output

The above table 4.7 shows that almost all street vendors have a transition intension to formal sectors which contains 98.5%.only 1.5% respond to wait as informal.

4.6 Qualitative Analysis

This study carried out using both qualitative and quantitative data. Semi-structured interview questions and survey questionnaire methods were used accordingly. Both interviews and survey questionnaire were attached in the appendix parts. The quantitative data were analyzed using SPSS version 22 software; whereas the qualitative data analyzed via narrative method. Accordingly, the qualitative data were analyzed as follows. The researcher conducted semi-structured interviews with 12 informants for 2 days (9:00am-4:00pm) on April 24 and25, 2018 in three areas (Autobis tera, Megenagna, and stadium), which were selected conveniently . Semi-structured interviews had 4 main questions and allotted 7-10 minutes to complete each question. From each station 4 people were taken conveniently.

4.10.1 Discussion of the results in light of prior studies

Some scholars tried to address some issues related with informal sectors in their studies. Among previous related studies on informal sectors, Emenike, Victor and Malaolu (2013), conducted on size and causes of the informal sector of the Nigerian economy. The objective of the study was to examine the size, development, and causes of the informal sector of the Nigerian economy and

their finding showed that unemployment, tax burden, government regulation, and inflation are the most important drivers of informality in Nigeria. Asaminew conducted on the underground economy and tax evasion in Ethiopia: implications for tax policy October, 2010 and he found the amount of tax evasion reached 10% of the economy. Derbie on December, 2012 has also conducted about Women in the informal sector: Evidence from Southwestern Ethiopia. The objective of the study was to assess the status of women in the informal sector with particular emphasis in south western Ethiopia and the finding shows that Women in the informal sector were more engaged in the small retail trade activities (46.0%). On the other hand, on street selling activities come second with 31.3% as an activity of women. Besides, production and sell of local drinks (22.7%) such as 'teji' 'tela', 'areki', 'shameta' and 'borde' is the third important activity of women. Many women inhabit slum and squatter settlements with poor conditions of houses, electricity, and water and drainage systems. Informal sector is the only hope for a large number of women who are not able to find employment in the formal sector. Tolera 2013, "A Socio-Economic Linkage of Urban Informal Sector to Formal and Other Informal Sectors in Hawassa Town": Intensifying Growth from the Street. The study found that there was nearly no closer linkage between vendor enterprise and formal financial institutions.

In addition to that, Enquobahrie did on "Some Controversies on Informal Sector Operation in Ethiopia Problems and Prospects for a Development Strategy". The Informal activities were closely linked with inadequate income maintenance or income generation activities, to which governments are not yet prepared to deal with.

Some previous studies tried to assess the above mentioned issues. However, those researches not directly related with this study. Some results also similar with theories and some researchers result. Socio-economic linkage urban informal economy studied by (Habtamu.2013) and resulted unemployment, lack of capital and profitability. What makes this thesis unique is that it investigates the transition intension and constraints of informal economy, which was not included in the research of previous researchers especially in Addis Ababa city.

CHAPTER FIVE :SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter provides summary of the findings, conclusions and recommendations based on the collected and analyzed data. Additionally, managerial implications and suggested for future researches were addressed

5.1 Summary of Findings

Based on the results of the study obtained through the questionnaire distributed to 198 street vendors in Addis Ababa city administration and interviews made with selected street vendors so as to assess causes, transition intention and constraints case of Addis Ababa city findings of all good points that are appreciated and areas that need improvements are summarized and conclusions were made accordingly.

Based on the data gathered and analyzed, the following findings are discovered:

- ❖ In simple descriptive analysis over all characteristics of the respondent, most street vending is conducted by men whose age is between 19-29 years old, this implies that the informal marketers particularly who are vending in Addis Ababa city street are more of young aged.
- ❖ Majority of street vending educational back ground was grade 9-10 and they were single on marital status also have one independent they administer on family level.
- ❖ The informants who were trading in Addis Ababa Street migrated internally from different rural area of Ethiopia due to several reasons but the major cause was economic problem. The study resulted in higher rate was rural-urban migration with reason of looking for a job.
- ❖ According to respondents, main source of capital to start up street vending was borrowing from friends or relatives.

- ❖ The analysis shows that informal marketers get commodities or out puts to resale from formal wholesalers.
- ❖ The majority of sampled respondents leaving standard has improved in good way after they started trading in street vending.
- ❖ The main driving factors of informal operators to become in the informal sector are lack of capital to start formal business and unemployment.
- ❖ The major Challenges for street vendors were lack of informal trading area due to tight control from government securities and give low price estimation by customer for products.
- ❖ According to informants almost all have transition intension to change their current activity to formal sector if they get better working site even this year.

5.2. Conclusions

Based on the preceding findings of the study, the following conclusions are set out:

- ❖ Most young aged rural- urban migrates, engaged into informal market, because of low economic activity in rural area and lack of government's emphasis to rural youth citizens in different rural parts of Ethiopia. This also may bring number of socio-economic problems. Since informal market has low entry barrier, street vendors prefer to join this sector and provide products relatively low price to customer when compared with formal sectors. Because street vendors escaped from government tax and also, they do not incur other costs like rental cost and registration costs. Customer also shifting to get products from street vendors since price reduced. These also decrease the formal sector sales. As consequence informal sectors become increasing.
- ❖ Analysis indicate that the main reasons street vendors engage in informal sector in Addis Ababa city, due to lack of capital to start formal market, unemployment and followed by incompetence in formal market and Low salary payment from government of formal sector

are ranked. Students gave up their education and involved in street vending by assuming low salary they would get from government sector after graduated.

- ❖ Street vendors faced some sort of challenges during trading informally among others, lack of trading area informally and tight control from government securities, low price estimate from customer.
- ❖ Street vendors have high transition intension to involve in formal sector. As indicated that if opportunities are available informal sector operators preferred to engage in formal business. Mainly hindrance factors affect them to stay as informal.
- ❖ Informal market is influenced by capital, unemployment, tax burden, government bureaucracy, low wage and salary, incompetency on formal market and its profitability

5.3. Recommendations

The researcher would like to forward the following recommendations based on the research conclusions:

- ❖ To reduce informal market from streets in Addis Ababa city, government should work on creation of job opportunity in Ethiopian rural areas through entrepreneurial training and providing financial credit for youth. This might reduce rural to urban migrants who came to Addis Ababa city for seeking job opportunity and start to trade informally.
- ❖ Trade and industry office with cooperation of government should provide credit opportunities and trading areas for those do not have enough capital to start formal market cooperatively as well as individually.
- ❖ It is recommended to improve trading area management for business operations and work fair and equitable access from concerned bodies in order to reduce informal sector business activities. by doing that government also can collected taxes for expenditure.
- ❖ Street vendors also search formal opportunities before they engaged in the informal sector.
- ❖ The Last recommendation, society should reduce purchasing products from street to keep health and to contribute for economic health of nations.

5.4. Policy implications

Trade officials of Addis Ababa city might take necessary actions to make formal those informal economic operators by understanding the findings of the study which shows that lack of capital, unemployment with cooperation of government. This investigation can also use as input for Addis Ababa trade and industry office to investigate push and pull factors for informal sector in street vendors for decision made in this sector.

5.5. Suggestion for future studies

As study of this type needs to be undertaken per annum by incorporating other urban areas to get valuable feedback for policy formulation because derive factors may be affected by location and availability of push and pull factors in that area. This study could have a gap on conducting only in Addis Ababa street vendors.

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Appendix : Questionnaire

Addis Ababa University
Master of Business Administration Program

Dear respondent,

This questionnaire was designed to collect information from Addis Ababa city Street vendors “assessments of the causes, transition intention and constraints of urban informal economy” as a research subject for the partial fulfillment of the requirements of Master of Business Administration (MBA). ***Your response would have been used only for academic purpose and kept confidential.***

Thank you in advance for your co-operation

• **Note:**

- ❖ No need of writing your name.
- ❖ Please put a tick (v) in the appropriate box

I. Personal Information

1. What is your gender? (1) Male female (0)
2. What is your age? 14-18 19-29 30-45 above 45
3. Marital status: Single Married Widowed Divorced
4. How many dependents do you have in your household? 1 2 3 above 4
5. Education level Illiterate Grade 1-6 Grade 7-8
Grad 9-10 Certificate Diploma Degree and above
6. Work experience in street trade: below 1year 1 2 >3
7. Where is your Place of birth? Addis Ababa out of Addis Ababa
8. If place of birth is outside Addis Ababa, why did you come here? _____

3. Legal insecurity	5	4	3	2	1
4. Under estimated quality of products	5	4	3	2	1
5. Give low price estimation	5	4	3	2	1
6. Customers perceived products will theft/salvage	5	4	3	2	1
7. Products Damage with rain and hot conditions	5	4	3	2	1
8. Low credit access	5	4	3	2	1
9. Lack of trading center	5	4	3	2	1
10. Problems of Market chain	5	4	3	2	1

Please write below if you have additional points.

Items	
1.	
2.	
3.	

V. Do you have transition intension to formal market?

Yes No

1. If your answer is yes for number “1” when you will transit?

In the coming year after 2years after 3 years 4 years after

I did not have tendency

3. any comments you have for policy makers and communities_____

Thank you for taking the time to complete this questionnaire!

Addis Ababa University

Department of Business Administration

MBA Program

Interview Questionnaires with Personnel Administration

Dear respondents;

This interview is designed to gather information on the assessment of driving factors, transition intention and constraints of urban informal economy in street vendor's Addis Ababa. The purpose of the study is exclusively for academic requirement as Masters of Business Administration requisite. I assure you that, all your responses will be kept in absolute confidentiality and you will not be held responsible for the research outcome. Therefore, your genuine, frank and timely responses are quite vital to determine the success of this study. So, I kindly request your contribution in filling the questionnaire honestly and responsibly.

Semi-structured interview questions:

1. What are possible pull and push factors to engage in informal sectors?

2. How do you look the advantages of informal sectors?

3. What do you think on major causes to operate informal business in street at Addis Ababa city?

4. What you recommend for government office as well as for society regard with street vending?

Thank you for your cooperation!

አዲስ አበባ ዩኒቨርሲቲ የቢዝነስ እና ኢኮኖሚክስ ኮሌጅ የቢዝነስ አድሚኒስትሬሽን ፕሮግራም

በኢ-መደበኛ ዘርፍ ጎዳና ላይ የንግድ እንቅስቃሴ በሚሰሩ የሚሞላ መጠይቅ

የመጠይቁ አላማ :-

የተከበሩ የዚህ መጠይቅ መላሽ የመጠይቁ ዋና አላማ አጥኝው በ አዲስ አበባ ዩኒቨርሲቲ በቢዝነስ እና ኢኮኖሚክስ ኮሌጅ የቢዝነስ አድሚኒስትሬሽን ሁለተኛ ዲግሪ ተማሪ ስሆን በ አዲስ አበባ ከተማ አስተዳደር ውስጥ በሚካሄደው ኢ-መደበኛ የንግድ ስራ ላይ የሁለተኛ ዲግሪ መመረቂያ ጥናታዊ ፅሁፍ ለማዘጋጀት ብሎም በዘርፉ ላይ የመፍትሄ ሀሳብ ለመሰንዘር ነው ። ስለዚህ መጠይቁን ሲሞሉ ሙሉ ኅላፊነት ወስደው እንዲሞሉት ለማሳሰብ እወዳለሁ ። በመጨረሻም አጥኝው መረጃውን ለማንም ለሰስተኛ ወገን አሳልፎ ባለመስጠት ሞያዊ ግዴታውን ይወጣል ።

ስለ ትብብር በቅድሚያ አመሰግናለሁ ።

❖ ክፍል አንድ:- አጠቃላይ መረጃ

1. ፆታ : ወንድ ሴት
2. ዕድሜ: ከ 14 በታች 14-18 19-29 30-45 ከ45 በላይ
3. የጋብቻ ሁኔታ : የላገባ/ች ያገባ/ች የተፋታ/ች የሞተበት/ባት
4. የስራ ልምድ: ከአንድ ዓመት በታች አንድ ዓመት 2 ዓመት 3 እና ከዛ ዓመት በላይ
5. የቤተሰብ ብዛት : አንድ ሁለት ሶስት አራት እና ከዚያ በላይ
6. የትምህርት ደረጃ
 ያልተማረ/ች ከ 1-6 ከ 7-8 ከ 9-10 ሰርተፊኬት
 ዲፕሎማ ዲግሪ እና ከዛ በላይ
7. የትውልድ ቦታ አዲስ አበባ ከ አዲስ አበባ ውጭ
8. ለጥያቄ ቁ 7 መልስዎ ከ አዲስ አበባ ውጭ ከሆነ በምን ምክንያት ሊመጡ ቻሉ _____

ክፍል ሁለት : የጎዳና ንግድ እንቅስቃሴ በተመለከተ

9. ይህን ስራ ከመጀመርዎ በፊት ምን ይሰሩ ነበር
 ተማሪ የመንግስት ሰራተኛ ስራ አጥ ጡረተኛ
 የራስ የሆነ መደበኛ ንግድ
 ሌላ ከሆነ ቢገለጽ _____

10. ይህን ስራ ለመጀመር የመነሻ ገንዘብ ምንጭ

ከራስ በመቆጠብ/እቁብ

ከመንግስት/እርዳታ ሰጭ ተቋማት

ከዘመድ/ከጓደኛ ብድር

ከገንዘብ አበዳሪ ተቋማት

ጥቃቅን እና አነስተኛ አበዳሪ ተቋማት

ሌላ ካለ ቢገለጽ _____

11. የምርትዎ ምንጭ አካል ማን ነው?

ራስ አምራች ከመደበኛ ነጋዴዎች ከኢ-መደበኛ ነጋዴዎች ሌላ ከሆነ ቢገለጽ _____

12. ይህን ስራ ከጀመሩ በኋላ የኑሮ መሻሻል : ዝቅተኛ መካከለኛ ከፍተኛ

13. በወር ምን ያህል ቀን ይሰራሉ _____

14. የቀን ገቢ ትርፍ ብር በአማካኝ _____

15. የተሳተፉበት የኢ-መደበኛ ንግድ ዘርፍ ቢገልጹልን _____

ክፍል ሶስት:- ወደ ኢ-መደበኛ የንግድ ዘርፍ ለመሳተፍ አበረታች ሀይሎችን በተመለከተ :-

የተከበሩ የመጠይቁ መላሾች ከዚህ በታች ከተዘረዘሩት ለኢ-መደበኛ ንግድ ተሳትፎ ምክንያቶች እርስዎ ምክንያት ነው ያሉትን የ ምልክት የስምምነት መጠንዎን ይግለጹ:: ቁጥሮቹ 5=በጣም እስማማለሁ፣ 4=እስማማለሁ፣ 3=ሃሳብ የለኝም፣ 2=አልስማማም እና 1=በጣም አልስማማም

	ስምምነት				
16. ከፍተኛ የግብር ጫና መኖር:	5	4	3	2	1
17. አሰልጥኖች የመንግስት የንግድ ፍቃድ አሰጣጥ መኖር:	5	4	3	2	1
18. ዝቅተኛ የመንግስት ደመወዝ ክፍያ መኖር:	5	4	3	2	1
19. በመደበኛው የንግድ ሰራ ተወዳዳሪ አለመሆን:	5	4	3	2	1
20. የበቁ የካፒታል እጥረት:	5	4	3	2	1
21. ስራ አጥ መሆን	5	4	3	2	1
22. ዘርፉ አትራፊ መሆኑ:	5	4	3	2	1

ሌላ ተጨማሪ ምክንያት የሚሉት ካለ በሚከተለው ሰንጠረዥ ይፃፉ ::

ምክንያት	
4.	
5.	
6.	
7.	

ክፍል አራት:- የኢ-መደበኛ ንግድ ችግሮችን በተመለከተ

ከታች ከተዘረዘሩት የኢ-መደበኛ ንግድ ችግሮች መካከል የገጠምዎን ችግር ምልክት በማድረግ መልስ ይስጡ::

እንደ ችግር ተጠቃሽ መስፈርት	ስምምነት				
	5	4	3	2	1
23. በማህበረሰቡ ዘንድ ዝቅ ተደርጎ መታየት	5	4	3	2	1
24. ትንኮሳ (ለሴቶች)	5	4	3	2	1
25. የህግ ከለላ ማጣት	5	4	3	2	1
26. የምርት ጥራት ዝቅ ተደርጎ መታየት	5	4	3	2	1
27. በጣም ዝቅተኛ ዋጋ መስጠት	5	4	3	2	1
28. የተሰረዘ ነዉ ወይንም አሮን ነዉ ብሎ ማሰብ	5	4	3	2	1
29. የእቃዎች (ምርት) በሙቀት ፣ በዝናብ መበላሸት	5	4	3	2	1
30. የብድር አገልግሎት እጥረት /ማጣት	5	4	3	2	1
31. የቦታ (የንግድ ቦታ) ማጣት	5	4	3	2	1
32. የገበያ ትስስር ችግር	5	4	3	2	1

ሌላ ተጨማሪ ችግር የሚሉት ካለ በሚከተለው ሰንጠረዥ ይፃፉ ::

እንደ ችግር ተጠቃሽ	
1.	
2.	
3.	
4.	

❖ **ክፍል አምስት:-** ወደ መደበኛ የንግድ ዘርፍ ሽሽግግርን በተመለከተ

33. ወደ መደበኛ የንግድ ዘርፍ ለመሸጋገር ዝንባሌ አለዎት?

አዎን አለኝ የሌላም

34. ለጥያቄ ቁጥር “1” መልስዎ “አዎን” ከሆነ መቼ ወደ መደበኛው ለመዘዋወር አስበዋል?

በመጨረሻ ዓመት ከ2 ዓመት በኋላ ከ3 ዓመት በኋላ ከ4 ዓመት በኋላ

ዝንባሌ የሌላም

35. አጠቃላይ ለፖሊሲ አውጭዎችም ሆነ ለማህረሰቡ የሚሰጡት አስተያየት ካለ

ለጥያቄ መልስ ለመስጠት ስለተባበሩኝ ክልብ አመሰግናለሁ!!!!