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Challenges and Prospects of Women in the Informal Business
Sector in Addis Ababa: The case of Merkato

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By

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A thesis submitted to the center for Urban Development and
Management presented in partial fulfillment of the requirements for the
degree of Master of Arts in Urban Development and Management

Addis Ababa University

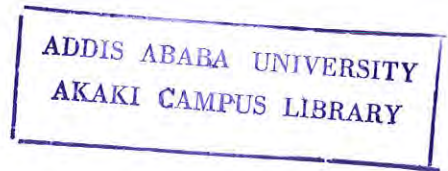
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List of Acronyms

AACA	Addis Ababa City (Administration)
CSA	Central Statistical Agency
GDP	Gross Domestic Product
GNP	Gross National Product
ILO	International Labor Organization
MSE	Micro and Small Enterprises
SPSS	Statistical Package for Social Science
UNECA	Untied Nation Economic Commission for Africa

Abstract

This study was conducted in Merkato, Addis Ababa with the aim of assessing the major challenges and prospects of women in the informal business sector. The informal sector provides more than half of the employment opportunity in urban areas of Ethiopia. The sector plays an important role in absorbing surplus labor and help women generating income. Despite such contributions, the informal sector is said to face challenges specifically for women operators in the developing world. Some of the major problems include: lack of working capital, poor working environment, lack of access to credit and training facilities. In fact, the challenges women face in the informal sectors are not very well studied in the context of Addis Ababa. A case study approach was employed. Both primary and secondary data were collected through questionnaire, interview and observation. A sample of 80 respondents was taken from women informal operators in Merkato area. In addition, key informants were considered from Woreda Trade and Industry Office, and women's Affair Office. The data were analyzed by using both qualitative and quantitative methods. The findings of the study show that, poor working condition, shortage of working capital, lack of access to credit, lack of business skill/training, shortage of raw materials, lack of infrastructure and service facilities and police harassment are the major challenges women face in the study area. In fact, findings suggest that informal sectors are serving as important safety nets for the poor and marginalized women who do not get employment opportunities in the formal sector. Hence future interventions may consider as to how to transform informal business into legal ones so that women can get access to credit facilities (from financial institutions) and training (that can them improve their business skills). In this regard, establishing them into micro and small enterprises would play a great role in providing other necessary facilities so as to change the living standard of informal operators, especially women.

Chapter One: Introduction

1.1 Background of the study

Researches suggest that the emergence of informal sector is principally associated with a governance issue (ILO, 2002). According to empirical works, governance problems such as inappropriate, ineffective and misguided macro-economic and social policies often developed without the proper consultation of relevant stakeholders and development actors would lead to the proliferation of the informal sector. Besides, lack of constructive legal and institutional frame-works, high rate of population growth and lack of good governance for proper and effective implementation of policies, including structural adjustment, economic restructuring and privatization policies are important factors in the emergence of the informal sector. In fact, government may not simply welcome the emergence of this sector. Rather, because lack of high and sustainable economic growth inhibits their capacity to facilitate the creation of more jobs to absorb the needy, they seem to be reluctant to address from the problems that abound the informal sector. Many countries do not have explicit employment creation and business development policies; they treat job quantity and quality as a residual rather than as a necessary factor of economic development (Zewde, 2002).

In fact, after independence, many developing countries have improved their macro-economic policies. However, the number of people joining informal sector has grown larger and larger as the years go by. Besides, due to the demand for the low cost goods and services provided by the informal sector, citizens seem to support the existence of such sector in the market (Robinson, 2001).

In support of this argument, a study by Webster and Fidler, (1996) revealed that many developing countries improved their macro-economic management in 1990's. But the informal sector has continued to grow due to its significance as a creator of job and incubator of small and medium enterprises. This implies that, the informal sector is a giant sponge absorbing much of the shock of periodic economic contraction by soaking up excess labor and providing second income to individuals whose real income has been eroded by inflation and public spending cut-backs (Webster and Fidler, 1996). This

argument is a clear indication that the existence of an informal sector is not always a symptom of economic dysfunction; rather it is an important element of the economy providing ample opportunities for the needy. Thus, despite the presence of street vendors and home workshop producers signals that the structure and growth rate of the formal economy are inadequate to absorb the national labor forces, if properly managed, it may complement the formal economy, which in its own merit should be coordinated to help it integrate low incomes and unemployed people that are engaged in informal sector. So, the informal sector is obviously capable of providing a minimum of labor and income as well as essential goods and services for major segment of a population without any financial support, governmental or others (Hemmer and Mannel, 1989 in Mesfin 2002).

Results of a gender disaggregated data indicate that women are playing a lion's share in the informal sector both in urban and rural part of most African countries (Webster and Fidler, 1996). For example, they account for roughly 50 percent of informal sector employment in Sierra Leone, more than 66 percent in Burkina Faso, and around 80 percent on Cape Verde. In Niger, women run roughly 40 percent of all micro-enterprises (Webster and Fidler, 1996). In rural areas of Guinea and Guinea Bissau, many women particularly those whose husbands work in neighboring countries during dry seasons, support themselves fully from informal sector activities (Webster and Fidler, 1996). When we take a deep look at the situation, men tend to monopolize the more profitable formal sector jobs because they tend to get easier access to education, capital, trading contracts and transportation facilities than women. In contrast, women tend to be far less mobile than men, because societal norm across Africa directs that women primary responsibility as to care her family and this means staying close to home (Webster and Fidler, 1996).

The National informal sector survey conducted by CSA (2003) also indicates that the total number of persons engaged in the informal sector is about 997,380 of which 799,353 (81.15 percent) are informal sector operators. The same survey result also revealed that the total number of peoples involved in the informal sectors in Addis Ababa is about 128,598 of which about (51.1 percent) women and the rest (49.9 percent) are men. Though the contribution of the sector is high in unemployment and poverty alleviation

the operators do not get the necessary protection and assistance from the government and concerned body and circled by various problems.

Women are also blocked from formal labor market due to practical, cultural and even legal constraints that hinder their entry into formal markets. In essence these issues confine them to the in-secured and marginalized jobs the informal sector activities. At the most general level, women's opportunities are limited by their lack of education, large number of pregnancies and children, and substantial responsibility for various reasons. In most countries, poor access to information, limited market and financial service combined with cultural norms also limit women economic participation. Legal discrimination is also evident in some countries, for example regulation in Mali prohibit married women from opening business without the consent of her husband, and the labor code in Niger maintains regulation of the colonial periods that hinder women's access to employment in a range of activities (Ibid).

1.2 Statement of the problem

In developing countries, the informal sector is the major source of employment and income, particularly for the urban population (ILO, 2002). According to ILO's (2002) estimations, the share of informal employment (outside agriculture) to the total non-agricultural employment accounts for nearly half or more in all regions of the developing world and about 72 percent in Sub-Saharan Africa (SSA). They are also very important part of the developing world economy. For example, in SSA the contribution of the informal sector in non-agriculture GDP is about 41 percent (ILO, 2002). Hence, their efficiency matters in determining overall economic performance and poverty reduction.

The informal sector plays a central role in Ethiopia labor market, accounting for an estimated 71 percent of urban employment (CSA, 2003). It, therefore, serves as a vital source of income and safety net for the poor. It comprises 58 percent of the urban population (CSA, 2003). It is particularly important for women, who represent half of the informal sector, with their domestic responsibilities (World Bank, 2007). Employment in urban informal sector was eight times higher than wage employment in the formal sector (CSA, 1999).

Studies indicate that women in the informal sector work 13-18 hours per day (Ethiopian women policy, 1993). Though they are involved as producers, income earners and family care givers, women are mostly seen as unproductive because they are involved in unpaid informal work (home-based or open space), which is often outside the legal umbrella. Studies further indicate that traditions and culture generally confine poor urban women to economic activities that are less productive or profitable than those of men (ILO, 2002). Partly, this is related to the fact that self-employed women tend to focus on economic activities that are perceived to be more flexible (such as petty trade which is less risky) and on activities that can be either home-based or carried out in the vicinity of the households so as to enable them to fulfill the demands associated with their reproductive roles. Evidences suggest that even relatively better off women in Ethiopia tend to focus on business areas in which they have traditional skills and know-how such as food processing, clothing and hair dressing (Zewde, 2002).

Similarly, the study conducted by Zenebework (2003), indicates that women's work is limited to the lower activities of informal sector such as petty trading ('guilt'), selling firewood, food processing (like 'Injera', 'Ambasha', 'Shiro', 'Pepper', 'Areka', 'Tella', 'Tejji'), handicraft and prostitution, While men are active in transportation (cart driving), construction, repairing, better commodity trading.

Informal sector operators face multi- dimensional problems both in developing and developed countries especially in developing countries like Ethiopia. These problems include less access to social protection, more vulnerable to common contingencies or shocks, less access to basic infrastructure and social service, poor work condition. Furthermore, they face greater exclusion from state, market and political institution, have fewer rights and benefits of asset and have less secure property rights over land, housing or other productive asset (ILO, 2008).

The scope of poverty in Ethiopia, like in many developing countries, is the direct consequence of limited employment and income opportunities. As a result people who have no other source of income are forced to engage in the sector to enhance employment and household income. However, the meager incomes of urban informal sector workers

limit opportunities to live and work in hygienic and safe environment. Moreover, workers in this sector do not enjoy the measures of protection offered by the modern sector in terms of job security, working condition and old age pensions. Hence, much of the sector is associated with the manifestation of urban poverty such as housing problem, lack of basic services, social infrastructure and access to formal employment (ILO, 2000).

According to World Bank (2007), lack of demand for goods and services, workers skills and assets, access to the market place, the investment climate and health and family related problems are the main problems of the informal sector in Addis Ababa. Similarly the result of the survey on urban informal sector activities revealed that out of the 584,913 informal sector operators, about 50 percent replied that their first major difficulty when starting their operation was lack of sufficient initial capital. According to their response, this problem becomes more critical when they intend to expand their business (Zewde, 2002).

Berch (2004) also identified the most difficult problems of women owned small enterprises in Ethiopia. These are absence of sufficient capital to run their businesses, secured space and location, absence of clearly defined municipal regulation and licensing, harassment and confiscation of property by officials, police and market guards, lack of infrastructure and service as well as lack of representation and voice in urban planning.

Similarly, Melvis (2001) indicates that the major problems that encountered informal traders. These are harassment by security guards, deteriorated working environment, shelter and proper work place problem, lack of financial and credit facilities, traffic congestion, lack of service, in accessibility and lack of proper work place, competition, and thefts.

In addition to the above problems, CSA (2003) identified the challenges of informal sector operators during start up and operation level of their business. In the starting level they face lack of initial capital, inadequate skill, lack of premises, shortage of access to raw materials, and government regulations. Moreover, the survey confirmed that they faced many difficulties during operation level like family responsibilities, restriction of

free movement of goods and services, sales on credit, lack of clarity of regulations, inadequate skills, problem with workers and social obligations, attitude of formal business operators towards them.

Though, different researchers conducted their studies on the challenges of women in the informal sector activities in Ethiopia, the problem is still an issue of great concern which deserves further research. Therefore, this study is designed with the aim of contributing a better analysis in the challenges of women in the informal sector based on primary data collected from the study area.

1.3 Objectives of the study

The overall objective of this study is to assess the major challenges and prospects of women in the informal sector in Merkato, Addis Ababa.

The specific objectives are: To

1. identify factors forcing women to join in the informal business sector,
2. examine the contribution of the sector in improving the welfare or living condition of women, and
3. find out major challenges of women encountered in the informal business.

1.4 Research questions

The study tried to answer the following basic research questions:

1. What forces women to join in informal business sector?
2. What is the contribution of the sector in improving the living condition of women?
3. What challenges do they encounter in operating in the informal sector?

1.5 Significance of the study

Informal sector is now become common business activity in cities of Ethiopia in providing goods and services for poor segment of the population, especially women. At the same time occurrence of this activity is inevitable due to limited opportunity in the formal sector and rural-urban migration. On the other hand, city officials and policy

makers could not recognize the advantage of this economy rather than focusing on the negative consequence of the sector. Women, who become dominated the lower limit of the sector, need appropriate treatment from concerning stakeholders and need formalization with incentives, at the same time if they are treated positively, they can contribute for the revenue and smooth operation of the business in the city.

So the study will help city administration to design appropriate strategy in which these people (women in the informal) become access to services and contribute for the development of the city. It also helps gender analysis to design special needs of women in the informal business. Additionally, this study aids economists, sociologists, lawyers including right of people in the informal activity, policy makers to incorporate the issue of women in the informal sector because directly or indirectly the performance or design of any policy or project affects women life. Lastly, it serves as a corner stone for other to encourage researchers who want to conduct further studies.

1.6 Scope of the study

In Ethiopia, informal sector has significant share of urban employment sector. This comprises both home based and open space based activities undertaken by the poor who have limited or no access to in the formal employment sector. Women take the lion share in this sector due to their productive and reproductive role and low educational skill to join in the formal sector. As a result, the study looks at the urban women informal sector operators. Due to lack of sufficient time and resource, the study considers only open space based informal sector workers who live and work in Merkato. There are numerous types of activities that are performed on the open space. But the study collected data only from two purposely selected activities namely selling tea and coffee and vending agricultural products in the street.

1.7 Limitations of the study

The basic problems the researcher encountered during data collection of this study was uncooperativeness of the respondents due to fear of government officials and lack of transparent especially on sensitive issues of finance about the amount of income earned

by individual at a particular period of time. This was mainly because of low level of education of respondents, irregularity in terms of income and lack of willingness. However, this was minimized by asking respondents to estimate average income instead of the actual amount earned per month.

In addition, lack of reliable and recent evidence about the total number of informal operators particularly gender disaggregated data on the sector in the study area which creates a difficulty in identifying the total population from which to select representative sample size. This arises mainly due to the operation of the sector outside the formally registered economy.

1.8 Organization of the study

This study is organized into five consecutive chapters. Chapter one is an introduction part, which constitutes background, statement of the problem, objectives, research questions, significance, scope and limitation of the study. The next chapter presents an overview of theoretical and empirical literature. Study area description and research methodology deployed in this study emphasizing on the study design, data type, source and instruments, sampling technique and data analysis presented under chapter three.

Chapter four deals with the results and discussion of the study, the general background information's of the respondents, forcing factors of women to involve in the informal business sector, the contribution in improve the living condition and the major challenges of women entrepreneurs are presented in details in this chapter. Finally, conclusions and recommendations of the study are presented in chapter five.

Chapter Two: Review of Related Literature

This chapter is divided into two sections. The first section discusses the theoretical literature, where as the second section presents empirical literature

2.1 Theoretical Literature

2.1.1 Theories of informal sector

There is no universally acceptable definition of the term “informal sector” since its discovery in the early 1970s. However, the word informal sector has been continued to be used by many policy makers, labor advocates and researchers because the sector seek to capture the largest share of the active working force that remain outside the world of fulltime, stable and protected jobs continued to be involved in the sector become increasing over time.

The informal economic activity expanded further over the years. There are four well known schools of thoughts regarding the emergence and expansion of informal sector. These are the dualistic, structuralists, legalist and the illegalist school of thoughts (WIEGO; www.wiego.org).

The dualist school is popularized by ILO in 1970's. They view the informal economy as a separate marginal sector and not directly linked to the formal sector that provides income or safety net for the poor (ILO, 1972). They argue that the existence of informal economy is mainly due to less capability of the formal or industrialized sector to absorb informal sector workers by providing employment opportunities for them. It might happen due to slow economic growth or rapid population growth.

The structuralist school is popularized in the late 1970's and in 1980's. The structuralists view the informal sector as being subordinated economic units to the formal sector (castells and Portes, 1989). They argue that, in order to reduce their labor and input cost and to enhance the competitiveness, privileged capitalists in the informal sector seek to erode employment relations and subordinate petty producers and traders. The structuralist's model also depicts the coexistence and independence of various modes of production.

The third school thought is the legalist. This perspective was popularized by Hernando Desoto in the 1980s and 1990s. They view informal work arrangements as a rational response by informal work operators to escape over regulations of government bureaucracies. They argue that people work in the informal businesses to avoid costs, time and effort of formal registration and to increase their own wealth. In this view, the informal sector arose due to unreasonable government rules and regulations (IDRC, 2004).

On the other hand, illegalist is popularized by neo- classical and neo- liberal economists. They argue that informal entrepreneurs operate illegally or even criminally, in order to avoid taxation, commercial regulation, electric and rental fees, and other costs of operation formally. They also believe that peoples work in the informal business to exchange illegal goods and services.

Currently, rethinking of the informal economy suggests the need for an integrated approach that looks at which elements of dualists, structuralists, legalists and illegalists theories are most appropriate to which segment of informal employment in which context. Clearly some poor households and individuals engage in survival activities that have or seem to have very few links to the formal and the formal regulatory environments (dualistic school); some micro entrepreneurs choose to avoid taxes (illegalist school);and regulations (legalist school) while other formal unites and workers are subordinated to large formal firms (structuralists school) (Entansa, 2008).

Even though these theories are applicable in some cities of Ethiopia including Addis Ababa; different literature claim that women join this sector due to lack of income generating employment opportunities and to support their families, that is why in different countries women in the informal sector were found to be poorer than men (Entansa, 2008).

2.1.2 Concept and definition of informal sector

It is difficult to come up with a single definition of the informal sector because of its diversity and heterogeneous nature. The definition has therefore differed from country to

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country and even within a country. However, it is commonly defined as a sector in which non-taxed and unregulated goods and services are exchanged. Informal sector activities are described as unregistered either because their turn over is below the level of required registration for tax purpose or due to their illegal status. However, it has an economic value; it is not included to governments Gross National Product (GNP) as opposed to a formal economy.

The Kenya employment mission was the first to use the term “informal sector” in terms of “traditional sector” to elaborate economic activities of poor workers which were not recognized, recorded, protected or regulated by government authorities. The mission’s report reveals the existence and the expansion of the informal sector which includes profitable and efficient enterprises (ILO, 1972).

The term “informal sector” was first coined by a British anthropologist Keith Hart in 1971 in his study of economic activities of urban poor in Ghana (Hart, 1973). He defined informal employment as economic activity in which the workers operate in unregulated markets, use labor intensive technology and local resources, and learn their business skills outside of school. However, informal sector has a heterogeneous nature; it can be explained on the basis of its workforce or by its economic units which takes place in it (Chen, 2004). Prior to the 1970s the informal sector was not regarded as a distinct socio-economic group but rather as a part of an assembly of traditional backward and unproductive activities operating at the margins of developing societies (Charmles, 1990).

Due to the different facets of informal sector there is no clear consensus about the definition of the term informal sector. Statistical based definition of the informal sector includes all unregistered or unincorporated enterprises below a certain size and micro enterprise owned by informal employees who hire one or more employees on a continuous basis and own account operations owned by individual who may employ, contribute family workers and employees as an occasional basis (WIEGO: www.wiego.org).

In developed countries, informal sector defined as all income or production that escapes taxation or gross domestic product (GDP) estimation. However, in developing countries the term refers to household enterprises aimed at generating income and employment for households (ILO, 2002).

The employment based definition of the informal sector which is recommended by Women in Informal Employment; Globalizing and Organization (WIEGO) includes all non-standard wage workers who work without minimum wage, assured work or benefit whether they work in formal or informal firms (such as employees of informal firms, domestic workers, casual workers, home workers, temporary and part-time workers, and unregistered workers).

International Development and Research Center (2004) has adopted a definition of informal employment and its constituent groups, as follows: The informal economy comprises informal employment (without secure contracts, worker benefits or social protection) of two kinds. These are self employment in informal enterprises (small unregistered or unincorporated enterprises) including: employers, own account operators and unpaid family workers in informal enterprises and paid employment in informal jobs (for informal enterprises, formal enterprises, households, or no fixed employer) including: casual or day laborers, industrial out workers, contract workers and unprotected temporary and part time workers.

Similarly, according to ILO (2002), informal employment composes both self-employment in informal enterprises (i.e. small and or unregistered) and wage employment in informal jobs (i.e. to out secure contract, worker benefits or social protections).

Stromquist (1998) also defined informal sector as the labor of small firms and individuals often with minimal resources, operating in the “grey” areas with minimal respect to legality and employing a wide range of activities and services.

The informal sector can be described in terms of employments and number of enterprises. Medium and large firms typically attract the most attention from government and donors,

but most workers and enterprises are located in the informal sector. Diversity is its trademark, and it includes survivalist (very poor people who work part time in various non farm, income generating activities); self employed people who reduce goods for sale, purchase goods for resale or offer services and very small business (micro enterprises) that usually operate from a fixed location with more or less regular hours. Participants include very poor, marginal people as well as number of the working class (Webster and Fidler, 1996). According to this argument, this sector is attracting a large number of people who are poor and marginalized in which majority are women, so steps taken to reduce poverty would better if put into consideration the problem of informal sector operators.

Generally, there is a common agreements that informal sector consists of very small scale producers and distributors of goods and services and independent self employed persons in urban and rural areas which are carried out without formal approval from formal authorities. In developing countries like Ethiopia, the term has largely been associated with urban household enterprises whose main purpose is to generate income and employment for the households.

In the case of Ethiopia, the informal sector is defined as household type establishments or activities mostly 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 low level of productivity and income. They tend to have little or no access to organizing markets, credit institutions, modern technology, formal training, many public services and amenities. A large number of them are carried 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 and also they are beyond social protection, labor legislation and protective measures at the workplace (CSA, 2003).

2.2 Empirical Literature

2.2.1 The contribution of informal sector

Informal sector is important in poverty alleviation especially among women and the youth who tend to dominate the informal-sector activities. The informal sector activities tend to generate further employment to either paid or unpaid workers who are employed by owners of such activities (Kapunda and Mmolawa, 2003).

The informal sector acquired great significance over the years as a source of employment and livelihoods for an increasing number of people, especially for women, in both rural and urban areas of developing world. It has particularly become a key mechanism for distributing goods and services to the urban poor. The lower income groups of the urban spend a higher proportion of their income in making purchase from petty traders mainly because their goods are cheap and thus affordable. Therefore, the informal sector is not only creating employment opportunity or source of income of the workers in the sector but also it helps another section to survive by providing goods and services at affordable price.

The informal sector plays a significant economic role in urban areas of developing countries including Ethiopia by providing goods and services in conformity with the needs of the population (ILO, 1985). In most developing countries production in the informal sector constitutes at least 20 percent of urban out puts (ILO, 1985). For instance, in retail trade, where informal sector enterprises are most common, they contribute one and half of the total urban out puts in most African countries.

The informal sector provides employment opportunities to the poor, absorbing some of the labor that cannot find employment in the formal sector. The sector plays a supplementary role in employment and income generation. The proportion of urban employment accounted by the informal sector in developing countries varies widely. Studies reveal that the share of the urban labor force engaged in the informal sector activities reach around 50 percent (Todaro, 1994). This is because industrial employer is least available for rural migrants, as size and industries are poorly developed and are not

capable of absorbing them. The proportion of informal sector employment to the total urban employment is highest in Africa, followed by Asia, Latin America and the Caribbean (ILO, 1999). In some countries it is in fact only the informal sector which absorbs the urban labor force and keeps the economy going while large modern enterprises downsize. This is evidenced by the fact that in Ethiopia 60 percent of the urban labor force employed in the informal sector (CSA, 2003).

Informal employment is composed of both self-employment in the informal enterprises and wage employment in the informal jobs. In both types of informal employment workers are working without secure contracts, workers benefit or social protection. In almost all the developing countries, self employment comprises greater share of informal employment than wage employment. Specifically, self employment represents 70 percent of informal employment in Sub Saharan Africa, 60 percent in Latin America, 62 percent in North Africa and 59 percent in Asia (ILO, 2002). Self employment represents nearly one third of total non-agricultural employment worldwide (ILO, 2002). It is less important in developed countries. It represents about 12 percent from the total non-agricultural employment. In developing countries it comprises as much as 53 percent non-agricultural employment; in Sub Saharan Africa 44 percent, 37 in Latin America and 32 in Asia (ILO, 2002). Informal employment is generally a largest source of employment for women than men in developing world where up to 60 percent or more of women workers are engaged in the informal employment. In sub Saharan Africa, 84 percent of women non-agricultural workers are formally employed compared to 63 percent of male non-agricultural workers (ILO, 2002).

The contribution of the informal sector to GDP in the developing countries is also significant. For those countries where estimate exist, the share of the informal sector in non-agricultural GDP reaches 52 percent (ILO, 2000). Women informal traders contribute a significant share 43 percent of GDP in the trading sector in developing countries (Martha, 2001). In addition, to this economic importance, informal sectors play a significant socio-economic role in the developing countries. If those informal sectors do not appear accommodate the rural migrants in urban areas, the number of unemployed persons would be very high, which in turn brings different social problems like crime,

theft, overcrowding, shanty housing, squatters and other social chaos. This indicates that without the possibility of gainful employment in the informal sector, poverty in countries of the third world would be terrible much more than it appears today. The informal sector provides at least minimum source of some income and chances for survival of a considerable section of the population i.e the poor (Tefere, 1996). Women who are participating in the informal sector, especially, in petty trading provide goods and services for can be afford to buy and use these goods and services. This shows that informal sectors can contribute to political and social stability in developing countries, as misery, hunger and poverty contain important potentials for conflict (Tefere, 1996).

2.2.2 Forcing factors of women to involve in the informal sector

In most developing countries as noted, most of the urban poor survive by working in the informal sector. In case of instability of the formal economy to absorb all the new entrants to the urban labor market, attention is increasingly focused on the informal sector as important source of their employment and income. The formal labor market is particularly limited for women, which puts men at advantage in many countries. There is a general bias against women's all over the world, particularly in developing countries in formal sector. The formal labor market give priority to age-old traditional distribution of roles and justifies so doing with the prejudice that man are family provider and women are at best the auxiliary earner.

On the other hand, the industrial regulations of many countries restrict women from participating in the formal sectors for instance, in some countries women were prohibited from night work (Tefere, 1996). Thus ground places immense obstacle to their being employed in the formal sector, particularly in large firms. Economic recession, the stagnation in the formal or modern sector, adjustment policies and continued high rate of urbanization and population growth have lead to unexpected and unprecedented expansion of the informal sector in many developing countries (CSA, 2003). The consequent current process of laying off the so-called extra labor forms one of the conditions of the Structural Adjustment Program (SAP) imposed on many African and other countries by the International Monetary Fund and World Bank for giving aids, etc.

This imposition forces the poor countries to meet these conditions. As such, the policy has exacerbated the problem of unemployment in many developing countries. Downsizing an oversized civil services and cost sharing in public institutions such as hospitals, clinics, higher institutions, etc. That may have been almost previously free or provided with a very low nominal charges are some of the key area of SAP. For most African states (Kinuthia, 1997) unfortunately the poor, the low level income urban dwellers and the low income peasants in rural areas have been hurt most by such adjustments. Therefore, those who can't be absorbed in the formal sector as well as those persons being laid redundant from the civil service and other organization have not had any option except entering into the informal sector to respond to a situation where formal way of getting the basic needs are impossible.

In spite of an increasing integration of women into the system of education in various parts and regions of the world, the level of education and training among the female population is lower compared to their male counterparts. New technologies that require skills and education of some sorts put women off the road because of their lack of such accomplishments. As a result, women are better represented in the informal sector of the labor market than in the formal sector, partly because most jobs in this sector are self employed or do not require certification.

It is true that many urban dwellers remain firmly rooted in the rural communities in which they grew up. Poverty and lack of gainful employment in rural areas and in smaller towns drive large numbers of women to the cities for work and livelihood (Alan and Josef, 1992). These migrants move to a city where they expect to be received by relatives or friends. They are normally offered shelter and food for a while, and are they will be introduced to the urban environment. Efforts also made to find an opportunity for them to earn their living. These women generally possess low or no skills and lack the level of education required for the better paid jobs in the sector. For these women work in the informal sector are the only means for their survival. A large section of petty traders in urban areas are those with low skill and who have migrated to the large cities from rural areas or small towns in search of employment. A study in some countries shows that migrants comprised 70 percent of informal sector labor force (Malik, 1996).

As a result of the traditional distribution of roles, women continue to be given the task of looking after the family and family members. They are also restricted in mobility when trying to choose some better gainful employment. This frequently makes it impossible for them to pursue a regular job outside the local sector in which they live (Tefere, 1996). This traditional distribution of roles continues even if in many developing countries women are frequently solely responsible for the family income as head of the household. Some evidences also suggest that women in urban informal sector are not receiving sufficient financial support from their husbands even their husbands are poor earners, and engaged in low paid casual jobs. As a consequence, women are forced to join the informal sector to augment the house hold income (Hayat, 1997).

2.2.3 Major challenges of informal sector

Despite their contribution to the overall economy of the country, workers in the informal sector face unique challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. Lack of secure working places for the informal sectors is one the prominent challenges in developing countries, which is characterized as overcrowding, highly exposure to pollution, noise and weather. Harassment from petty officials, confiscation of goods, poor drainage of wastes, physical assault or the prospect of being hauled is also another problem of working places for informal operators (Jutting and De laigalesia, 2009).

In addition to lack of secure working places, lack of adequate investment capital, lack of sufficient loan, inefficient financial market in terms of facilitating financial resources to entrepreneurs are also the major obstacles in doing business, particularly in the informal sector. Because, it can determines the entry and survival as well as the growth of the informal sector. According to Bate (1993), the size of the initial financial investment determines the survival and growth of small firms. Similarly, Hayat (1997) found that the level of startup capital has a significant and positive effect on earning capacity of women entrepreneurs that are engaged in trading of Addis Ababa. Due to lack of working capital, entrepreneurs in the sector cannot purchase raw materials in bulky of lower prices and take their goods to market where they can get better profits.

The productivity of informal workers can be enhanced by improving their efficient and providing capital goods and working capital. It is only 0.12 % of informal sector operators who received credit from formal bank in case of Ethiopia (CSA, 2003). For women, this problem is severing due to multi-factors. Since the participants in the sector tend to have low incomes, they are unable to save much of their income for reinvestment in their business. To obtain capital for investment entrepreneurs in the informal sector women usually borrow from their relatives, friends and informal lenders. However, informal lenders tend to lend money at daily, weekly or monthly in high rate. If this converted on annual basis, these rates would be extremely high. Informal sector participants would be much better-off if they could borrow from formal financial institutions at market prices (UNSCO, 2006).

Socio-cultural problems as occupational segregation of men and women are the other limiting factor for growth of the sector. Traditional categorization of work from society can tackles the potentiality of women success in their operation (Weidmann *et al*, 1995). The Ethiopian society suffers from socio-cultural bottlenecks which directly or indirectly harass the development of business traditions. There has been a weak business tradition with the presence of corruption, lack of positive attitude and enterprise culture these problems needed to be addressed for effective functioning of the sector (Habtamu 1995, in Birhanu 2008).

Educational status is another challenge to in career development and advancement in working life in both formal and informal sectors. Formal education affects occupational success of informal sector workers to a greater extent than is usually realized because an individual said to be trained if he or she has good educational status. Successfulness of an individual and training of technical skills are associated with possession of basic education. So, formal education plays decisive role for further training development and business profitability. Higher education levels mean more stable income generating enterprises in the informal sector as a whole. Poor literacy and innumeracy often prevent informal sector workers from participating successfully in conventional training programs (CSA, 2003).

Literacy itself opens up the possibilities of almost unlimited exposure to new information more importantly, to new perspectives to existing information. If women are in the labor force, even a little education greatly increases their earning (Berch, 2004). According to ILO (2002), one of the major insecurities faced by informal workers is lack of marketable skills and their instability to invest in skill and knowledge.

Women in the least developed countries have traditionally been responsible for raising children as well as family welfare more than men. This seriously affects their business because many women's spent their time and energy at home while the business suffers. Women in the informal sector have less access to valuable information, have little or no startup capital, and work longer hours than their male counterparts (Kinuthia, 1997). However, they are also forced to spend more of their income for their household consumption such as food supply, health, children education and clothing the family.

Institutional barriers can also be serious challenge to women's activity because those institutions which have direct and indirect relation with women informal operators do not give information about business opportunities, market availability, supply of raw materials or any advisory or consultancy services. Indeed, they do not provide even appropriate working site for their business. This is mainly due to limited public awareness for the need of such information and the limited experience of the government in providing these services. (Mollers and Schlegal, 2000).

The other major problem of informal sector operators is the lack of social protection and services. Informal workers often have little access to health, property, unemployment and life insurance. The informal workers may also suffer from systematic biases against poor people in the provision of service and infrastructure, housing and basic utilities. This is more severe for women informal business operators (Jutting and De laiglesia, 2009).

Generally, there is overwhelming evidence that these women in the informal sectors face variety of challenges including poor working condition; inadequate knowledge and skill in business operations due to lack of education and training; lack of finance due to little or no access to institutional credit; lack of government support; lack of access to

resources, market, working sites, basic infrastructure and the house hold responsibilities which reduce their time for their business.

2.2.4 Women and informal sector

According to World Bank Report (2007), women are disproportionately located in the informal sector, female operated enterprises are frequently home based and concentrated in low productivity sectors. Household and child care responsibilities may restrict their ability to reach customers and to build human capital, while societal norms about appropriate activities for women can limit their entrepreneurial potential. Women tend to enter in to business with a lower level of education and less startup capital than their male counterparts, and they earn less over time.

Women comprise half of the world population but only few women employed in the formal sector those employed only stickle to decision making posts (Achamyelesh, 2000 in Mesfin 2002). Feminist theory, the dominant literature on gender relations premises that women's disadvantaged position in the labor market is caused by, and is reflection of women's subordinate position in society and the family (Dejene, 2000 in Mesfin). On the other hand, the Beijing plat form for action on women and development set 12 critical areas of focus, among these priorities areas women's economic empowerment is a number one issue (Bogalech, 2000 in Mesfin).

In developing countries women make up a smaller proportion of the official labor force (31%) than they do in the industrial countries (41%) (ILO, 1992). But the women that operate in informal sector is difficult for statistician to have well identified information about their numbers. Indeed, during periods of recession and structural adjustment their numbers are believed to have gone up. As men have lost their job in the formal sector, women have been to seek informal sector employment to maintain the family's living standards. The highest women's participation rates are in Africa, for instance, women's make up 80 percent of the food production in some African countries (ILO, 1992).

In several African countries, women head more than one third of families, suggesting that there is potential for reducing poverty by expanding income earning opportunities of

women. In some of the poorest countries, such as Bangladesh and India, encouraging the entrepreneurship and self-employment of women is proving to be a self directed and targeted poverty reduction strategy (Webster and Fidler, 1996).

In addition to this, urban livelihoods are characterized by a dependence on cash incomes, often earned in the informal sector. A high proportion of women in the informal workforce, face the problem of balancing their roles as home makers, mothers and income earners. Child care responsibilities combined with women's lower education and skill levels force women into informal sector work, or into which they can work at home. In urban areas of West Africa women comprise 70 percent of the work force in trading (Ruel et al, 1998 in FCND, 1999 in Mesfin 2002). Although they control such a huge portion of the informal labor market, lack of education and skills limit these women to relatively low income earning occupation, such as petty trading and home based activities.

It is estimated that about three-fourths of the urban informal sector in Indonesian consist of petty trades and service (Hrdayat, 1978; Moir 1978; Bijimer, 1989 in Mesfin 2002). And also, substantial data on West Africa's informal sector indicates that petty trading which constitutes the bulk of informal sector activities or dominated by women (UNECA/ATRCW, 1988). For instance, over 90 percent of all individuals in Africa, Accra, engaged in petty trading as their primary occupation are women and almost 100 percent of all street food vendors were found women. Trading is the single most important business activity for an over whelming majority of women in the informal sector. The commodities traded range from a few organs or tomatoes to grocery shops (UNECA/ATRCW, 1988).

A study made in two cities in Africa, at Banjul (the Gambia) and Maputo (Mozambique) pointed out that, the proliferation of petty traders in most peri-urban areas can be interpreted as an unhealthy symptom of economic under development. Employment problems and low incomes as well as increase in the number of migrants and refugees are the two study areas, as well as throughout sub Saharan Africa, with access to farmland and lucrative wage employment highly are problematic, recent migrants entering the

street trade in order to survive while petty trading allows this group of traders to survive (at very low levels of welfare), it represents a large under class of unemployed and under employed. To view it as a burgeoning class of private sector entrepreneurs points unrealistically rosy or trait of the situation (Little, 1999 in Mesfin 2002).

The question of why women participate in this sector must be analyzed in the light of two factors related to how households are maintained and finance is arranged between men and women (vandelaar, 1989). Women find it important to have their own money. With their earnings they can acquire personal belongings to which others, particularly their husbands, have no claim the latter is the most important advantage according to them (Vaandelaar, 1989). It is also noted that, the choices for women in the informal sector are circumscribed. They must combine household chores with paid labor responsibilities such as cooking, shopping and child care always take priority.

Therefore, women need a flexible working schedule and a job site near their home. Self employment in petty traders meets the above requirements (Vaandelaar, 1989). Moreover, micro finance institutions have, in many cases, come into prefers women clients, their services appear to have more impact on women than men. Women are, for the most part, women are excellent clients. Some impact studies point out that women invest the extra income that flows from investment on the welfare of their families; comparative research about male borrowers does not show the same positive impact. Similarly, women in many programs have paid back their loans at higher rates than have men (Webster and Fidler, 1996).

2.2.5 Working place of informal sector

The conventional work place of informal sector is factory, shop and office as well as formal service outlet such as clinics and schools. But this has always excluded the work place of millions of people, particularly developing countries informal employment than developed countries. Today, informal employment is rising everywhere, more inclusive classification of the work place is critical. Some informal economic activities are located in conventional work places such as registered shops or offices. But, normally informal activities are located in non-conventional places, including private houses, open spaces

and unregistered shops and workshops. Each place of work is associated with specific risks, and thus different degrees of security or insecurity, for those who work in them (UNIFEM, 2005).

2.2.5.1 Working from home

Many women's work from their own home bases, including own account operators, unpaid contributing family members and industrial out workers. Among the benefit of working from home is to do their multiple roles at the same time. This multi-tasking, which may be seen as a benefit in terms of enabling women to fulfill multiple expectations, though imposes concrete costs. When a home-based workers stops working in order to care for a child or cook a meal, her productivity drops and so does her income.

In some circumstance, working from home may be more physically safe for women. In others, it can increase their vulnerability as they are less visible and less likely to be legally recognized as workers and limit their access to social protection measures, chances to upgrade their skills and opportunities to organize collectively. Also, those who work at home are less likely than those who work outside the home to develop social ties outside the families. Those who work from home may also be limited in the kinds of work they can do and how productive they are determined by presence or absence of social and utility services like health, water, light, transport (Tena, 2006).

2.2.5.2 Open market or space

Streets, sidewalks, traffic intersections, fair grounds, along with parks and municipal markets are the places of work for many informal sector traders. Some public spot may be used for different purposes at different time of day; in the mornings and afternoons. In the morning it might be used to trade consumer goods such as cosmetics, while in the evening it is changed to a side walk cafe run as a small family enterprise (Mesfin, 2002).

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Chapter Three: Description of the Study Area and Research Methodology

3.1 Description of the study Area

Addis Ababa is the capital city of Ethiopia, which was founded during the reign of emperor Menilik II in 1886. Its first development was around the National Palace. Since then it is the cultural, political, economic and service hub of the country (Hailu *et al*, 2007).

Addis Ababa is the seat of many continental, international institutions and embassies, such as African Union and United Nations Economic Commission for Africa. It is one of the fast growing cities of Africa.

A city provide a range of economic activities from large industry, commerce and other business activities in the formal sector to petty- trading, retail trading, street vending, shoe shining and other services in the informal sector. A report by Addis Ababa city administration indicates that service and agriculture sectors contribute for 72.2 percent and 2.6 percent, respectively. On the other hand, about 60 percent of the human resource of the city engaged in the informal sector and about 50 percent of the population of the city lives on monthly income of less than Birr 200 (CSA, 2004). The report also indicates that 32.1 percent of the population is unemployed and female accounts 66 percent of the unemployed. According to the 2007 census result, the unemployment rate is decreased in 22.5 percent however females account 62.3 of the unemployed. Basic social services like water supply, toilet facilities, sanitation, sewerage and lighting facilities are in critical shortage.

The structural form of the city is organized into 10 sub-cities which are composed of 116 Woredas that are the lowest administrative unit. The city covers a total land area of about 540 square kilo meters (AACA, 2010). According to 2007 population census conducted by Central Statistical Agency of Ethiopia (CSA), as shown in Table 3.1, Addis Ababa has the total population of 2,739,551 of which the number of female has greater proportion 52 percent. About 76 percent of the population is above 15 years of age (CSA, 2007). It

is one of the most densely populated areas in the country. The main reason for this is the growing rural-urban migration.

Table 3.1: Addis Ketema Sub-city Population by Sex (2007)

Sub-city	Male	Female	Total
Addis Ketema	124,898	130,474	255,372
Addis Ababa	1,305,387	1,434,164	2,739,551

Source: CSA, 2007

Addis Ketema sub-city is located in the North West direction of the city and it is bounded by four sub-cities. It has a total area of 7.42 square kilo meters (Figure 3.1). The population of the sub-city is about 9.3 percent of the total population of Addis Ababa. Female living in the sub-city is about 9.09 percent when compared to the total female population living in Addis Ababa. Ratio of females that are living in the sub-city as compared to the male is about 0.52 (CSA, 2007).

The study was conducted in Merkato, is the biggest open market in Addis Ababa as well as in Africa, which is located in Addis Ketema sub-city. The area is administered by two Woredas in the sub-city. These are Woreda one and Woreda eight administrative offices.

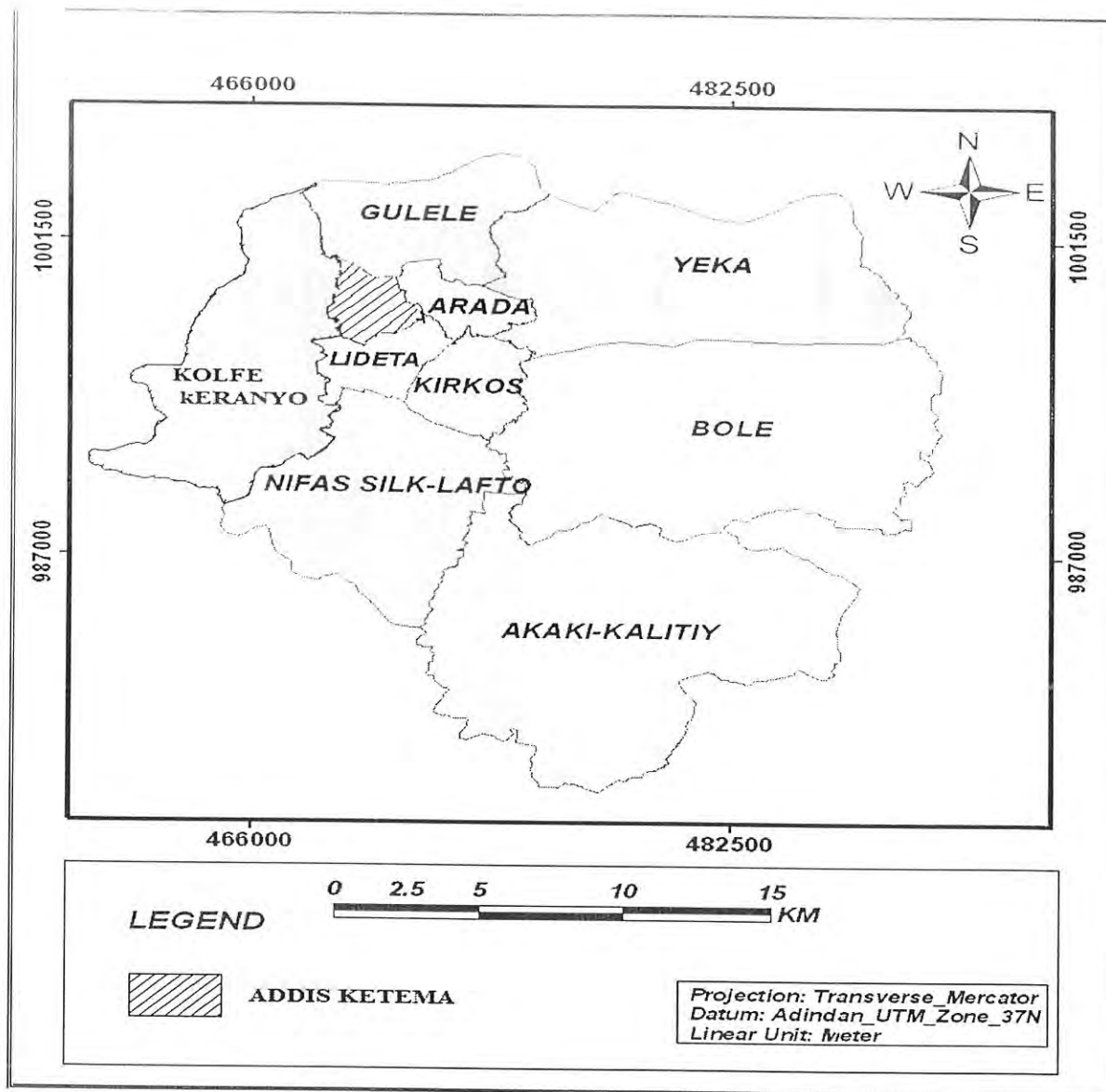


Figure 3.1: Map of Addis Ababa

3.2 Research Methodologies

3.2.1 Research design

The study used case study design, which was found to be more appropriate. The case study employed qualitative and quantitative approaches in order to capture in-depth and wider data and information for a thorough analysis and understanding about the challenges of women in the informal business sector. Qualitative approach has involved methods such as key informant interviews and field observation, while the quantitative approach included survey questionnaire.

3.2.2 Type and source of data

Qualitative and quantitative types of data were collected from both primary and secondary data sources through various methods. The primary data, which is the main source of information for this study collected by using; structured questionnaire, unstructured interview and direct observation data collection tools. Primary data which were collected by these various instruments held with women informal business operators and other concerned stakeholders of the sector who can provide in-depth information to achieve the objective of the study. The secondary sources of the data were gathered from officials of statistical sources like CSA, books, journals, magazines, reports, internet sources and research findings.

3.2.3 Sampling techniques and sample size determination

Non-probability sampling method was employed in sampling and selection process. Purposive and accidental sampling methods were used as a key non-probability sampling tool in selecting the study area, informal activities and respondents. The first stage was selection of the study area, while the second and third levels of sampling were the selection of informal activities and respondents, respectively.

Area sampling

From 116 Woredas in Addis Ababa, Woreda one and Woreda eight (Merkato) in Addis Ketema sub-city were selected purposively. Because the researcher believed Merkato as a

biggest market place in Addis Ababa, which have the largest concentration of informal operators in Addis Ababa. And, these Woredas (Merkato) is selected for the study that can give relatively reliable picture of the challenges of women who involved in the informal business activity.

Informal activity and respondent sampling

Due to heterogeneity of the informal sector activity, it is difficult to study the whole activities of women in the sector. For its simplicity the researcher select only two women dominated activities by using judgmental (purposive) sampling technique. These are tea and coffee sellers and agricultural product vendors on open market in Merkato. In the study area there is no well identified figure of informal sector operators on these activities. Because of this reason the researcher was took 80 respondents on accidental basis from the study area in order to manage the research on the time basis and be cost effective. Therefore, a total of 80 questionnaires were administered and all questionnaires were used for analysis.

3.2.4 Data collection methods and tools

The primary and secondary data were collected through variety of tools. The way these data were gathered is described as follows:

3.2.4.1 Primary data collection

Primary data are first hand data that is collected from primary sources. The main source of primary data for this study is sample households and key informants. The primary data can be either qualitative or quantitative. Household survey, key informant interview and field observation were the most important tools used to collect the primary data.

Household survey

To collect the necessary information from the sample population, a set of questionnaire containing both open-ended and closed-ended types have been designed and administered to a total of 80 women entrepreneurs in the informal sector. Initially, the questionnaire was prepared in English later it was translated into Amharic; to make the question simple, clear and understandable by the respondents. The questionnaire comprised the characteristics, causes that forced women to join, economic status of operators, major problems encountered and their future plan in the sector. This method of data collection was employed because of the nature of the questionnaire for a wide coverage of many respondents, and it can be easily quantified and analyzed.

Key informant interview

The other method of data collection employed by the researcher was key informant interview which is an important tool to collect qualitative data. The information gathered through key informant interview was used to triangulate and complement the data collected through questionnaires. Individuals with better knowledge and experience about the challenges of informal sector operators in the study area were selected and contacted to obtain relevant data. In this study, 5 key informants from Woreda Trade and Industry Office experts were selected and interviewed. The researcher was a facilitator for the key informant interview activity. Open ended discussion was under taken to gather the required information from the informants. Checklists were developed and used to guide the interview.

Direct observation

Field observation is one of the most important instruments that used to collect qualitative data. In this study, direct observation was undertaken by a researcher to collect additional information about the challenges of women entrepreneurs in the informal sector related to their working condition.

3.2.4.2 Secondary data collection

In order to further complement and strength the analysis of this study, data from different source that pertaining about the issue were collected from official statistical sources, books, journals, internet sources and other research findings.

3.2.5 Data analysis techniques

For the analysis of the data both quantitative and qualitative methods were employed. Quantitative data that gathered from survey questionnaire were analyzed using SPSS (Statistical Package for Social Sciences) computer program version 1.2. Descriptive statistics like frequencies, percentages, averages and cross tabulation were used to facilitate meaningful analysis and interpretation of the research finding. The results of processed data were presented in tables and figures. Besides, qualitative data obtained through key informant interview and personal observations were analyzed through narration strengthen the data obtained from the survey.

Chapter Four: Results and Discussion

This chapter deals with the presentation and interpretation of the analysis made on data obtained from survey questionnaire, key informant interview and field observation in the study area. The collected data were analyzed and summarized as follows.

4.1 Background of the respondents

In this section, the research provides information about demographic and socio-economic aspects of the respondents such as age, marital, migration and employment status, educational achievement and number of children of respondents.

4.1.1 Demographic and socio-economic characteristics of respondents

4.1.1.1 Age of respondents

It is indicated in Figure 4.1, about 37.5 percent of respondents have an age range of 31-40 years and 25 percent of them were within the age range of 21-30 years. This suggests that that the majority the sector accommodate are in the productive age category, which are the most active. The mean age of respondents in the study area was 32.6 with the minimum age of 17 years and maximum age of 56 years old.

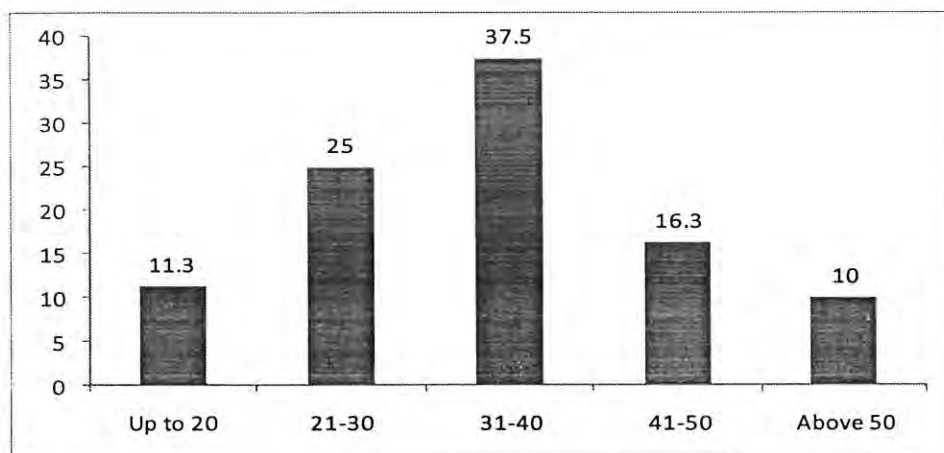


Figure 4.1: Age distribution of respondents

Source: Own survey, 2012

4.1.1.2 Marital status of respondents

With regard to marital status, more than half (66.3 percent) of respondents were married. Suggesting the fact that married respondents have higher engagement in the informal sector activities is that they are challenged by the needs of the family. On the other hand, about 12.5 percent of respondents were single or never married. The remaining 11.3 percent and 10 percent of respondents were divorced and widowed respectively Table 4.1 shows this.

Table 4.1: Marital Status of respondents

Marital Status	Count	Percent	Cumulative Percent
Single	10	12.5	12.5
Married	53	66.3	78.8
Divorced	9	11.3	90
Widowed	8	10	100
Total	80	100	

Source: Own survey, 2012

4.1.1.3 Educational Status of respondents

The educational level of the operators is important for the growth of their enterprises. In most cases, informal sector operators are characterized by their illiteracy and low level of educational attainment (Srinivas, 2003). As it is indicated in Figure 4.2, about 41.3 percent of respondents were illiterate, while about 26.3 percent of respondents completed their elementary level of education. On the other hand, 18.8 percent of respondents can read and write. The remaining 13.8 percent of them had completed secondary education. From this one can understand that the illiterates are highly engaged in the informal activities than others most probably because they do not have any other opportunities (especially to get employed in formal sectors) due to their low level of human capital.

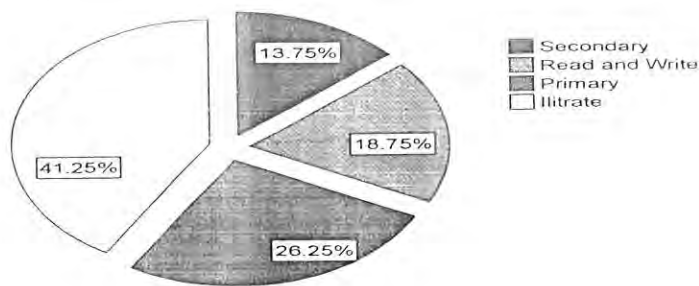


Figure 4.2: Educational level of respondents
Source: Own survey, 2012

4.1.1.4 Family Size of respondents

Family size affects consumption pattern of families in different ways. Out of the total respondents, nearly 88 percent of them have children, while 12.5 percent of respondents have no children. The minimum and maximum family size of respondents in the study area was 0 and 8 children respectively, whereas, the average family size of respondents was nearly 4 children (Figure 4.3). This indicates that the participation of respondents with large family size is higher than respondents with small family size forced by more mouths to feed and more bodies to cloth.

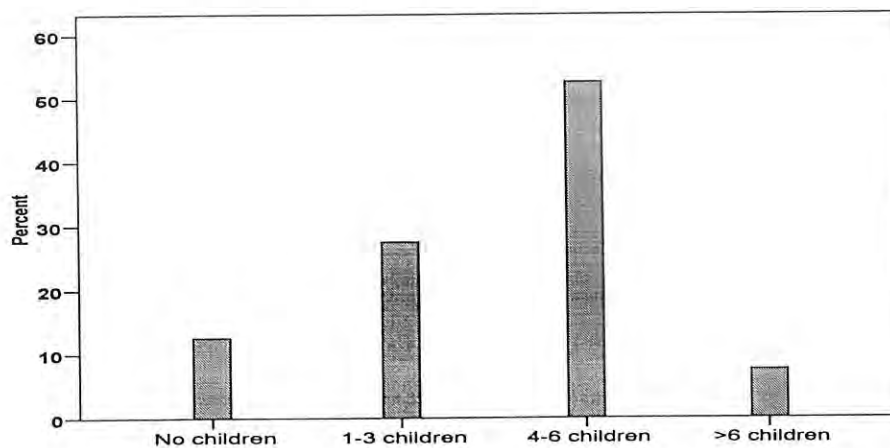


Figure 4.3: Number of children of respondents
Source: Own survey, 2012

4.1.1.5 Migration Status of respondents

As it is depicted in Figure 4.4, 70 percent of respondents were migrants. Of this, 60 percent of them have lived for more than 5 years. On the other hand, 10 percent of respondents stayed from 1-5 years in the study area. From this one can conclude that the highest proportion of informal sector is occupied by migrants, who have been pushed to the city in search of job due to limited opportunities in rural areas, but have no the required skills to be absorbed in the formal economy in the city where the only sector to absorb them was the informal one.

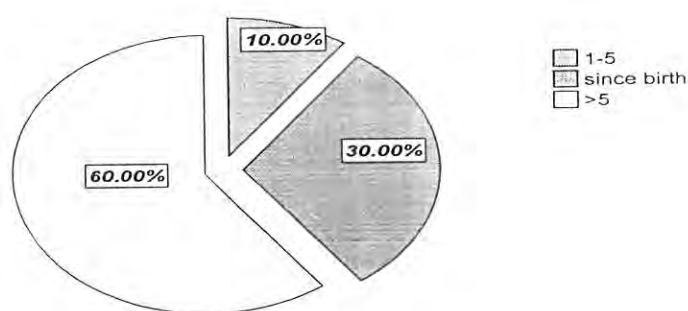


Figure 4.4: Duration of respondents in Addis Ababa
Source: Own survey, 2012

Evidences to substantiate the above argument is obtained from results indicated in Table 4.2, which shows that, 62.5 percent of migrant respondents came to Addis Ababa in order to get job. On the other hand, 21.43 percent of the respondents came to Addis Ababa due to marriage. The remaining 16 percent of migrants is in order to pursue education, visit relatives and other related factors.

Table 4.2: Reasons of migration of respondents

Reasons of migration	Count	Percent
Job searching	35	62.5
Due to marriage	12	21.43
Pursue education	4	7.14
Visit relative	2	3.57
Other	3	5.36
Total	56	100

Source: Own survey, 2012

4.1.1.6 Respondents job before joining the current Business

As far as the previous job of respondents is concerned, 62.5 percent of respondents declared that they were not engaged in any activity that can generate income for them. But, 37.5 percent of respondents indicated that they were engaged in income generating activities prior to their current business activities (Figure 4.5). From this, it is possible to conclude that, the sector creates job opportunities and source of income for more than half of respondents who have no any alternative of doing business.

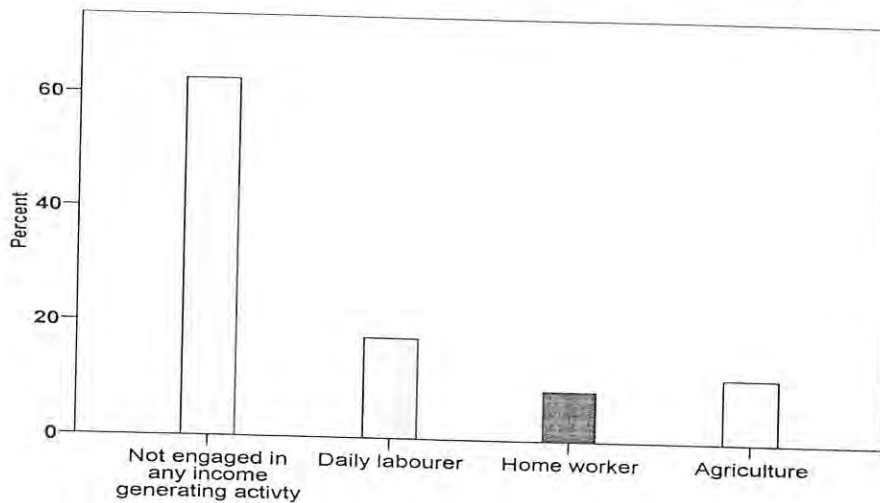


Figure 4.5: Early income generating activities of respondents
Source: Own survey, 2012

4.2 Forcing factors to join in the informal sectors

As it is shown in Figure 4.6 below, of the total respondents, 58.8 percent of them were engaged in current informal business activities to improve their livelihood situation. But, 28.8 percent of respondents replied that lack of employment opportunity in formal business forced them to join in the sector. Whereas, the remaining 12.5 percent of respondents argued that, the nature of their present income and other reasons forced them to be engaged in the informal sector. This suggests that the fact that women are engaged in the informal sector does not mean the sector is their first choice but were forced by circumstances and lack of other opportunities.

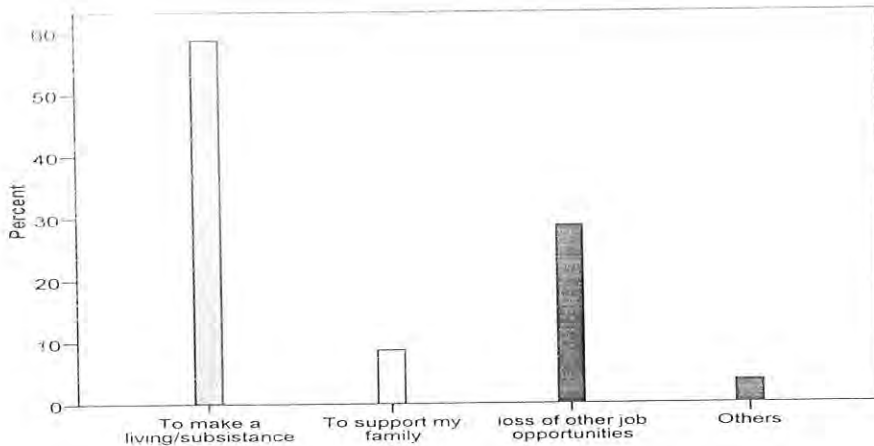


Figure 4.6: Reasons to involve in the current Business
Source: Own survey, 2012

The information from key informants of Woreda Trade and Industry Office, further elaborated that lack of income and other job opportunities in other sectors are the main causes for the involvement of women in the informal sector. Similarly, the information from Woreda Women's Affairs Office shows that women are engaged in the informal sector because the sector would enable them to effectively combine their productive and reproductive roles because hours of work are flexible, permitting them to care for their children, lack of employment opportunities in the formal sector, easy of entry (less restriction of the government regulation to operate the business) and to generate income.

The findings of the study indicated that more than half of respondents are engaged in the informal business activities as a major livelihood strategy. Findings of this study corroborate with results from similar other studies. For instance, according to the study conducted by Selamawit (1994), 61 percent of women informal traders in Merkato joined the informal trading primarily as a means of survival.

The case of a woman forced to join in the informal business sector.

Box 1: The reason behind to join in the informal sector

W/ro Tigist is one of the agricultural product venders in Woreda one, Merkato. She is 42 years old and cannot read and write. She has 6 members of households. She came from rural area with the aim to lead the better life in Addis and have stayed more than 10 years. To support her family and because of lack of alternative income generating activities, she has engaged in selling agricultural products. This implies that the informal operators engaged in the business to earn their living and due to lack of employment opportunities in the formal sector.

4.3 Characteristics of women in the informal Businesses

4.3.1 Type and year of engagement in the current Business

Regarding the type of business of respondents involved in the informal business, 61.3 percent of them reported that they are engaged in agricultural product vending, while 38.8 percent of respondents claimed that they are operating in tea and coffee selling business activity (Table 4.3). According to the response from respondents, the main reasons that lead them to be involved in these particular activities were absence of any other employment opportunity that can generate income and lack of capital to engage in more profitable ventures.

Table 4.3: Types of the current Business

Type of business activities	Count	Percent
Agricultural product vending	49	61.3
Tea and coffee selling	31	38.8
Total	80	100

Source: Own survey, 2012

Respondents were also asked how long they stayed in their current business activities. Regarding this, 37.5 percent assured that they have been working in the current business sector between three to five years. Those between six to eight years constituted 31.3 percent. On the other hand, 17.5 of respondents have stayed for more than eight years. It

is also indicated that 13.8 Percent of respondents have been involved for a period of less than three years (Figure 4.7).

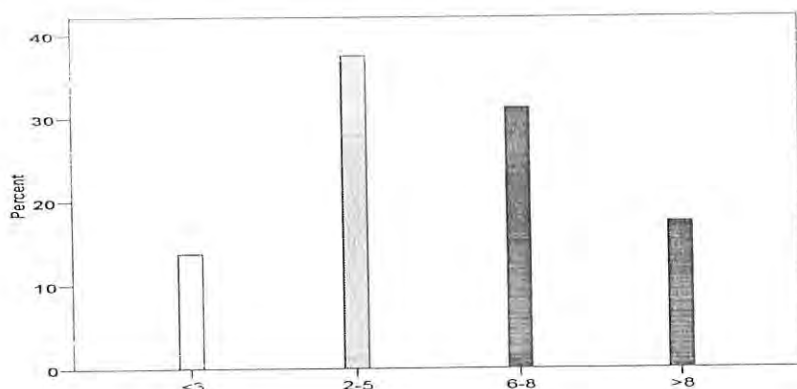


Figure 4.7: Year of engagement in the current Business
Source: Own survey, 2012

4.3.2 Working hours/ days of respondents

Time is one of the most important managerial resources in achieving set objectives of any entity. Based on this fact, 83.8 percent of respondents indicated that they have operated in their business activities for more than 5 days in a week. On the same manner, 13.8 percent of them showed that they have been working three to five days per week. It is only 2.5 percent of the respondents who have been working for less than three days a week (Table 4.4). This variation is may be due to seasonal fluctuations in the supply of goods/ food items and shortage of commodities those women informal business operators make purchase and sell.

Table 4.4: Working hours /days of respondents

No	Item	Response	
		Count	Percent
1	Days spent on the activity		
	a. less than 3	2	2.5
	b. 3-5	11	13.8
	c. Above 5	67	83.8
	Total	80	100
2	Hours spent on the activity		
	a. less than 8	9	11.3
	b. 8- 10	25	31.3
	c. Above 10	46	57.5
	Total	80	100

Source: Own survey, 2012

As far as their business activities per hour is concerned, 57.5 percent of respondents claimed that they have been working more than ten hours a day. This indicates that the informal sector operators work longer hours on average than formal sector workers. According to them, they face difficulties and hardships in their working conditions. It is also indicated that, 31.3 percent of respondents have worked 8-10 hours per day. On the other hand, 11.3 percent of respondents have been operating less than 8 hours a day (Table 4.4). The findings of this study indicated that majority (89 percent) of respondents have worked for more than eight hours per day and 83.8 percent above five days per a week. According to the research conducted by Kassahun (2000), 90 percent of women in Gimb Gebeya area operated more than eight hours per day and 96 percent of them worked for more than five days per week showing that findings of this study tally with that of similar other studies.

4.4 Economic status of respondents

4.4.1 Monthly income before and after current activities

As it is mentioned so far, of the total respondents, it was only 37.5 percent of them who were engaged in income generating activities prior to their current business activities. Respondents were asked about their monthly income before and after their current activities. According to the response from informal operators, 22.5 percent of them explained that, their monthly income was up to Birr 100 per month and 11.3 percent of them were earning Birr 101-200. It was only 3.8 percent of the respondents whose monthly income ranges between Birr 201 and 300 (Figure 4.8).

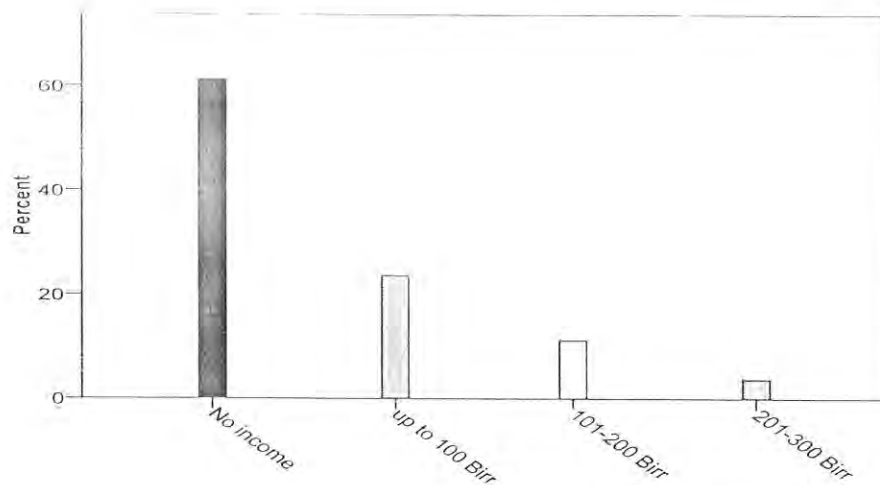


Figure 4.8: Monthly income before joining the current business
Source: Own survey, 2012

Respondents were also expected to verify their monthly income after joining the informal sectors. Based on this, 65 percent of respondents declared that, they earn a monthly income of Birr 200-300. While, 15 percent of respondents replied that their monthly income is Birr100-200. The remaining 8.8, 6.3 and 5 percent of respondents elaborated that they earn a monthly income of Birr 301-400, less than 100 and above 400 respectively (Figure 4.9).

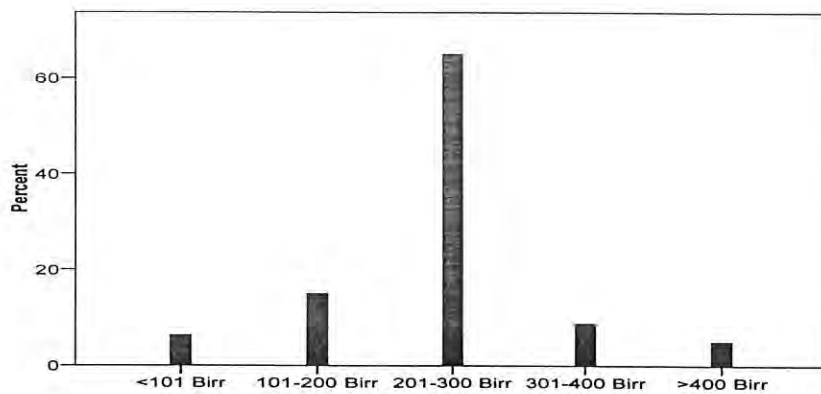


Figure 4.9: Monthly incomes before after joining these activities
Source: Own survey, 2012

The mean monthly income of women in the current business was Birr 253.8, with an average minimum and maximum of Birr 50 and 450 respectively. From this, it is possible to understand that there is some progress in the monthly income of informal operators after they have joined the sector.

4.4.2. Improvement in quality of life

Improvement in relation to the living condition of informal operators can be used as an indicator of informal sectors role in the study. As far as improvements in quality of life is concerned, 57.5 percent and 37.5 percent of respondents clarify that, there is some and high improvement in their lives in relation to food intake respectively (Table 4.5). On the other hand, majority of respondents replied that, there was a positive change/an improvement in relation to clothing and housing. Whereas, 67.5 percent and 30 percent of the informal operators reported that there was slight changes and no change on their health care respectively. It is also observed that 62.5 percent and 25 percent of respondents claimed that there is slight change and no change with respect to their school fees respectively. From this it possible to generalize that, their involvements in the informal sectors have changes in their food intake and clothing.

Table 4.5: Impact of income on the livelihood of respondents

Variables	Not at all	Only slightly	Some what	High
Food intake	-	4(5%)	46(57.5%)	30(37.5%)
School fee	20(25%)	50 (62.5%)	8(10%)	2(2.5%)
Health care	24(30%)	54(67.5%)	2(2.5%)	-
Housing	10(12.5%)	36(45%)	31(38.8%)	3(3.8%)
Clothing	-	37(46.3%)	27(33.8%)	16(20%)

Source: Own survey, 2012

The case of a women who has started to live better way of life is narrated in box 2

Box 2: Informal business enhances a women's life

Nura is one of agricultural product venders in Woreda 1, Merkato. She is 32 years old. She has 4 children. She has completed grade 6. She joins in the informal sector since 2010. Her initial capital was Birr 50 when she had been involved in the sector. Due to the fact that, her initial capital was very low, it was very difficult for her to afford basic needs like food and cloth. But after 5 months of her engagement in the sector, her capital has grown to Birr 700. She told that, the living standard of her families improved in relation to food intake and clothing than before. As she explained that before her engagement in this sector she worries what to eat and cloth but these problems alleviated after her involvement in the informal sector. This implies that the sector serve as a means of livelihood for the operators and their households.

4.5 Challenges of women in the informal sector

Women informal sector operators are facing many challenges while they are running their business activities. This directly or indirectly affects their profitability and growth towards better way of life. The problems are very severe especially for women in Ethiopian primate cities like Addis Ababa. Informal operators in many other developing countries have low access to economic resources and education. Generally, women's participation in economic activities specifically in self-employment is very limited. These problems are attributed by a number of factors.

4.5.1 Working condition

Working condition of the informal operators has a great impact on the growth, expansion and their contribution to the economy. Due to this fact respondents were asked about the nature of their work condition. So that 77.5 percent of respondents reported that their working environment is not conducive with respect to their health conditions, because their working environment is very untidy. But it is only 22.5 percent of respondents who have no fear of diseases related to their working condition. With regard to other problems

is concerned, 48 percent of respondents replied that heat from the Sun is the most difficult problem in their working place. This is mainly due to absence of fixed working place like kiosks/sheds. Whereas 22.5 percent of respondents reported that, their working place is highly exposed to erosion which makes the working condition of the operators very poor. On the other hand, 16.3, 11.3 and 2.5 percent of the target respondents expressed that dust, rotten materials and other related issues are the main problems in their working environment respectively (Table 4.6). From this it is possible to conclude that, the working condition of informal operators is not conducive for their further progress towards a better way of life. Based on the personal observation of the researcher, the working environment of the operators is very insecure.

Table 4.6: Working condition related problems

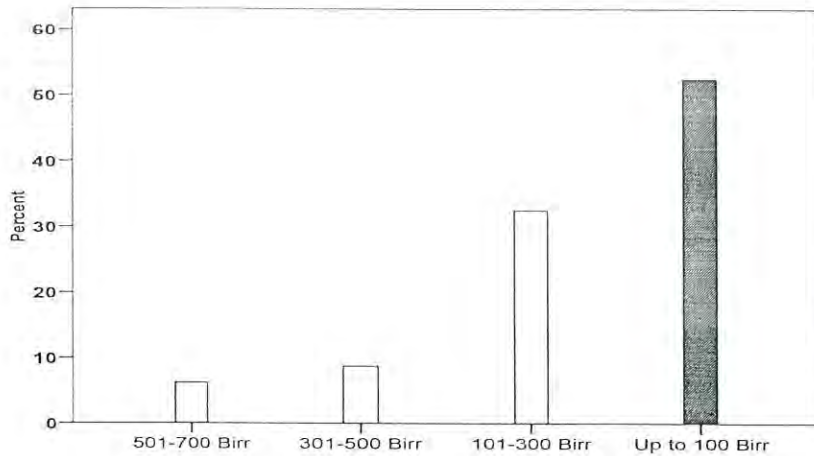
No	Item	Response	
		Count	Percent
1	Fear of catching disease		
	Yes	62	77.5
	No	18	22.5
	Total	80	100
2	Most difficult problem in their working place		
	High sun heat	38	47.5
	Erosion	18	22.5
	Dust	13	16.3
	Rotten	9	11.3
	Other	2	2.5
	Total	80	100

Source: Own survey, 2012

4.5.2 Initial capital and its source

It is true that finance/capital plays a decisive role in operating any business activity. With regard to this, 52.5 percent of respondents declared that, their initial capital for running their business was up to Birr 100. On the other hand 32.5 percent of respondents reported that they had started their business with an initial capital of Birr 101-300. On the other side, 8.8 percent of respondents replied that their initial capital was Birr 301-500. The remaining 6.3 percent of them had started their business between Birr 501 - 700 (Figure 4.10). The mean initial capital of informal operators was found to be Birr 228.5 with minimum and maximum initial capital of Birr 50 and 700 respectively. From this it is

possible to generalize that, the amount of initial capital of respondents was very low. According to them, this is mainly due to lack of access to credit. The information from Woreda Women's Affairs Office indicates that women informal operators have not got access to credit from financial institutions. It is mainly due to the nature of the business, socio-cultural problems and lack of collateral of the credit provider institutions.



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Figure 4.10: Amount of initial capital of respondents
Source: Own survey, 2012

Respondents were also asked to mention their sources of capital to run their business. According to them there are different sources of capital to carry out their business. Keeping this in mind, 45 percent of respondents replied that, they had acquired their initial capital from their families and/ or friends in the form of loan. According to the response from respondents, personal savings, assistance from relatives/friends and loan from saving associations are their main sources of capital with the percentage coverage of 37.5, 11.3 and 6.3 respectively (Figure 4.11). None of respondents had ever received capital from micro-financial institutions. This shows that women in the informal sectors have no access to credit from micro financial institutions to start a business. According to them, this is mainly due to lack of collateral and the small size of the business by its nature. From this it is possible to generalize that, the highest proportion of informal operators acquired their initial capital from relatives, friends and personal savings. World Bank (2007) further revealed that most informal firms are dependent on their own saving or/and loans/gifts from relatives and friends to meet working capital needs.

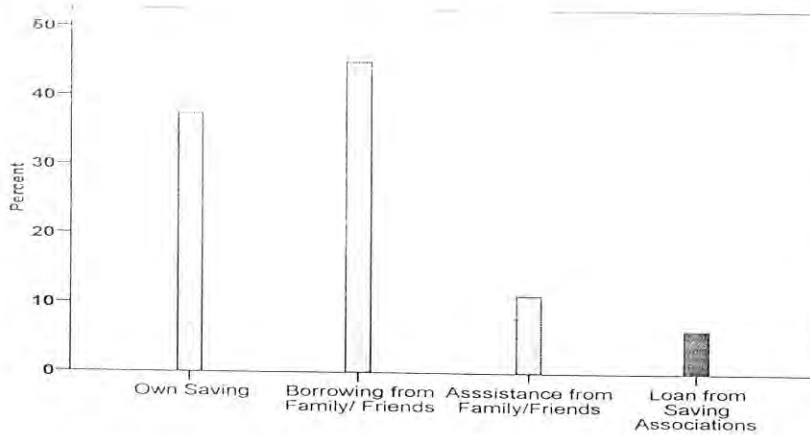


Figure 4.11: Source of initial capital of respondents
Source: Own survey, 2012

Respondents were also asked about the amount of their current capital to see if they have registered growth in their capital. As it is revealed in Figure 4.12, 51.3 percent of respondents reported that their current capital is Birr 101-300. On the other hand, 25 percent of respondents assured that, their current capital is up to Birr 100. On the same manner, 11.3 percent of them reported that their current capital reaches Birr 301-500. Whereas, the remaining, 8.8 percent and less than 4 percent of the informal operators claimed that, their current capitals covered Birr 501-700 and more than Birr 700 respectively. From this, one can understand that their current capital is very insignificant in changing their livelihood, even though; there is some improvement on the current capital in relation to the initial capital.

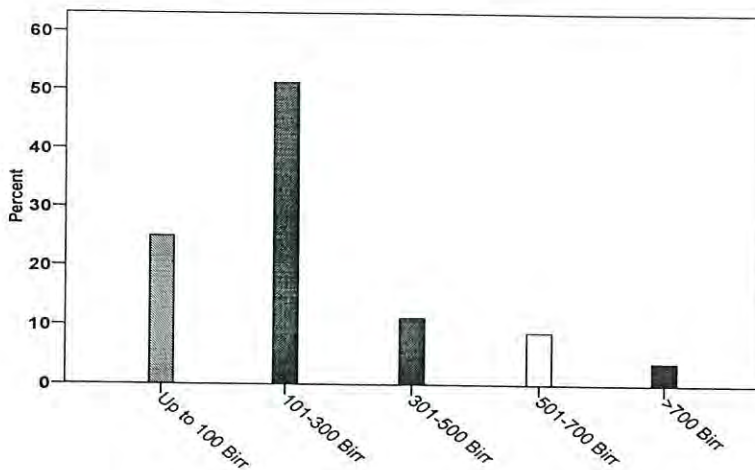


Figure 4.12: Amount of current capital of respondents

Source: Own survey, 2012

4.5.3 Working place and current location choice

Out of the total respondents, 45 percent of them reported that they have operated their business activities through mobility / from place to place. Whereas, 46.3 percent of respondents are replied that they operating along road sides. On the other hand, 8.8 percent of respondents claimed that they are operating their business activities both at home and along a road side (Figure 4.13). More importantly, the existing regulations regarding land use, ownership and rental problems make difficult for informal operators to run their business. From this it is possible to conclude that a great majority of informal operators are running their business activities following road sides and open spaces though they are facing police harassment and other social protection problems. The information from Woreda Women's Affair Office shows that women informal business operators face different form of violence in the work place. The most common type of violence being observed in the work place is sexual harassment. Besides, since they are running informal businesses, the Police confiscates their properties. Eventhough the Office understands the prevalence of these challenges facing women informal sector operators, it has not taken any intervantion so far to solve these problems and assist them in the sector except that there are plans to try to foormalize them.

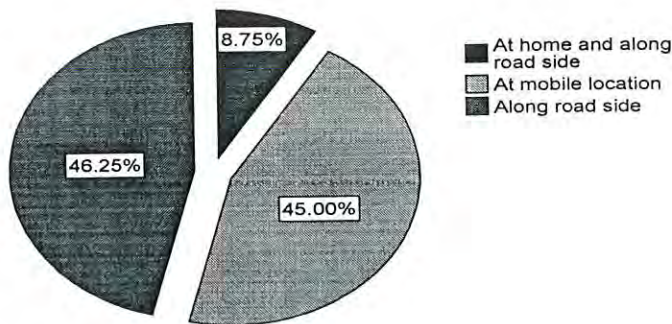


Figure 4.13: Work place of respondents

Source: Own survey, 2012

Respondents were also asked about their current location choice. In this regard, 44 percent of respondents reported that, their location choice is due to its market accessibility (Figure 4.14). On the other hand, 26.25 percent of them reported that, their location preference is due to the fact that their business is near their living areas which enable them to carry out additional activities at their home. In the same way, 19 percent of respondents' choice of their location is based on the supply of goods. Additionally, 11.3 percent of respondents replied that their choice is due to the fact that they could not afford to establish their business in of other sites.

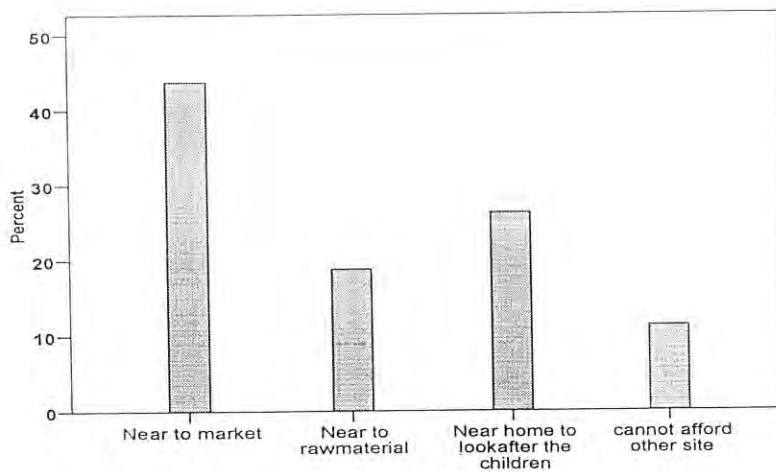


Figure 4.14: Reason to choice the current location
Source: Own survey, 2012

4.5.4 Source of knowledge and skill

Entrepreneurial ability to operate businesses and to absorb managerial and technical skill can be influenced to a large degree by the level of training background and experience acquired over the years. Therefore, skills and knowledge are very important ingredients for successful participation in business activities. As it is presented in Figure 4.15, majority of respondents (68.8 percent) acquired their current knowledge and skills in their business activities by themselves (self taught). While 28 Percent of respondents reacted that their source of knowledge and skill is from their families. On the same way, 3.75 percent of respondents replied that they have acquired their current knowledge and skill through apprentice (on job training). None of them said from formal training. From

this it is possible to say that the highest proportion of respondents have acquired their knowledge and skills from their families and by themselves but not through training from governmental and non- governmental organizations.

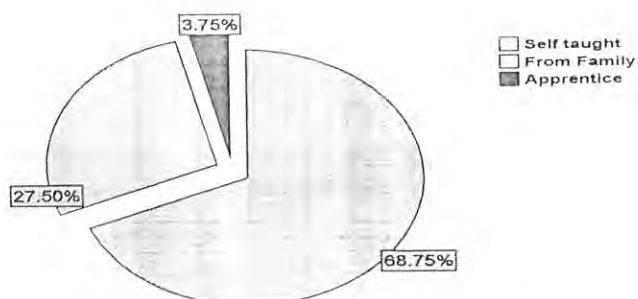


Figure 4.15: Source of knowledge and skill of respondents
Source: Own survey, 2012

4.5.5 Housing condition of respondents

House is one of the basic necessities of life for human beings. But housing problem causes a tremendous effect on individual's social, economic and cultural participation. As it is revealed in Table 4.7, 83.8 percent of respondents claimed that, they are living in rented houses. On the other hand 12.5 percent of sample respondents asserted that they are living with their relatives and intimate friends. But 3.8 percent of respondents reported that they are living in their own houses. The result of this survey indicates that 96 percent of informal sector operators have no their own houses; as a result, they are highly exposed to house expenses.

Table 4.7: Housing condition of respondents

House ownership	Count	Percent
Own	3	3.8
Rented	67	83.8
Relative	7	8.8
Others	3	3.8
Total	80	100

Source: Own survey, 2012

4.5.6 Availability of the infrastructure and service

Regarding the infrastructure and service availability in their residential areas, 38.8 percent of respondents have no access to water. About 26.3 percent of respondents replied that they have no access to electric light. On the contrary, 15 percent of respondents assured that they have access to all infrastructure and service facilities. While, 12.5 and 7.5 percent of respondents argued that they have no access to telephone and transport facilities respectively (Figure 4.16). The result of the study shows that, 85 percent of respondents are facing challenges in infrastructure and service facilities on their daily activities.

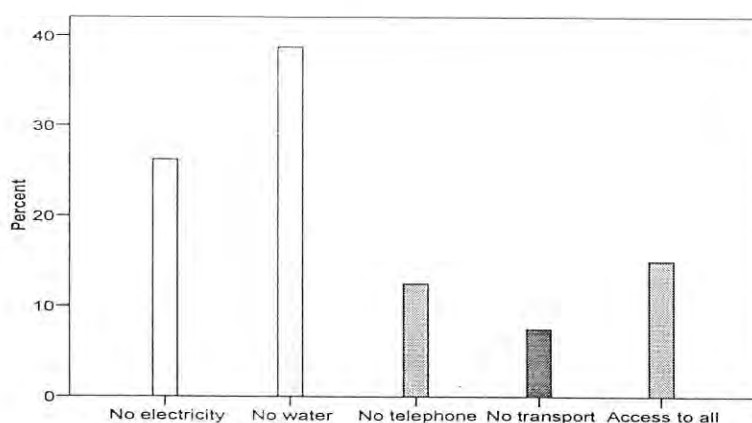


Figure 4.16: Availability of infrastructure and service
Source: Own survey, 2012

4.5.7 Source of supply

With respect to their sources of supply, 93.8 percent of respondents indicated that their basic sources for their business activities are retailers. They further elaborated that they have no direct linkage to producers. Whereas 6.3 percent of respondents explained that, they get products from wholesalers (Table 4.8). According to them, this is mainly due to low amount of working capital that limited their capacity to buy in bulk from producers by themselves.

Table 4.8: Source of supply of respondents

Source of raw material	Count	Percent
Wholesalers	5	6.3
Retailers	75	93.8
Total	80	100

Source: Own survey, 2012

The case of women who face challenges while running her business

Box 3: Problems encountered during business operation

Alem is 25 years old. She is working in Woreda 8, Merkato. She has 2 sons. She had completed grade 8. She has involved in the informal sector specifically in tea and coffee selling since 2009. She said that the working environment around is not conducive in relation to harassment from police, absence of shed, lack of credit and training facilities, sanitation. She explained that these problems cause health problem and loss of income. She further elaborated that, these challenges share other women operators too.

4.6 Future Plan, training and assistance need by respondents

4.6.1 Growth prospects and future plan

According to the survey result, majority (93.8 percent) of the informal sector operators need to keep their work in the future (Table 4.9). The main reasons behind this assumption are; absence of other alternatives (44 percent said this). While 32 percent of them replied that the profitability of the business makes them to keep their work in the future, the remaining 16 and 8 percent of respondent's reason out that, lack of access to information about other business activities and the presence of high competition in other business areas forced them to continue on their current businesses respectively.

Table 4.9: Future plan of respondents

No	Item	Response	
		Count	Percent
1	Continue with present business		
	a. Yes	75	93.8
	b. No	5	6.3
	Total	80	100
2	Reasons to continue with the business		
	a. Absence of other options	33	44
	b. High competition in the other sector	6	8
	c. I do not know other business	12	16
	d. The profit is highly attractive	24	32
	Total	75	100
3	Future plan with their enterprise		
	a. Maintain existing business	20	25
	b. Expand the existing enterprise	42	52.5
	c. Diversify the existing	12	15
	d. Contract the existing enterprise	6	7.5
	Total	80	100

Source: Own survey, 2012

Respondents were also asked how to expand their current businesses. Based on this, more than half of respondents argued that they are interested to expand the existing business enterprise, while 25 percent of them reported that they want to maintain the existing business. Whereas 15 percent of respondents replied that they have a plan to diversify the existing ones. The remaining 7.5 percent of respondents claimed that, their intention is to minimize the existing business activities because of financial deficit to run their business activities. From this it is possible to learn that, majority of the informal operators are interested so as to keep on their business, though they are facing different challenges.

4.6.2 Training and assistance respondents need

The type of training respondents need in the study area indicates that 42.5 percent of the informal operators required basic business skills. Whereas 26.3 percent of respondents need customer management training. On the other hand, 20 percent of respondents need vocational training (Figure 4.17). According to them, the other important types of training required by business operators are basic skills in reading and writing and other trainings with percentage coverage of 8.8 and 2.5 percent respectively.

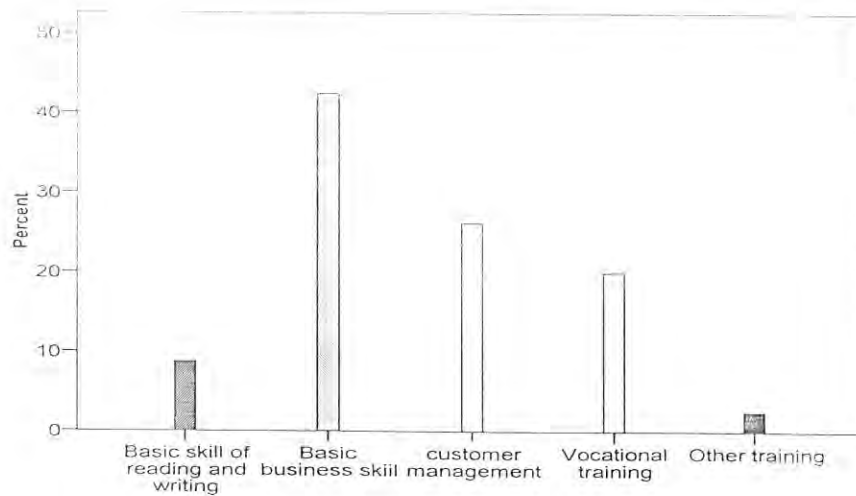


Figure 4.17: Type of training respondents need
 Source: Own survey, 2012

Concerning the type of assistance the informal business operators need, 41.25 percent of the respondents indicated that, they need to have better working place. While, 35 percent of them need better credit services (Figure 4.18). On the other hand, 12.5 percent of the respondents need free from police harassment. The remaining 11.25 percent of the respondents need work security.

The information from key informants of Woreda Trade and Industry Office, further elaborated that they have a plan to formalize women informal sector operators by creating awareness about the benefit of formalizing their business activities. Some of the mechanisms they mentioned was that once they have created awareness, they would make sure the women would get access to basic facilities which would make them be free from police harassments.

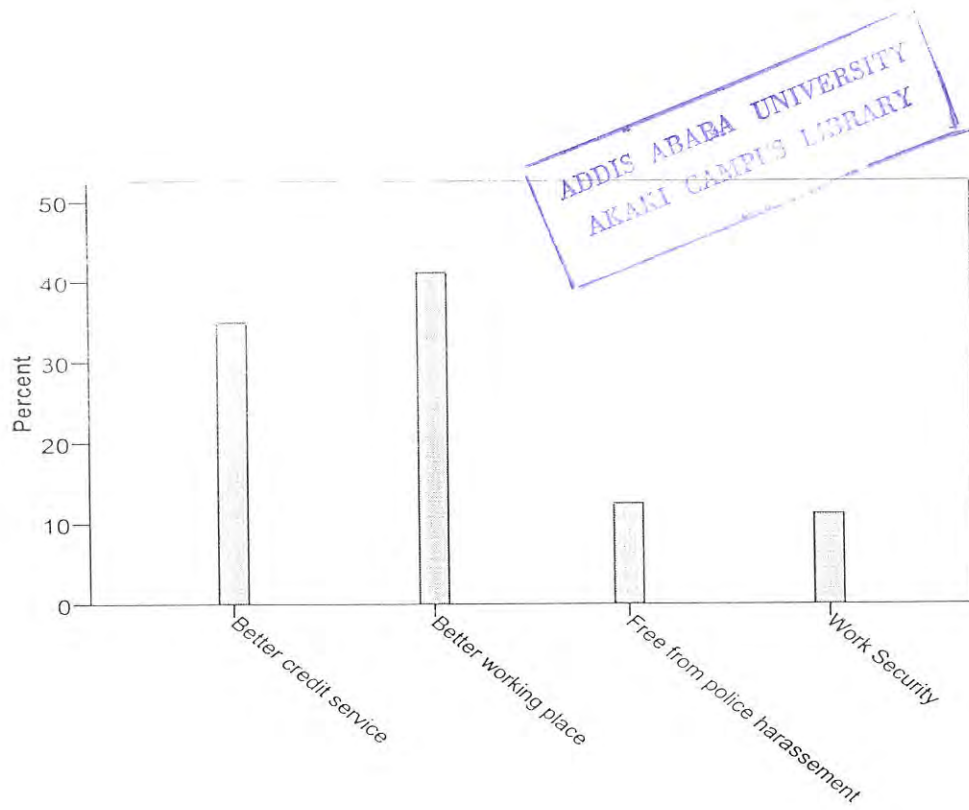


Figure 4.18: Type of assistance respondents need

Source: Own survey, 2012

Chapter Five: Conclusions and Recommendations

5.1 Conclusions

This study tried to assess the main reasons that led women to be involved in the informal business activities and the challenges of women encountered as well as the contribution of the sector to improve the living condition of women in the study area. Based on this, the major findings of the study are summarized and concluded as follows.

The demographic and socio-economic characteristics of respondents is concerned, majority of the informal operators were 21-50 years old. This indicates that the sector accommodates the most active and productive age of women. With regard to their marital status, more than half of women operators were married. When we have a look at their educational status, more than 60 percent of informal operators had no formal schooling. The average number of children is concerned; they have 4 children per house hold.

Majority of the informal sector is covered by migrants from different directions of the country. According to them the reasons behind this assumption were; to find job, escape from marriage, pursue education, visit relatives and other challenges in rural areas of the country. The main reasons that forced women to be involved the sector were; livelihood problem and lack of employment opportunity. The type of business activities they have been involved includes agricultural product vending, and coffee and tea selling.

The quality of life of the respondents is concerned, the average income level of the respondents, before their involvement in the sector from Birr 115. But after they have been involved in current business, the average income level of informal operators increases to Birr 254. The finding of this study revealed that there is an improvement in the quality of life of the respondents in terms of food intake and clothing than before.

Challenges of the informal operators is concerned, a great majority of the respondents are unable to get access to training to fill their knowledge and skill gaps. As a result of this, most of the respondents are running their business by their self taught without having any business knowledge and skill. Working place is the other challenge with respect to

informal operators is concerned. Most of the respondents operate their business activities at open space and street sides without any facilities in the area. But they are usually susceptible to police harassment. The main reasons for choosing the current location were; market accessibility and vicinity to home to look after children.

Source of initial capital of informal operators in the study area is also an impediment facing women to run their business. The only sources of capital for the sector are loan from friends/relatives, from their own savings, family gift and from informal credit associations. There is no conducive environment to have access to credit from formal financial institutions, so that they are compelled to run their business with limited amount of capital. Due to the fact that the amount of capital is limited, they are forced to acquire their sources of raw materials from retailers instead of producers. The finding of the study also revealed that informal business operators are facing with poor working condition like absence of shed, rotten materials, dust and other insecurities. On the other hand, informal operators have housing problems. Because of this, they are living in rented house which exposed them for additional expense. They are also suffering from infrastructure and service facilities. Despite these problems, most of the informal sector operators wish to keep in their business activities due to lack of other job opportunities and conducive working environment.

Based on the interest of respondents, the types of training needs required by the women operators are; basic business skill, customer management training and vocational trainings. They further mentioned that, they need access to work place and access to credit so as to be self reliant.

5.2 Recommendations

Based on the findings of the study the following points are considered as an essential areas of intervention that needs due consideration.

- Appropriate strategies should be designed to support women informal operators, so that they can get access to credit and improved working conditions to enable them improve their business operation. Ensuring access to micro credits and

training to women alone is not a solution to women's business growth. Project that can support women informal operators should be taken in to account the various gender related challenges such as, family related social problems, social obligation or responsibilities and limited access to market and resources. Efforts should be made to empower women through various programs that can build women's ability to progress in business.

- Improving vocational and technical education and training is an effective way of generating dynamic women entrepreneurs. Governmental and non-governmental organizations should plan to support women informal operators designing with gender dimensions in mind; and influencing through direct assistance programs aimed at strengthening their productivity capacity as well as changing the business environment in which they operate.
- Government and non-government organizations should Support women informal operators to organize under cooperative and strength the existing associations that can help enhancing their capacity to express their common interests and advocate for improved policy environment and increased investment in various sub sectors in which they operate.
- To solve problems related to migrants entering into Addis Ababa, the regional governments should set strategies through developing alternative job opportunities and teach the rural communities to eliminate harmful traditional practices such as forceful and early marriage at the birth place. The city government should provide an alternative means of income generating activities at their destinations in order to reduce the suffering of migrants.
- Lack of statistical database at sub-city and Woreda level on the informal economy is a major problem for policy formulation and program development. Gender statistics on characteristics of women and men entrepreneurs and their business practices, as well as their institutions are necessary for informed decision making. It is recommended that attention should be paid to collect sufficient and detailed gender statistics on the informal business sector.

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Annexes

Annex I: Survey Questionnaire

This questionnaire is designed by a student of Addis Ababa University department of Urban Development and Management to study on challenges and prospects of women in the informal business sector with spatial reference of Merkato. The information you going to provide will be used only for academic purpose. Therefore, you are kindly requested to give genuine response. I would like to thank in advance for your cooperation to fill the questionnaire.

1. Age _____.
2. Marital status
 - Single Widowed
 - Married Divorce
3. Level of education
 - Illiterate Read and write only Elementary
 - Secondary Certificate Diploma and above
4. How long have you lived in Addis Ababa? _____.
5. If you come out of Addis Ababa, what is your reason?
 - To seek employment To pursue education To visit relative
 - Due to landlessness To escape marriage Other (Specify) _____.
6. Do you have children?
 - Yes No
7. If 'Yes' for question number 6, how many are they? _____.
8. The house you live in is
 - Your own Relative
 - Rented Other (Specify) _____.
9. The essential household facilities and services you do not have
 - Electricity Telephone Water
 - Access to road Access to all
10. Do you perform any kind of work that generates income prior to this activity?

Yes No

11. If your response for question number 10 is 'Yes', what was your earlier occupation before you engaged in this business?

- Daily wage laborer Home worker
 Employee in public sector Employee in Private sector
 Other (Specify) _____

12. What is your main reason for involving in the current business?

- To earn my own income Loss of other job opportunity
 To support my husband Loss of previous job
 My husband loss his job To avoid tax

13. When did you start your business? _____ (Years).

14. Why you chose this particular activity? _____.

15. How do you get the skill you are applying in your business?

- Self taught Apprentice From family
 Formal training Other (Specify) _____

16. How much was your monthly income before you were involved in this business? _____ Birr.

17. How much is your average monthly income from the business? _____.

18. How do you rate the overall change in relation to your living situation in terms of the following variables?

Variables	Not at all	Only slightly	Some what	High	Very high
Food intake					
School fee					
Health care					
Housing					
Clothing					

19. Do you spend your full time working in the enterprise?

- Yes No

20. If your response for question number 19 is 'Yes', how much hours do you spend per

30. Do you intend to continue with present business?

Yes No

31. If your answer for question number 30 is yes, what is your reason?

- The profit is highly attractive High competition in the other sector
 Absence of other options I do not know other business

32. What is your future plan with your enterprise?

- Maintain existing production Expand the existing enterprise
 Diversify the existing I do not have plan
 Contract the existing enterprise
 Other (Specify) _____.

33. If the future plan of the enterprise is to close or contract, what are the major reasons?

34. What type of training do you think you need to improve your business activities?

- Basic business skill
 Customer management
 Vocational training
 Basic skill of reading and writing
 Other training

35. What are the most important forms of assistance you need the government or any other non- governmental institution do for you to become successful in your business

- Better credit service
 Better working place
 Loosen government regulations/police harassment
 Work security
 Other (Specify) _____.

Annex II

Questions for Key Informant Interview for Woreda Trade and Industry Office

1. How do you see the distribution of informal sector in your Woreda?

_____.
2. In the Woreda are all informal sector operators are those poor segments of people only? _____.
3. If 'yes' why? _____.
4. Is there any mechanism that supports people in the informal sector in your Woreda? _____
_____.
5. Do you have any special consideration that supports women in the informal sector? If so explain? _____
_____.
6. Are there any plans to formalize this informal sector operators, women?

_____.

Questions for key informant interview for Woreda Women's Affair Office

1. How do you see the distribution of women in the informal business sector in your Woreda? _____
_____.

2. Do you know the total number of women informal operators in your Woreda specifically in tea and coffee selling and agricultural product vending business activities?

3. Why do you think that large numbers of women join in the informal business sector?

4. Do you think that women in the informal sector are getting access to credit from micro-financial institutions? If no

Why? _____

5. What challenges women face in terms of security, crime and harassment? _____

6. If you know these problems what kind of measures your Office take to solve these problems of women in the sector? _____

7. What kind of assistance your Office provide for women informal sector operators? _____

8. In your opinion what would be the prospects of women informal business operators in your Woreda? _____

Declaration

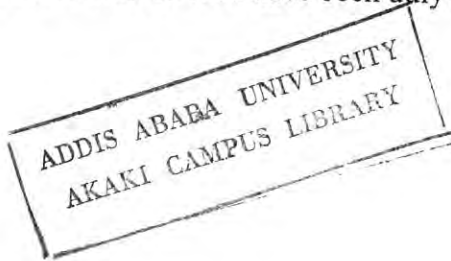
I declare that this thesis is my original work and it has not been presented for any degree in any University and that all the resources used have been duly acknowledged.

Name


Yalganesh Tilahun Alemu



July, 2012



Advisor, Bamlak Alamirew (ph.D)



July, 2012