



## **Informal Economy and Livelihood: Experiences of Women in Dilla Town, Southern Ethiopia**

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### **Abstract**

*This study investigates the nexus between the informal economy and women's livelihood improvement in developing economies like Ethiopia. Women in developing countries in general and in Ethiopian developing economy in particular face multi-dimensional challenges that include economic, political, social and cultural factors which undermine both of their agency and capability. The high incidence of poverty and family responsibility under such circumstances compels them to the informal sector where operations are far from getting policy support. The objective of this research is to investigate the role of the informal economy in improving the livelihood of women in terms of income, employment and reduction of poverty of households led by women operating in the informal sector in Dilla town. This research sought to examine the contribution of the informal sector to the livelihood improvement of women in Dilla town. The specific focus was on women informal sector operators in the street/trading areas. The study used quantitative and qualitative research methods in order to get a deeper understanding of how the informal sector is contributing to the improvement of the livelihood of women. Both qualitative and quantitative data sets were collected and analyzed. The qualitative data were analyzed by using a thematic analysis approach and the quantitative data were analyzed using descriptive and inferential statistical summaries. The findings of the study revealed that informal sector has a lot of contribution to improve livelihoods of women through employment creation, supporting incomes to the household, reducing poverty. The major reason to operate in the informal sector is to generate livelihood income and the pushing factors are unemployment, poverty and lack of source of income. The result also revealed that after they involved in the informal business, to some extent, the livelihood of women is improved. Therefore, by understanding this potential of*

*the informal sector, the government in collaboration with the other sectors should work on it to create a better working environment.*

**Key Words:** *Informal Economy, Livelihoods, Women, Poverty*

## **1. Introduction**

The informal sector exists in all countries, irrespective of the individual country's level of socio-economic development, but it is far more prevalent in developing countries. The informal economy provides the largest share of employment globally and is vital to the jobs, incomes, and consumption of poor women and men. Of those that are employed globally, 61.2% are in the informal economy (ILO, 2018). Poor people are more likely to be in informal than formal employment (Avirgan *et al.*, 2005; IIED, 2016; ILO, 2018; Bonnet *et al.*, 2019). Informality rates are higher among young people, the elderly, women, minority ethnic communities, workers with disabilities and, more generally, those groups in society that experience economic and social disadvantage, labor market discrimination and lack of adequate access to education, training, and capital (Pathways Commission, 2018). People living in rural areas are twice as likely to be in informal employment as those in urban areas (ILO, 2018).

Informal employment is the main source of employment for Africa, accounting for 85.8 % of all employment or 71.9% excluding agriculture. While there is little variation in the share of informal employment among countries in Northern Africa, there is substantial variation among the countries of sub-Saharan Africa. This is a major difference that characterizes countries in Southern Africa and explains to a large extent some of the differences observed for informality (ILO, 2018).

Most workers (76.0 %) are in informal employment in the informal sector, with a relatively small proportion of informally employed in the formal sector (5.5%) and in house holds (4.3%). In this region, a higher proportion of women's employment (89.7%) is informal than men's (82.7%). Young people (94.9%) and older persons (96.0%) have very high levels of informal employment. The level of education is closely linked to informality in all sub-regions. Informal employment dominates the labor market in both rural (88.3%) and urban areas (76.3%) (ILO, 2018). Within sub-Saharan Africa, informal employment is the main source of employment in Central Africa (91.0 %), Eastern Africa (91.6 %) and Western Africa (92.4 %) (ILO, 2018).

The significance of informal sector activities is gradually emerging worldwide (Darbi & Knott, 2016), as a tool to reducing poverty (Chidoko & Makuyana, 2012), which has been noted as a key

challenge to humanity (Sutter *et al.*, 2019). Thus, informal sector activities are viable in reducing poverty among women in the informal sector. Yet, the full potential of the informal sector in reducing poverty among women may not be realized when women encounter challenges that could retard the attainment of the United Nations poverty-related Sustainable Development targets (Veronica *et al.*, 2019).

Female representation in the urban informal sector is higher in many countries across the globe especially in developing countries (Tinuke, 2012). With the already constraints women face in society and barriers in the formal job market, female labor participation in the urban space is predominantly informal (Carrol, 2011; Ramani *et al.*, 2013). The sector has been of great benefit to women in diverse ways in terms of employment, income, and realization of self-esteem (Forkuor *et al.*, 2017).

The subordinate status and limited access of women into the formal labor market have resulted in many seeking refuge in the informal sector (Kishor & Gupta, 2009; Osei-Asibey, 2014). The informal sector employs about two-thirds of the global active labor force and has contributed to poverty reduction (Chen, 2008; World Bank, 2009; Chant, 2012; UN, 2018). The majority of informal economy workers across the globe are women (Tinuke, 2012).

The unfavorable climate of doing business in Ethiopia and government policies in place are assumed to be the critical factors for business entry, growth and development (IFC, 2015). Reforms in the business climate and job creation that emanate from the existing policies of Ethiopia are increasingly resulting in unemployment and barriers to business entry (Tesfaye, 2015). These trends are seemingly perpetuating barriers and the growing involvement of the poor in the informal business sector is the result of these.

In Ethiopia, the unemployed prefer the informal sectors in the absence of the formal sector to accommodate under-skilled labor force at one hand and government capacities and resources and work to formalize and support the informal sector operators. The poor engage in these sectors as protection of families from the claws of poverty (MoLSA, 2013). The informal sector contributes to about 38.6 % of national GDP in Ethiopia as compared with an average of 38.4 % for SSA and 38 % for all low-income countries (IMF, 2013).

The relevance of the informal economy for the growth and transformation of the economic pattern in Ethiopia is evident from works of (MoLSA, 2013; IMF, 2013). The sector is dominated by women and street vendors, as business operators, are increasingly related to informal sector businesses – which scholars categorize as “survivalist and growth-oriented” (Filimon, 2009).

The informal sector remains the major source of employment for women and the sector is yet the most excluded from policy incentives and supports. In the context of policy exclusion and lack of support, the dynamism of the informal sector in job creation and value addition is particularly becoming strong and worth for research. The informal sector accommodates 80 % of the total unskilled labor force in Ethiopia. The sector also provides the operators with the means of livelihood and an essential supplement to incomes. The informal sector is becoming a source of livelihood income for poor women in cities; in the absence of the formal sector support for this segment of the labor force (MoLSA,2013; Filimon, 2009).

According to Young (1993), Kabeer (1996), Chant (2003) the time poverty, which gender scholars also term as double-day burden inflict the chances of girls and constitute a life-time obstacle for girls’ preparedness to the labor market. Because of this, unprepared women end up operating in the informal sector both as a way out to their exclusion from the formal labor market and economy and in looking for family provision incomes. This process perpetuates the trend of women poverty and their families as distinct from the male counterpart in the Ethiopian society.

In Ethiopia, there are limited studies regarding the role of the informal sector for women. It is, therefore, necessary to understand the role of informal sector for livelihood improvement of women. It will also help to provide practical recommendations and solutions to reduce the poverty of women in the country. Therefore, the main objective of the study is to assess the contribution of the informal sector for livelihood improvement of women by taking women traders as a case study in Dilla town and specifically, it explores general context in which the informal sector business in Gedeo Zone-Dilla.

## 2. Materials and Methods

### 2.1. Description of the Study Area

This study was carried out in Gedeo Zone; Dilla town. Gedeo Zone is a Zone in the Southern Nations, Nationalities, and Peoples' Region (SNNPR) of Ethiopia. Gedeo extends south as a narrow strip of land along the eastern escarpment of the Ethiopian Highlands into the Oromia Region, which borders the Zone on the east, south, and west; Gedeo shares its northern boundary with Sidama. Dilla is the administrative center; the altitude of the Zone ranges from 1268 meters above sea level in the vicinity of Lake Abaya to an elevation of 2993 meters at Haro Wolabu Pond (Kippie , 2002).

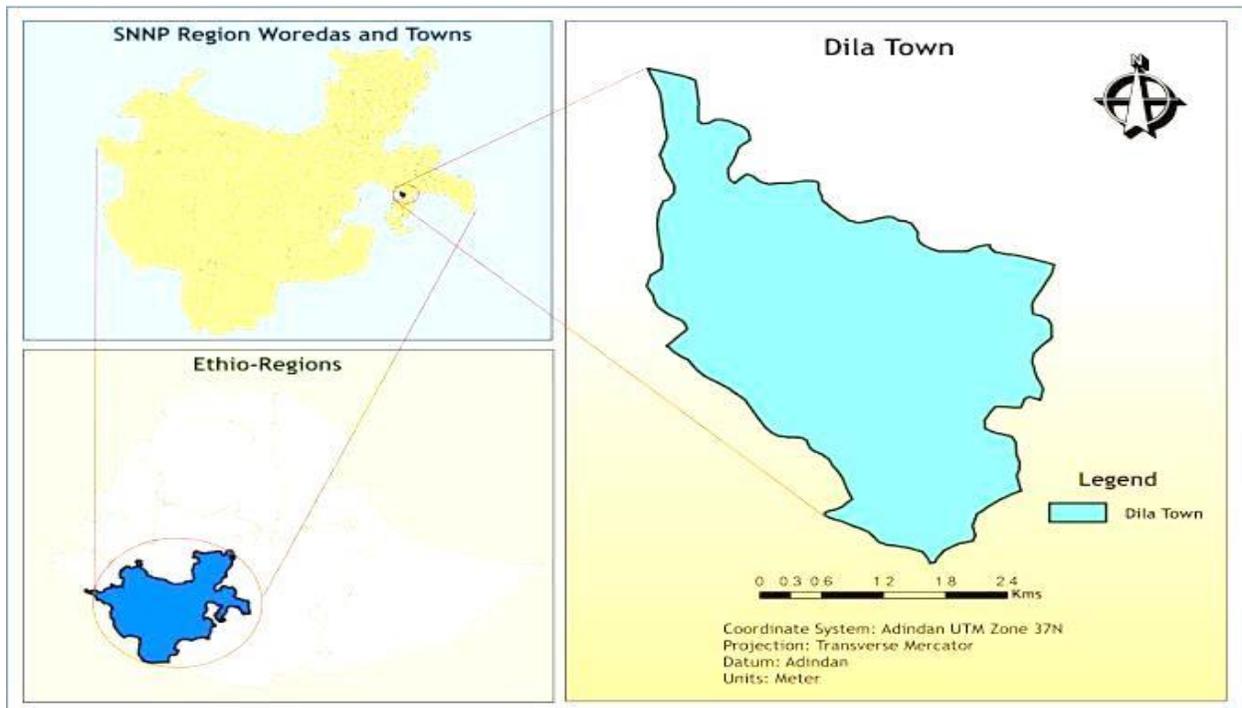


Figure 1 Map of the study area

Based on the figures from the CSA (2007), the Gedeo Zone had an estimated total population of 975,506 of which 486,996 were males and 488,510 were females with an annual growth rate of 2.9%. This zone is one of the most densely populated area in the country with an estimated population density of 769 people per square kilometer (CSA, 2007)

The study area, Dilla town is a market town and separate woreda in southern Ethiopia. Dilla town is the administrative center of the Gedeo Zone in the Southern Nations, Nationalities, and Peoples

Region (SNNPR). It is located on the main road from Addis Ababa to Nairobi. The town is located between  $6^{\circ}24'30''\text{N}$  -  $38^{\circ}18'30''\text{E}$  with an elevation of 1570 meters above sea level.

## **2.2 Sampling Techniques**

### **2.2.1. Sample size Determination**

This study used both probability and non-probability sampling method. Applying the probability sampling method in this kind of study is more difficult and costly. However, probability samples are the only type of samples where the results can be generalized from the sample to the population.

Before the actual data collection, the researchers made a baseline survey to ensure that the desired numbers of informal sector participants are found in the trading areas found in Dilla town and to grasp the business environment and to prepare the questionnaires based on the business situation. The informal sector operators are addressed using systematic sampling by using every ( $N^{\text{th}}$ ) of the population. Determining the adequate sample size is the most important design decision that the researchers' findings will become sound. Usually, the sample size is determined based on the sampling technique. Since prior information is lacking, a pilot survey was conducted on each of the populations to estimate the probability of success ( $p$ ).

The total sample size was determined by using the unknown sample size determination formula (Sarantakos, 1998).

$$n = \frac{Z^2 p(1 - p)}{d^2} = \frac{1.96^2(0.25)(0.75)}{0.07^2} = 196$$

### **2.2.2. Selection of Respondents**

In order to select those women who are participating in the informal sector, the Multistage sampling method was applied in order to reduce sampling error. In the first stage, Dilla town was selected as a study area because Dilla town is the market and administrative center of the Gedeo zone. The three Kifile Ketema of Dilla town (Haro Wolabu, Sessa and Bedecha) were selected for the study. Then, these Kifile Ketema were divided into trading areas and 14 trading areas were chosen by using SRS. Finally, since the number of informal sector participant women in each trading area was unknown, the total sample size was divided by the number of selected trading areas, which was equal to  $196/14 = 14$ . These 14 informal sector participant women were selected from each trading area using a systematic sampling method.

Moreover, [ Please put the number here. how many? ] officials or experts in Dilla town Trade and Industry Development Bureau, Dilla town Women, Children, and Youth Affairs Bureau and Micro and Small Scale enterprise were purposefully selected for this study.

### **2.3 Data Collection and Analysis**

Data were used from both primary and secondary sources. Primary data was obtained through questionnaire collected from 196 systematically selected respondents who were running informal business. To collect the questionnaire, the researchers used the PAPI method. The researchers interviewed all groups of the respondents on each of the questionnaire items and filled the responses on the questionnaire items. On the other hand, Interview was held with women informal sector operators and government officials. Secondary data were collected from reports of different concerned organizations, articles, and journals which are related to this study.

Data collected using questionnaire was entered into SPSS version 22 windows for the statistical analysis. Descriptive statistics like frequencies, percentage, figure, pie-chart, bar-chart; and inferential statistics like one sample proportion (binomial) test and inferential statistics like binary logistic regression were used to facilitate meaningful analysis and interpretation of research findings. Data collected through interview was analyzed using thematic data analysis techniques.

#### **Variables of the Study**

Variables considered in this study are categorized into dependent and explanatory/predictor variables.

**Dependent variable** is a variable whose values are influenced by the values of other variables or dependent variable as a variable that is potentially influenced by the independent variables, because it is influenced by, and thus to some extent depends on the independent variables. In this case, the dependent variable of the study is the livelihood improvement of women in the informal sector.

**The explanatory/predictor variables:** are those variables that are presumed to affect or determine a dependent variable. They can be changed as required and their values do not represent a problem requiring explanation in the analysis but are taken simply as given. The explanatory variables included in this study are age, educational level, marital status, no of dependents at home, place of

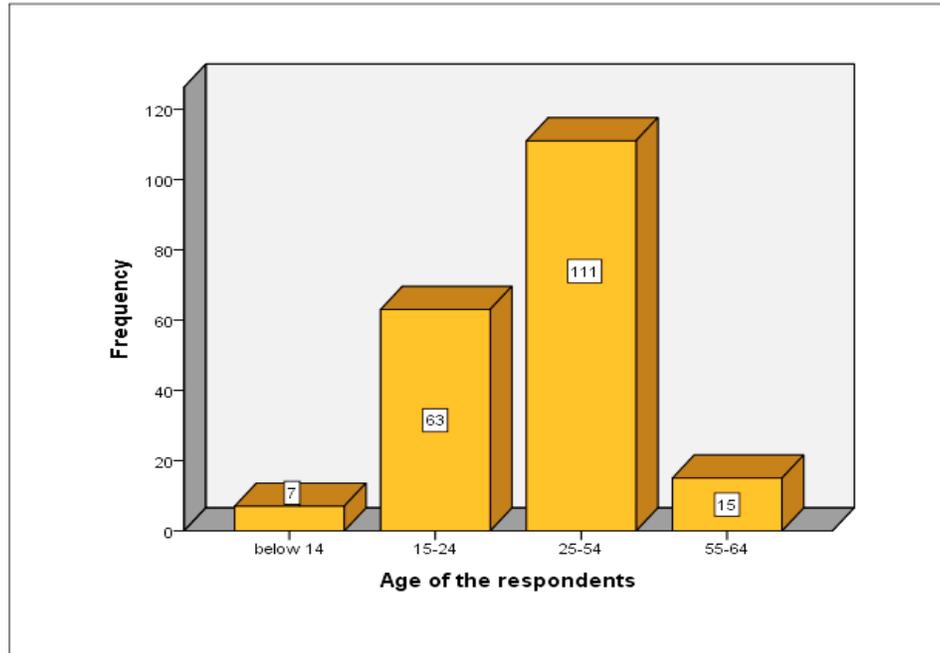
birth, having other jobs, saving status, start-up capital, linkage with the formal sector, no of years stayed in current work and profit per day.

### **3. Result and Discussion**

#### **3.1. General characteristics of the informal sector operators**

##### **3.1.1. Age of the sampled respondents**

The respondents were categorized under five groups. Below 14 years, 15-24 years, 25-54 years, 55-64 years and 65 years and above. The data in Figure 1 below showed that the majority of women operators are found in the active age group. From the total respondents of the operators, the age group 25-54 years constituted 56.6 %. About 32.1 % were between 15-24 years and the rest 3.6 % and 7.7 % were found between below 14 years and 55-64 years respectively.

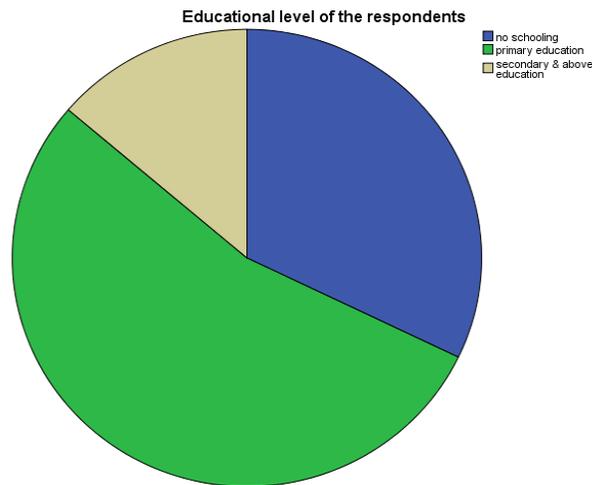


**Figure 2** The age structure of the respondents

The distribution shows that the informal sector is made up of the people who can actually work productively in the formal sector, given an opportunity. At the same time, results of the findings showed that informal sector activities were carried out by different age groups through the dominant group was between 25 to 54 years.

### 3.1.2. Educational level

The data presented in Figure 3 below showed that out of 196 informal sector operators that filled the questionnaire, only 13.8 % attended some level of secondary education. Those with primary education constituted 54.1 % and the remaining respondents who did not attend any formal education but engaged in informal sector business operation were 32.1 %. This was particularly the case because most of the school leavers and non-formal school leavers could not get jobs in the formal sector forcing them to join the informal sector for survival.

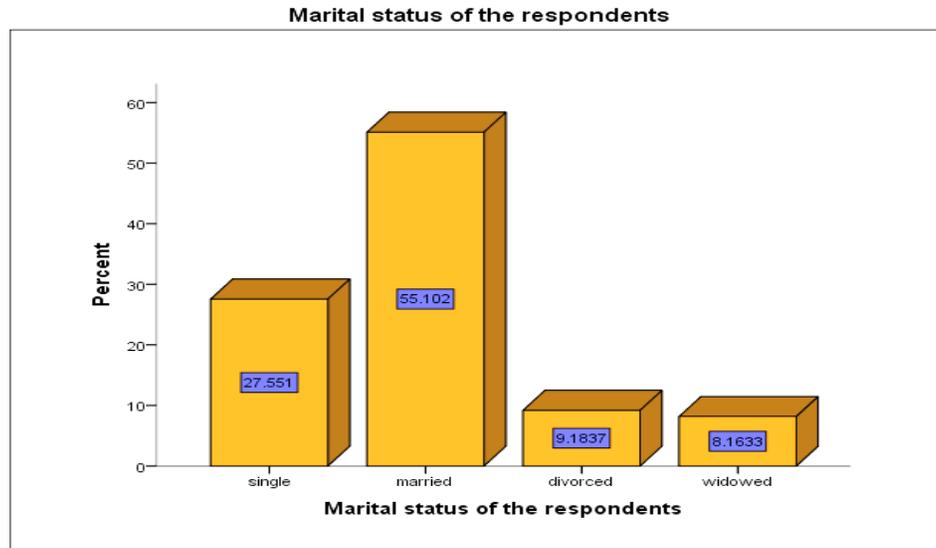


**Figure 3** Educational level of the sampled respondents

This implies that access to education is not easy for women or the opportunity to get an education is very low. Because of the reality in rural Ethiopia, family preference is sending boys to a school than girls. Additionally, Poverty and family responsibility are also higher for women with low education and they engage in the informal sector. ILO (2018) report says the level of education is a key factor affecting the level of informality. This means globally, when the level of education increases, the level of informality decreases. People who have completed secondary and tertiary education are less likely to be in informal employment compared to workers who have either no education or completed primary education. In addition, People living in rural areas are almost twice as likely to be in informal employment as those in urban areas. Globally, about 91 % of women in the informal economy are illiterate or have finished only primary education while women having completed secondary and higher education are less likely to be engaged in this work (ILO, 2018). Women with lower levels of education tend to develop and accumulate their skills through “on-the-job” training over time – either at home, through friends and the community, or informal apprenticeships.

### 3.1.3. Marital status

Regarding marital status, Figure 4 shows that among those engaged in the informal sector, 55.1 percent were married. Single women constituted 27.6 %, and the remaining 9.2 % and 8.2 % of the respondent were divorced and widowed respectively.



**Figure 4** Marital status of the sampled respondents

From the above graph, one can draw that the chance of women to be an informal sector operator will increase when they are married. This could be attributed to the fact that married people needed more income to support their families and this also means that woman wants to do a job to generate livelihood income.

### 3.1.4. Place of birth of sampled informal sector operators

The data results in Binomial test Table 1 below showed that 55 % of the respondent's place of birth is in the Gedeo zone and the remaining 45 % of the sampled informal sector operators came from other areas of the country.

**Table 1** Binomial test of Place of birth of the sampled respondents

<b>Place of birth</b>	<b>N</b>	<b>Observed Prop.</b>	<b>Test prop</b>	<b>Exact Sig. (P-value)</b>
<b>In gedee zone</b>	108	0.55	0.50	0.000
<b>Other place</b>	88	0.45		
<b>Total</b>	<b>196</b>	<b>1.00</b>		

The above binomial test Table implied that most of the respondents who are significantly above 50% are native to the town. This implies that the respondents of the informal sector are preferred to work on their own locality. This will create a better opportunity for their own business they run because they are familiar with the area and they better communicate with the consumer, producer and they will have better business skills than those who are migrated from the other place. Even if most of them run their own business in their own locality, a significant number of informal sector operators are migrated from another area. According to Gupta (1993), a rural development policy cannot mitigate the problem of rising unemployment in the urban sector resulting from rural-urban migration.

### **3.2. Respondent's job history before starting this Business**

The data presented below in Binomial test Table 2 show that of the total respondents of the informal sector operator, 76 % were unemployed and 24 % of them were employed.

**Table 2** Binomial test of the job history of the sampled respondents

<b>Level of employment</b>	<b>N</b>	<b>Observed Prop.</b>	<b>Test prop</b>	<b>Exact Sig. (P-value)</b>
<b>Unemployed</b>	148	0.76	0.50	0.000
<b>Employed on other job</b>	48	0.24		
<b>Total</b>	196	1.00		

From the above binomial test Table, since the p-value (0.000) is less than the level of significance ( $\alpha=0.05$ ), the null hypothesis is rejected because significantly above half of the women were unemployed before starting this business. This means the informal sector can create employment for a significant number of women.

The study of ILO mentioned that the informal sector is capable of absorbing a large proportion of the new entrants into the labor force that the formal sector is unable to cope with the increasing numbers of the poor, unskilled, and illiterate (ILO,1972). The majority of survival needs drivers such as the majority to create employment or self-employment and generate income in the informal sector. In addition, the informal sector is the major provider of job for the youth in Africa (ILO,2011) and in Ethiopia. In addition, unemployment is the major driving force to be an informal sector operator and the limited capacity of the shrinking formal economy to absorb surplus labor.

### 3.3. Push and Pull factors for engaging in the informal sector operator

**Table 3** Push factors for engaging in the informal sector operator

Why informal sector?	Number of Sampled Informal Sector Operators	Percent%
As a source of income	110	55
No education	8	16
Securing livelihood independence and self-sustenance	16	32
The capital is small which I able to invest	3	6
Divorced and Widowed	4	8

**Note:** n=196, the percentage is not out of 100% since multiple answers are possible.

The result in Table 3 showed that the majority of the operators; about 55 % agree that they operate in the informal sector because it's the only source of livelihood income. About 32.5 % of them responded that they involve in the informal sector because of securing livelihood independence and self-sustenance. About 15 % of the respondents involved in this sector because they are not educated and the rest 7.5% mentioned divorced and widowed as a reason. This shows that the informal sector is a survival option for the poor to generate livelihood incomes. Informal business activities are closely linked with inadequate income maintenance or income generation activities and such an economy consists of sets of survival activities performed by destitute people on the margins of society and economic dynamism of unregulated income-generating activities.

The interview result from women informal sector operators and government officials of Dilla town showed that the pushing factors to be an informal sector operator are:

#### *Unemployment*

This was identified as the main driver of rising informal sector activities not only in the country but in most urban areas. The findings underline the need for employment, which requires concerted efforts of both the public and private to turn the unfortunate tide. Employment is a critical issue in Ethiopia considering the high levels of over 19.1 % unemployment that the country is facing. The differentials of unemployment rate by sex demonstrate female unemployment rate (26.4 %) is more than double as compared to male (12.2 %) and this leads to searching alternative livelihood income which is Informal sector (Unemployment rate, 2018).

In addition, the presence of gender inequalities in Ethiopia also forces women to informal sector operation; especially to the street which is highly hazardous, requires high time investment with low return, bad working conditions, and place. The women engaging in this sector are from rural areas that are not educated because of lack of opportunity to get education and family preference in sending boys than girls to schools. Additionally, girls who escape early marriage and related challenges in rural locations migrate to urban areas in search of a better life and work; and finally, end up in pursuing informal sector businesses.

### **Poverty**

The study revealed that poverty in both rural and urban settings has contributed to the growth of the informal sector in Dilla. The government officials attributed a worsening economic outlook in the country to the rising informal sector. The informal sector covers a wide range of activities. Some activities included in this study are selling fruits and vegetables, clothes and shoes, food and non-food processing and etc. This means it has an important role in poverty alleviation by providing employment opportunities and generating income for the poor who live in the town. It also offers a livelihood option for the poor for women and youth groups of the society.

### **Source of Incomes**

The dwindling income levels of many households are driving many into the informal sector. According to the officials and women interviewed, many members of the household are pushed into vending or other informal activities out of a need to supplement the incomes of main bread winners. From this analysis of reasons given for engaging in informal sector activities, it is apparent that the lack of meaningful alternative employment options coupled with an inability by most respondents to meet their basic needs has led to the drift into informal sector activities.

In addition to the above, interviewed government officials explained that the numbers of people who are participating in the informal sector are increasing from time to time. This is because people who have low skill and have limited or no education have high chance to involve in the informal sector business rather than formal business sector.

**Table 4** Push factors for engaging in the informal sector operator

Why informal sector	Number of Sampled Informal Sector Operators	Percent%
Avoiding taxation and/or registration fee	3	6
For profit-making	6	12

The reason mentioned as push factors in the above Table is the operators are working in this sector in fear of government taxation and to generate more profit.

### 3.4. Livelihood improvement

**Table 5** Binomial test of the sampled respondents on the current work improve their livelihood

Your livelihood has improved due to this job	N	Observed Prop.	Test prop	Exact Sig. (P-value)
Yes	156	0.80	0.50	0.000
No	40	0.20		
<b>Total</b>	<b>196</b>	<b>1.00</b>		

The respondents were asked, “Your current work/business improves the livelihood income and improve your life in a better way” From the binomial test table4 since the p-value (0.000) is less than the level of significance ( $\alpha=0.05$ ), the null hypothesis is rejected. That means livelihood has improved and the living condition of those women who are involved in the informal sector are significantly changed in a better way.

### 3.5. Future interest of the sampled informal sector operators

**Table 6:** Binomial test of the future plan of the sampled respondents

Next plan	N	Observed Prop.	Test prop	Exact Sig. (P-value)
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<b>Continue with the same operation</b>	42	0.21	0.50	0.000
<b>Expand the business and shift to the formal sector</b>	154	0.79		
<b>Total</b>	<b>196</b>	<b>1.00</b>		

From the above binomial test Table, since the p-value (0.000) is less than the level of significance ( $\alpha=0.05$ ) reject the null hypothesis. That means significantly above 50 % of women who are involved in the informal sector are planning to expand and transform the business into the formal sector. This implies that the sector serves as a survival strategy on one hand and to develop business skills on the other hand.

About 79 % of the respondents wanted to transform into the formal business environment. From this one can infer that the sector is a stepping stone to transform into the formal sector and the sector helps those women either to survive or to improve the livelihood income of their own and their family. In addition, it helps a lot to develop the business skill or capital they need and they transform the business into the formal sector. The spillover effect will be economic development of the country on one side by generating revenue (tax) from those who transfer into the formal sector and it enhances women's livelihood improvement on the other hand.

In light of the above analysis, Addis Ababa Chamber of Commerce (2001) explained that the informal sector is regarded as the natural home of entrepreneurship which provides an ideal environment for building the foundation for economic growth and social progress. It helps to develop the business know how and skills of the operators in the pursuit of employment creation, generation of income and more equitable distribution of resources and through the development of entrepreneurship, the informal sector helps them to transform into the legal business environment. Finally, it helps to minimize problems of unemployment and poverty.

The remaining 21 % were not interested to transform the business into the formal sector. This is likely because they fear the government bureaucracy, registration process (cost and time) and taxation system.

Based on the data, if the legal environment is suitable, they want to come into the legal business environment. Therefore, the government should reduce bottle necks to transform the informal sector into a formal business environment. This study is also supported by the legalist school of

thought. They advocate that the informal sector as comprised of “plucky” (brave and courageous) micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration and this hostile legal system leads the self-employed to operate informally with their own informal extra-legal norms (De Soto,2 000).

To solve the above problems, the legalist school of thought and the neoliberal theorists argue that the governments should decrease government regulation or introduce simplified bureaucratic procedures to encourage informal enterprises to register and extend legal property rights for the assets held by informal operators in order to unleash their productive potential and convert their assets into real capital (Williams, 2012).

### 3.6. Additional work

**Table 7** Binomial test of additional work or activity that the sampled respondents are engaged

<b>Do you have other jobs?</b>	<b>N</b>	<b>Observed Prop.</b>	<b>Test prop</b>	<b>Exact Sig. (P-value)</b>
<b>Yes</b>	24	0.12	0.50	0.000
<b>No</b>	172	0.88		
<b>Total</b>	196	1.00		

The result in the binomial test in the above Table shows that 88 % responded “No”, they have not been engaged other than this business. According to the study, the remaining 12 % of the operators responded “Yes”, they do additional work besides this business like washing clothes and making injera. This indicates that the informal economy is one of the majority options for many low-income citizens and it implies that the work activity requires a high time investment in order to get considerable profit.

### 3.7. Determinants of women livelihood improvement

**Table 8** Parameter Estimates for the proportional odds model

		Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	No improvement	2.129	1.603	1.764	1	0.184	-1.013	5.271
	Little improvement	3.892	1.620	5.774	1	0.016	0.718	7.067
	Moderate improvement	6.290	1.659	14.379	1	0.000	3.039	9.541
Location	Age	0.101	0.299	0.114	1	0.736	-0.486	0.688

Education Level	0.368	0.148	6.183	1	0.013	0.078	0.658
Startup capital	0.275	0.140	3.858	1	0.049	0.001	0.549
# of Dependents	-0.330	0.153	4.645	1	0.031	-0.630	-0.030
How long stayed	0.290	0.129	5.054	1	0.025	0.037	0.543
Hours per Day	0.564	0.266	4.496	1	0.034	0.043	1.085
Days per week	0.380	0.180	4.457	1	0.035	0.027	0.733
Marital status							
[Single]	2.169	0.717	9.141	1	0.002	0.763	3.574
[Married]	1.432	0.574	6.224	1	0.013	0.307	2.557
[Divorced]	1.810	0.691	6.868	1	0.009	0.456	3.163
[Widowed.ref]	0 <sup>a</sup>	.	.	0	.	.	.
Place of Birth							
[Gedeo Zone]	-0.580	0.237	5.989	1	0.014	-1.045	-0.115
[Other.ref]	0 <sup>a</sup>	.	.	0	.	.	.
[otherJ=1] Yes	0.222	0.097	5.281	1	0.022	0.032	0.412
[otherJ=2] No	0 <sup>a</sup>	.	.	0	.	.	.
[whatki=1]	0.371	0.364	1.040	1	0.308	-0.342	1.085
[whatki=2]	0 <sup>a</sup>	.	.	0	.	.	.
[relationship=2]	0.069	0.453	0.023	1	0.879	-0.820	0.957
[relationship=3]	0.120	0.405	0.087	1	0.768	-0.674	0.914
[relationship=4]	-0.017	0.407	.002	1	0.966	-.814	0.780
[relationship=5]	0 <sup>a</sup>	.	.	0	.	.	.
[relationshipCP=1] Ex	0.346	0.174	3.954	1	0.047	0.005	0.687
[relationshipCP=2] V.g	0.340	0.136	6.250	1	0.012	0.073	0.607
[relationshipCP=3] G	0 <sup>a</sup>	.	.	0	.	.	.

From the above Table, the variables Education Level, Startup capital, Number of Dependents, How long stayed, Hours per Day, Days per week, Marital status, Place of birth, Having other job and Relationship with consumer and producers were found to be significant; while Age, Kind of goods sold and relationship with government were not significant.

Since the coefficients are positive, as the education level of the respondent's increases, so does the probability of one's life is improved. This means, when the educational levels of the respondents increases, the probability of the livelihood improvement of the informal sector also increase. This might be due to the reason that when the educational level of one person increases the capacity of the business and ability to communicate will increase simultaneously.

According to UN Women (2015), Education is an important asset for women as it provides them with a range of positive outcomes, including a greater awareness of their rights, a greater participation in decision- making, a reduced probability of early marriage and child bearing, and access to better employment opportunities. Education has the potential of reducing the likelihood that women will work in the informal economy – but this, of course, is also contingent upon the availability and quality of jobs available in the labor market.

And those respondents who had a higher startup capital are found to have a greater probability that their livelihood is improved. The odds of attaining better livelihood improvement are also determined by the start-up capital of the respondents. An operator whose start-up capital was higher has shown more likelihood in livelihood improvement than those operators with a little start-up capital. This tells us an improvement in livelihood is dependent on an increase in start-up capital. This may be because operators whose start-up capital is higher can bring different kinds of goods to the market and they generate considerable benefit from each item unlike that start-up capital is small.

Since the coefficient is negative, when the numbers of dependents that the respondents have increased, then their likelihood of having moderate improvement in livelihood decreases. This tells us, when dependents in the household decrease, the cost of living will be small and the livelihood earning income is enough in the household and vice versa is true.

The finding also depicts that the longer the operators stayed in the business, the better the chance of improvement in the livelihood as compared with the operators who stayed a short period of time. The implication of this result is the better improvement in livelihood is associated with a longer stay in the business. This may be because the operators develop business skills, they are familiarized with the business environment (they can easily identify what measure enhances profit or loss) and they are well aware of the business. This will help to generate more profit, which helps to improve the livelihood.

Since the coefficient is positive, respondents whose place of birth was in the Gedeo zone were found to have a better probability of having moderate improvement in livelihood than those from other places. Operators from other places have fewer odds of livelihood improvement compared with those operators who are native to the town. Most of the times, operators who are from other places are confronted with different challenges while struggling to adjust themselves with the town lifestyle. Accordingly, those native operators may have better livelihood improvement opportunities because they may have access to information to the market, they can communicate easily, and they also can get credit facilities and other opportunities. This may help the business to grow and to generate high profit and this helps to improve livelihood.

In addition to the above, since the coefficients are positive, hours per day and days per week worked increases, marital status, place of birth, having other jobs and relationships with consumers and producers, the chance of the respondents that their livelihood being even moderately improved increases.

Since the coefficient is positive, the chance of having moderate improvement in livelihood for respondents who have another job was found to be greater than that for those who did not have another job. Besides, those who had an excellent and very good relationship with their consumers and producers had a higher probability of livelihood improvement than those who had a good relationship.

## **2. Conclusion and way forward**

This research confirmed the livelihood of women is improved after involving in the informal sector by contributing to livelihoods by enhancing income earning capacity, uplifting standards of living among the urban poor.

The informal sector serves as a bridge to escape poverty for most women who are poor. The informal business activities are closely linked to inadequate income maintenance or income-generating activities and such an economy consists of sets of survival activities performed by destitute people of the society.

Most of the informal sector operators involved in this business are because of push factors like to secure livelihood income, to reduce the incidence of poverty, to secure livelihood independence and self-sustenance and no education. There are also pull factors like to generate more profit and to avoid government taxation. The future plan of most of the informal sector operators are (79%) is to transform the business into the formal sector.

The research findings show that the informal sector provides a lot of contribution to the impoverished section of society by providing jobs and generating income. Therefore, the government, at both the local and national levels should help the informal sector operators by creating a more favorable environment for trade, improved access to the market, provide credit facilities, and information on organizing and running a small business for women. Moreover, the

government at both the federal and local levels should work together in order to organize and formalize the informal sector business into a formal business environment.

The concerned bodies should give attention to organize and formalize the informal sector in a much more planned and calculated manner in order to generate more employment, secure reasonable livelihood, and use it as a tool for poverty reduction for the low-income members of the society (the less educated and the youth).

Proactive policies, which ensure that girls have equal access to educational opportunities from early childhood and place greater value on skills and lifelong learning might help to change social norms and empower women.

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### **Conflict of Interest**

The authors declare that there is no conflict of interest.

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