Vulnerability and young women entrepreneurs: a case study of the Ethiopian informal economy

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Draft – please do not cite
Abstract

In recent years, African governments and development partners have responded to the high levels of unemployment and working poverty among youth by promoting entrepreneurship as a means of creating sustainable livelihoods. These interventions are, however, largely gender blind and do not recognize that young women face greater hurdles to becoming an entrepreneur. In particular, entrepreneurship programmes in Africa have traditionally focused on providing access to start-up financing and training, ignoring the non-business constraints stemming from discriminatory cultural and societal attitudes and vulnerabilities, which reduce entrepreneurial opportunities for young women. Moreover, since most young women entrepreneurs are working in the informal economy, they lack any form of social protection, leaving them more susceptible to exploitation and poverty, especially in response to a major change in life status and economic shocks. The findings from a survey of young women entrepreneurs operating in the informal economy in Ethiopia confirm this situation of a lack of social protection and vulnerability. Despite the various challenges they face, the vast majority of these young women had only sporadic training and little access to microcredit. At the same time, the young Ethiopian women interviewed expressed the benefits of running a business in terms of supporting their family and improving their self-esteem. In response, policymakers should take into account the specific needs of young women entrepreneurs such as life-cycle considerations and vulnerabilities, in addition to providing traditional entrepreneurship measures such as training and microcredit.
1. Introduction

Despite recent years of strong economic growth in Africa, the creation of decent employment opportunities for the growing numbers of young Africans remains an elusive development goal. Young women in particular face some of the greatest barriers to finding decent employment in African countries because they lack experience, the necessary skills and suffer from discriminatory attitudes about their role in the workplace. The impact of gender on employment opportunities for young women begins in the family where girls are not supported to continue with their education, or they learn that they shouldn’t be too ambitious about their careers. Once in formal education, girls are directed to study in traditional areas, which results in their under-representation in science, mathematics, engineering and other technical subjects in colleges and universities across the continent. Having finished formal schooling, few young women are able to overcome the educational inequalities and the subsequent barriers they face in the labour market to find a decent job.

One area of youth employment interventions that has attracted considerable attention from governments and development partners in Africa is promoting entrepreneurship as a means of creating sustainable livelihoods. Young women in particular need financial and technical support to overcome the barriers they face in becoming an entrepreneur. A major challenge for young people is the absence of a culture of entrepreneurship, which is reflected in the low value attached to learning entrepreneurship skills in formal education and following this career path once they have left school. The situation is more pronounced for young women who suffer from cultural and societal attitudes about the role of women in business, which subsequently hampers their aspirations to become an entrepreneur.

The traditional approach to promoting entrepreneurship in African countries has focused on the business dimensions by providing access to start-up financing (usually micro-credit), training programmes that help young people develop skills in business planning, marketing, product development, mentoring, etc., or a combined strategy of both financing and training. While these factors are crucial for any potential entrepreneur to successfully set up a business, these interventions have largely ignored the non-business constraints stemming from discriminatory cultural and societal attitudes and vulnerabilities, which reduce entrepreneurial opportunities for young women.

In this respect, young women in Africa are highly vulnerable to a range of economic and social concerns such as HIV/AIDS, violence, and discrimination, just to mention a few issues. This is not only evident in education and employment as underlined above, but also in their everyday interaction with society around them. For example, in their role as entrepreneurs, young women are vulnerable to being harassed by clients, suppliers and authorities, particularly because of their age. Moreover, most young women entrepreneurs in African countries are working in the informal economy, which increases their vulnerability. Since these young women lack any form of social protection, they are more susceptible to exploitation and poverty, especially in response to a major change in life status such as births and deaths in the family, and economic shocks including
droughts and recessions. The current global economic crisis has also had a major impact on the economies of developing countries, which in turn affects the livelihoods of young women in places like Ethiopia.

This paper aims to provide insights into the challenges and opportunities for young women to become entrepreneurs in the broader context of the vulnerabilities they experience. This paper draws on the findings from a small survey done of young women entrepreneurs in Ethiopia who are operating in the informal economy, which collected information on the motivation of and opportunities for young Ethiopian women in becoming entrepreneurs, the barriers they encounter in setting up and running businesses, the use of business development services, membership of business associations, and the vulnerabilities they are confronted with as young entrepreneurs.

The remainder of the paper is structured as follows: section 2 links some of the key concepts from the literature to the theme of this paper, while section 3 presents the results from the survey of young women entrepreneurs operating in the informal economy in Ethiopia. Section 4 concludes and proposes a series of recommendations.

2. Young women and entrepreneurship: an overview of key concepts

Defining entrepreneurship

Given the broader themes addressed by this paper, it is important to consider a definition of entrepreneurship that reflects both the economic and non-economic dimensions (see Schoof (2006) for a more detailed discussion on defining entrepreneurship). This can be summarized in terms of two main issues:

(i) Entrepreneurship as a broader concept that includes the process of creating value, innovating, and taking risk that has both economic and potentially social benefit, which goes beyond just self-employment and includes actions taken within a firm (though the latter is not the focus of this paper); and

(ii) The vulnerabilities experienced by young women in Africa including the vulnerability to acquiring HIV/AIDS, being a victim of harassment and violence, having a disability, lack of social protection, and the challenge of balancing work responsibilities with family duties.

Another important aspect that is relevant to the situation facing young women entrepreneurs in Africa is the over-representation of these women in the informal economy. Though its definition is by no means straightforward, the term informal economy generally encompasses both self-employed and employees who operate outside the scope of government licensing, regulations, and legislation (ILO 2002). The majority of young Africans, particularly young women, are working in the informal economy, which is characterized by low pay, lack of social protection such as insurance, few opportunities for training and skills development, and hazardous jobs.
The young women working in the informal economy can nonetheless still be considered entrepreneurs, though they are motivated more out of necessity than by profit. At the same time, if the environment would be supportive of their entrepreneurial activities, these individuals have the potential to develop and expand their businesses, helping them and their families escape poverty, contributing to the acceleration of economic and social development across the continent. Alas, these young women are constrained in achieving this goal because of both economic and social factors, as discussed below.

The impact of gender on the constraints to youth entrepreneurship

Following Kantor (2001) and Schoof (2006), the six main areas that influence and constrain youth entrepreneurship can be summarized as:

(i) Social and cultural attitudes towards youth entrepreneurship  
(ii) Access to entrepreneurship education  
(iii) Access to finance/start-up financing  
(iv) Ease of administrative and regulatory frameworks  
(v) Provision of business assistance and support  
(vi) Access to markets

In the context of this paper, the impact of gender on all these factors has to be taken into account to identify the specific barriers to entrepreneurship for young women, which has been compiled in Table 1 and builds on discussions in the literature (Kantor (2001) and Richardson et al. (2004)). Overall, gender heightens the general constraints faced by young entrepreneurs, which stems from discriminatory attitudes about girls and young women in accessing education and training and their role in the workplace vis-à-vis their responsibilities in the home. It should also be noted that young women are not homogenous and certain groups such as those with disabilities are confronted with further hurdles, including additional forms of discrimination, which hinders their efforts to become and remain entrepreneurs.

Table 1: Impact of gender on constraints to youth entrepreneurship

<table>
<thead>
<tr>
<th>Area of constraints to entrepreneurship</th>
<th>Impact of gender</th>
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</table>
| Social and cultural attitudes towards youth entrepreneurship | • Young women are not encouraged to pursue entrepreneurship and a business career path is not seen as an appropriate option  
• Young women have low self-esteem, and even if they do pursue entrepreneurship, they choose to enter low value, saturated sectors such as textiles and handicrafts  
• Constraints imposed by family duties |
| Entrepreneurship education | • Girls and young women have lower access to education and training and are discouraged from studying technical and |
| Access to finance/start-up financing | • Young women lack collateral and are discriminated against by lenders (“where is your husband?”)
   • Women focus on micro-credit because of the sectors they operate and beliefs about taking risks, which in turn restricts them to the informal economy and low value, low growth sectors |
| Administrative and regulatory frameworks | • Young women lack property rights and ownership, and access to information on licensing and other administrative and regulatory issues, which partly explains their over-representation in the informal economy
   • Young women are vulnerable to harassment and sexual exploitation by government authorities |
| Business assistance and support | • Business development services are gender blind and do not target young women and the issues pertinent to them
   • Young women lack role models in the form of older women entrepreneurs
   • Young women have more difficulties accessing property and ICT infrastructure |
| Access to markets | • Markets dominated by women entrepreneurs suffer from saturation and hence low returns
   • Young women lack the marketing and negotiating skills to access new markets. They also do not have information on trade regimes, customs laws, etc
   • Due to family responsibilities, women are physically constrained from travelling to new markets |

Source: Drawn from AfDB/ILO (2007), Kantor (2001), Richardson et al. (2004) and from authors’ findings

3. Case study: young women entrepreneurs in the Ethiopian informal economy

In this section, the main issues identified above are linked to the findings from a survey conducted in Addis Ababa, Ethiopia. In Ethiopia, problems of gender inequalities in the labour market mostly stem from the fact that the country has largely a patriarchal society that keeps women in a subordinate position (Haregewoin and Emebet 2003). Similar to most African countries, Ethiopian women are underrepresented in formal employment and overrepresented in informal jobs. In addition, women are minor players in small and medium enterprises indicating the challenges that they face to become an entrepreneur. Studies by Stevenson and St-Onge, (2005) and Zewde & Associates (2002) have
demonstrated that there are both women entrepreneurs in Ethiopia who were forced to become entrepreneurs in order to survive and those who chose entrepreneurship as a path to prosperity, though the first category accounts for the majority of women entrepreneurs. There are no studies specifically focusing on young women entrepreneurs in Ethiopia.

3.1 Survey methodology and sampling

In order to gain more insights, a structured questionnaire was used to collect data on various issues: the motivation of and opportunities for young Ethiopian women entrepreneurs, the barriers that they encounter in setting up and running the businesses; the use of business development services (BDS); and membership in business associations. Vulnerability to discrimination and harassment, access to HIV/AIDS training, identification of training needs, and membership of other informal community associations, such as ekub and edir, were included in the questionnaire in order to explore issues of vulnerability.

The questionnaire was administered in various parts of Addis Ababa, the capital of Ethiopia, including Merkato, Piazza, Kolfe, Megenagna/Shola, Arat Kilo, Amist Kilo, Shiromeda, Mexico, Stadium, Legehar, Lideta, and Mekanissa. Respondents were chosen randomly. In total, fifty young entrepreneurs (40 women and 10 men, of whom 4 were disabled) were interviewed. The rationale for interviewing young people with disabilities was to validate whether young women as a group face the same vulnerabilities as young men and disabled young people. Where the differences are evident, this strengthens the case for identifying targeted interventions. The young entrepreneurs interviewed included 29 street vendors (29 respondents) and 21 small storeowners (known as arkebe shops).

The results from the survey presented below are a mixture of quantitative and qualitative information collected through the interviews, which used the questionnaire to structure the questions posed to the young entrepreneurs.

It is important to stress that given the size of the sample, the findings are in no way representative of the situation facing young women entrepreneurs in Ethiopia. However, the survey does provide some important insights into the situation of young women entrepreneurs and it is the foundation for a more in-depth study to be able to better address the challenges that this specific group of young women in Africa.

3.2 Results from the survey

Profile of respondents

A total of 40 young women and 10 young men entrepreneurs who are engaged in the informal sector in Addis Ababa were interviewed. The respondents were young women and men entrepreneurs aged between 15-29 years. Among the young women entrepreneurs, 50 per cent were aged 24-29, 25 per cent were between age 20-24, and the remaining 25 per cent were in the age group 15-19. Of the total 40 respondents 3 women were living with a permanent disability such as blindness. Twelve per cent of the male
respondents were in the age group of 15 to 19 years, 50 per cent were in the age group of 20 to 24 years, and 38 per cent were in the age group 24 to 29 years.

Most of the female respondents were single (60%), 33 per cent were married or cohabiting, 5 per cent were divorced, and the remaining 2 per cent were widows. One of the young male respondents was married and the rest were single. Only 33 per cent of the respondents were reported to have dependent children. Among them, 38 per cent reported that they had one dependent child, 31 per cent reported to have 2 children and the remaining 31 per cent reported that they had three or more dependent children.

Most of the respondents (70 per cent) indicated that they came from regions other than Addis Ababa with the majority coming from Southern Nations, Nationalities and People’s State (38 per cent). The main reasons stated by the respondents for leaving their birthplace were the lack of job opportunities (72 per cent), insufficient family income (19 per cent) and marriage (8 per cent). Half of the respondents indicated that they had arrived in Addis Ababa in the past 7 years (2001-2008); 41 per cent had arrived between 1991 and 2000 and only 9 per cent had arrived between 1984 and 1990.

The survey findings reflected the gender disparity in access to education. Seventy per cent of the male respondents had primary education whereas only 33 per cent of the female respondents had primary education. A quarter of the female respondents had no education, while all male respondents had at least been to primary school. Sixty-three per cent of the respondent had to drop out of school to look for a job to support the family. For all the male respondents, this was the main reason, whereas this was the case for 67 per cent of the female respondents. In addition, seventeen per cent of the women reported that they dropped out due to marriage; 5 per cent dropped out due to cultural reasons about girls staying in school; the high cost of schooling; and sicknesses.

Profile of the enterprises

The majority of the respondents were involved in petty trading on the street or in a market selling items such as clothes, shoes, food, crafts, pottery, electronics, wallets, and lottery tickets. Young male respondents sold mainly food, clothes and other items whereas young women also sold crafts and telephone, secretarial and photocopying services (Figure 1).

Almost all (94 per cent) of the entrepreneurs have no employees. Interestingly, 90 per cent of the enterprises owned by young men are unlicensed whereas only 75 per cent of the female owned enterprises are unlicensed. The licensed enterprises are those who own the small shops/containers but most of them rented their places from other entrepreneurs, forcing the young entrepreneurs to pay the taxes, reflecting the lower levels of bargaining power held by the young women.
Most of the respondents (41 per cent) reported that their enterprises had been established within the last three years, for 35 per cent of the respondent in the last 1 to 3 years and for 24 per cent less than a year ago. Young women have established their enterprises more recently than the young men. Though overall the lack of other employment opportunities was cited as the main reason for setting up an enterprise, this was lower among young women than young men (78% versus 100%). Young women also indicated their motivations as making a profit, supporting oneself and out of personal interest.

### Table 2: Reasons for establishing an enterprise

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Females (Per cent)</th>
<th>Males (Per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of employment opportunities</td>
<td>78</td>
<td>100</td>
</tr>
<tr>
<td>Potential profit/income</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>To support self</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Other (personal interest)</td>
<td>2</td>
<td>-</td>
</tr>
</tbody>
</table>

### Constraints to establishing enterprises

The results of the questionnaire clearly indicate that both young women and men were constrained in becoming an entrepreneur. A lack of credit was the most cited constraint for both young women and men (Figure 2). In terms of access to credit, some respondents stated that they had tried to access funds when they established their enterprises, but they were not able to fulfill the requirements to access credit from microfinance institutions in Addis Ababa, which involves securing a guarantor (who should be a government employee). They were also concerned about the high interest rates. Therefore, it is not surprising that the majority of both young women and men got their start-up capital from
families and friends in a form of a gift or loan (70 and 60% respectively). Beyond this source, young women relied less on savings than young men (15 versus 30%) and more on microfinance institutions (15 versus 10%).

More than half of the respondents reported that the amount of start-up capital was not adequate to start their business, which was stressed more by the male entrepreneurs than the female ones. Seventy per cent of the respondents who had taken loans from friends/families or microfinance institutions were able to repay the credit. Of those who weren’t able to repay the credit, 73 per cent reported that they need advice on how to use and repay their credit.

**Figure 2: Constraints to establishing enterprises**

In addition to access to credit, young women indicated that regulatory barriers, access to premises, attitudes about women in business and a lack of business skills were major barriers (figure 2). In comparison, young men also cited access to regulatory barriers, access to premises, poor infrastructure (including access to water and transport) and inadequate information about products and markets as factors hindering efforts to establish their business. Though mentioned relatively infrequently, more female than male respondents indicated that social and cultural attitudes about youth entrepreneurship were a constraint.

A majority (68%) of the entrepreneurs did not have a bank account; and among those who owned a bank account (32%), only 75 per cent indicated that they able to save some amount of money. Forty per cent of the male respondents compared with 30 per cent of the female respondents had a bank account. All the male respondents indicated that they saved whereas only 67 per cent of the female respondents saved some money. For those entrepreneurs who did not have a bank account, the main reason cited is that they did not
have extra money to save. The lower savings rate for young women probably does not reflect a lower propensity to save; rather, these young women most likely have to support other family members and hence do not have any disposable income left for themselves. The inadequate access to savings facilities of formal banks increases the difficulties for young women entrepreneurs to access credit from these institutions.

**Access to business development services**

Overall, a majority of the respondents were not even aware of business development services (BDS) such as training programmes, with only slightly fewer young women indicating their awareness than young men. Consequently, only a very small minority of young female respondents revealed that they had access any type of BDS (8%), which was mainly in the form of training on bookkeeping. All of the respondents who accessed the training reported that it had been very useful in assisting them to run their business. When respondents were asked what type of assistance they were not able to receive from the government, more than half of them (52 per cent) reported that they were not able to access credit and a place to work.

**Challenges experienced while running the enterprises**

In the course of running their enterprises, these young entrepreneurs in Addis Ababa encountered a range of business-related and non-business related challenges (table 3).

**Business-related challenges**

The major business-related problem reported by both male and female survey respondents were: the lack of a proper place to work; poor infrastructure; and the lack of access to markets (table 3). Most of the women operating small arkebe shops reported that the places were too small and they could not extend beyond the container. One woman operating in the Piazza area of Addis Ababa stated that:

“*The business deals with different items and I need to show my products. But the place is so small, and if I go beyond the container the kebele (local government) authorities will charge me.*”

The high rental for the store/container is one of the major problems faced by young women who are engaged in providing secretarial, photocopy, binding and telecommunication services around Arat Kilo, Amist Kilo and Sidist Kilo areas. They pay up to 1,500 birr/month as rent for the small arkebe stores and they are also required to pay taxes, though:

“*The owners are the ones who have the licences and they are the ones who should pay the taxes; but we don’t have any options and we are obliged to pay the taxes in order to keep the places.*”

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1 birr=$US0.09 as of 1 June 2009.
In addition, they pay for electricity and security night guards. According to most of the respondents, the ones who are getting the profits are the owners.

**Table 3: Business and non-business-related challenges to entrepreneurship**

<table>
<thead>
<tr>
<th>Business dimensions</th>
<th>Females (Per cent)</th>
<th>Males (Per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulties in attracting funds</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Low-quality products</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Lack of access to markets</td>
<td>41</td>
<td>50</td>
</tr>
<tr>
<td>Inadequate business premises</td>
<td>18</td>
<td>0</td>
</tr>
<tr>
<td>Poor infrastructure</td>
<td>49</td>
<td>40</td>
</tr>
<tr>
<td>Lack of a place to work</td>
<td>49</td>
<td>80</td>
</tr>
<tr>
<td>High rent</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-business dimensions</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Age discrimination by suppliers, colleagues or business contacts</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Gender discrimination by suppliers, colleagues or business contacts</td>
<td>30</td>
<td>n.a.</td>
</tr>
<tr>
<td>Age discrimination by government or institutions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gender discrimination by government institutions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lack of support from family and friends</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Juggling work and family responsibilities</td>
<td>80</td>
<td>100</td>
</tr>
<tr>
<td>Discrimination because of my disability or nature of work</td>
<td>0</td>
<td>14</td>
</tr>
</tbody>
</table>

The problems of petty traders are multifaceted: they work along the roadsides, with no shade, under the direct impact of the sun, rainfall and wind; have no access to toilet facilities; are vulnerable to traffic accidents; and are in perpetual confrontation with law-enforcement bodies. Some of the respondents who work as street vendors of food items reported that customers were not interested in buying such food items as biscuits and chewing gum from them, since the items had been exposed to direct sunlight. The challenges faced by street traders were reported as follows:

- Exorbitant fines and penalties (which range from birr 50 to 75) every time they are caught by the police;
- Inability to claim possessions that are lost or stolen;
- Lack of security;
- Lack of access to capital; and
- Poor access to an appropriate place of work.

Lack of toilet facilities is a major problem faced by both street traders and small storeowners. All the street traders reported that they needed to carry all their belongings in order to look for a toilet and it is difficult to locate facilities close to where they are operating. Moreover, most facilities (e.g., those in the Merkato area) are very unhygienic.
and traders are required to pay at least 25 cents to utilize the facilities. These facilities could expose women to serious health problems.

**Non-business-related challenges**

The main non-business-related problems that respondents encountered included discrimination from suppliers and colleagues; lack of support from family; and juggling work and family/school responsibilities. Respondents faced discrimination as a result of their gender, age and disability. As reported in table 3, both young women (20%) and men (33%) indicated that they faced age discrimination from the suppliers. 30 per cent of women reported that they faced gender discrimination from suppliers and colleagues. A respondent from Sidist Kilo area who was engaged in secretarial services stated:

“People sometimes don’t take my work seriously because I am a young woman. Sometimes I quarrel with customers because they don’t want to pay me or they mistreat me. Subsequently, they would influence other customers (their friends) to avoid me and my services, which as a result, affects my business.”

One woman from the Shiromeda area stated:

“I can’t get the kind of items from suppliers equal to men because they are more informed and powerful.”

More young women than young men reported that they were subjected to some form of harassment by the police, kebele authorities, business people/traders and customers (70 versus 50 per cent). A majority of both the young women and men entrepreneurs indicated that the harassment was mainly from kebele authorities, who focus on street traders (figure 3). A street trader stated:

“The assault from government authorities is due to the fact that we are considered to be illegal by the government. We are mobile and we always lose our properties when we run away from the law enforcement bodies and no one replaces them for us. There is also verbal attack from traders because of competition.”

Most of the women selling products on the streets also reported that they were more vulnerable to hooligans and thieves than their male counterparts. Women vendors were more concerned about their safety and security than were male vendors. They could only operate during daylight hours. One street vendor stated:

“I do not feel secure because I am a woman. If I were a man I could stay and work long hours. But I always stop working at 6:00 pm.”
One of the main non-business-related factors stated by most (80 per cent) of the women entrepreneurs was juggling work and family/school responsibilities. Married women reported that they could not work full time because of responsibilities at home. Young men also indicated having difficulties juggling work and school responsibilities. In this respect, students vending on the streets reported that the work took most of their time and they were unable to go to school regularly and study properly.

Young women entrepreneurs with disabilities indicated that they faced discrimination due to their disabilities. These entrepreneurs living with disabilities in Addis Ababa face the same kind of problems as the other street traders such as the lack of shaded places, impact of sun, rainfall and wind, and lack of access to toilet facilities. In addition, they are more vulnerable to traffic accidents due to their visual and other physical disabilities. Those respondents living with visual disabilities stated that, sometimes, customers gave them fake money and cheated them. They also stated that they could not access more markets as others because they did not see properly and did not attract customers as well. They also reported that they faced verbal assault from customers, other business traders and law-enforcement bodies because of their disabilities. One young man with physical disability and working on the streets of Merkato reported the following:

“My family is in the countryside and I have to support myself. I wanted to be enrolled at school and engage in some other activities in my spare time other than working on the streets, but I have no options and I have to survive”.

**Plans to expand the business**

Almost all of the respondents (98 per cent) reported that they had the desire to expand their business in the next two years, without any major difference by gender, though this is more of an expression of desire than a reflection of actual plans. The most important needs for expanding their business were credit (85 per cent) and a place to work (81 per...
cent). Training needs were not perceived as highly important in terms of expanding their businesses with only 15 per cent and 17 per cent of the respondents mentioning the need for training on marketing and on bookkeeping, respectively. This is probably due to their lack of awareness of business development services on offer in Addis Ababa and their role in supporting entrepreneurs to grow.

At the same time, the respondents were also asked to state what kind of training they would like to receive. In this case, most reported that they would like to be trained in any business-related issues (42 per cent) followed by marketing (19 per cent), formal education (17 per cent), customer handling (10 per cent), bookkeeping (13 per cent), and handicrafts (13 per cent). Some of the respondents also stated that they would like to be trained in food preparation (10 per cent), gender issues (6 per cent) and hairdressing (4 per cent).

Respondents were also asked for their opinion of whether being a woman and a young person hinders their business from growing. The responses showed that being young was perceived as being advantageous in this kind of business because they could communicate well and were eager to experiment with new ideas and business ventures. At the same time, 45 per cent of young women interviewed reported that being a woman hindered their business from growing because of the dual workload. They were unable to work full time since they had additional responsibilities at home.

**Membership in business associations**

A majority (78 per cent) of the respondents reported that they did not belong to a business association, which typically aims to support members through training, information sharing, mentoring and other programmes. However, 72 per cent of them were interested in joining a business association. More young men (86 per cent) than young women (69 per cent) indicated this interest. The respondents who did not belong to a business association were asked about their opinion on the potential benefits of being a member of a business association. Eighty-two per cent of the respondents believed that membership would be beneficial, and the major potential benefits perceived for being a member of an association included information sharing (88 per cent) and acceptance as a group (74 per cent).

**Benefits of running an enterprise**

All young men and 93 per cent of young women reported that running their own business made them more confident and independent. A lower proportion of young women believed that their life was better off because of engaging in their own business (80 versus 100% for young men). Some of the women who used to work as domestic workers before they started their own business stated:

“We are now free and we are independent. We can do whatever we like to do. We can seek medical help when we need it and we can take rest when we feel tired”.
Some of the women engaged in secretarial services reported that the main reason motivating them to set up their own business was to be independent. Another woman reported that she used to work as a secretary for a private company before she started her own business. As a result, she believes she has more freedom now and is able to go to school to get her degree through an extension programme.

The vast majority of the respondents reported that they got some sort of support from their families in the form of encouragement and money towards running their enterprises, though this was lower for young women. Interestingly, 65 per cent of young women indicated that running their own business made their whole family better off compared to 40 per cent of young men. The income generated from running the enterprises was the main source of income for 90 per cent and 78 per cent of young male and female respondents, respectively.

Other issues of vulnerability

Young entrepreneurs, mainly young women, face other vulnerabilities in addition to discrimination as indicated above, such as sexual violence and exploitation, which can result in them contracting HIV/AIDS. This situation is compounded by the lack of social protection and poor working conditions. In this survey, an attempt was made to explore whether young women entrepreneurs received any support to reduce these vulnerabilities.

In this respect, only 7.5 per cent of the female respondents had participated in HIV/AIDS training in their capacity as an entrepreneur (no males had received such training). Two had participated in government-sponsored training and one got training from an NGO/CSO.

On the issue of support during times of crisis such as deaths in the family and work-related accidents and illness, 60 per cent reported that they would try to access additional resources from families or friends (figure 4). The current economic crisis is likely to increase the vulnerability of these individuals, particularly as remittances fall from family members working abroad. Eighteen per cent of the female respondents mentioned that they did not have any source of income in the event of a crisis and instead “pray” that something bad does not happen. Thirteen per cent said they would access the ekub and edir in some crises. The remaining 10 per cent of the respondents indicated that they would use their personal savings or assets.

3.3 Discussion

Most of the young women entrepreneurs interviewed sell a variety of products ranging from food, clothing and electronics and a smaller number sell secretarial or photocopying services. Many of the enterprises are unlicensed. These are mainly the ones owned by young men entrepreneurs who are more prone to take risks, unlike their female counterparts who are more risk adverse, perhaps due to cultural factors, and considering that they are more likely to be subject to discrimination. Start-up capital for the enterprises is mainly from family members and friends, with young men also managing
to access personal savings. The fact that most young women entrepreneurs are unable to save indicates that enterprises are mainly survivalist driven.

**Figure 4: Possible sources of support during a crisis**

The working conditions in which these young people operate are poor, given that they have poor access to secure and decent working spaces with adequate access to toilets, and face frequent harassment from law-enforcement agents. Most businesses are unlicensed and therefore need to be licensed in order to avoid harassment, but the lengthy and bureaucratic procedures do not help. The majority of these young entrepreneurs do not belong to business associations, let alone to trade unions, so there is no one to advocate or to lobby on their behalf. In the event of a crisis, they have nowhere to go and many indicate that they just “pray” that something bad does not happen.

The results indicate that young women operating enterprises in the informal economy in Ethiopia face a number of business-related and non-business-related vulnerabilities. The lack of access to credit, training, business development services and space to operate are the business-related factors that constrain young women the most.

Young people are discriminated against in starting and operating their enterprises. Young women face discrimination from the suppliers, are not taken seriously and because they are women, do not feel safe and therefore cannot afford to work long hours or are exploited. However, based on the survey evidence, it appears that gender discrimination is a greater problem for young women entrepreneurs than discrimination based on age. However, many young women in countries like Ethiopia are not aware of the form of
discrimination they have to endure. In the context of this study, respondents had to be probed on these questions to elicit any response. For many young people operating in the informal economy, a life of discrimination and hardship is accepted as normal. Moreover, young women entrepreneurs have to juggle work with household or family commitments. This means that unlike their male counterparts, they have to spend less time in their enterprises.

In addition to the constraints faced by young women entrepreneurs, those living with disabilities are subjected to more harassment and are prone to be involved in traffic accidents, being exploited, and face verbal assault from customers, traders and law-enforcement bodies. Many of the young women entrepreneurs and those living with disabilities mentioned that they had not received any HIV/AIDS training.

Many of the young entrepreneurs saw the benefits of running their own enterprises, despite the challenges they faced. Owning a business made them feel more confident, in that they were able to take care of other family members. Almost all of them had a desire to expand their enterprises and perceived access to credit and access to training as the means to achieve that end.

4. Conclusion and recommendations

This survey of young male and female entrepreneurs in Addis Ababa, Ethiopia showed that there are significant challenges for young people working in the informal economy. Regardless of their gender, the income that the respondents earn is not reliable, their working conditions are poor, and failure to register as a formal business entity places them at a disadvantage. This usually results in confrontation with law-enforcement bodies. On the other hand, young women operating in the sector seem to enjoy the sense of autonomy and independence which allows them to plan their time and their future and expand their options in life.

As young women, however, they face problems ranging from lack of toilet facilities, and harassment, to unsafe and non-secure work environments. Many of the respondents had only obtained sporadic training on different aspects of entrepreneurship, but in an uncoordinated manner that had not benefited the trainees appropriately. Based on the findings from other studies, young women entrepreneurs face additional challenges that older women do not face, such as lack of experience and access to personal savings. Hence, interventions for women in different age categories need differentiation in order to take account of their specific needs.

In addition, young women operate in the informal economy for different reasons. However, many, particularly the young ones, have no other alternatives to earn an income. Others want to be self-employed and are not driven to operate in this sector for survival. Different strategies are required to take the women-owned enterprises to the next level of growth.
Drawing from the findings of the survey, interventions to promote and support entrepreneurship among young women should:

- Target young women;
- Start early;
- Recognize the vulnerabilities of young women with respect to violence, harassment and discrimination, and the challenges of juggling work-family responsibilities and other life-cycle issues; and
- Be linked as part of an integrated approach.

Enterprise development that generates employment opportunities for young people calls for a two-pronged approach that addresses both survivalist and opportunity-oriented enterprises. However, in both instances, it is critical to have a holistic perspective that examines not only employment opportunities but also working conditions, protection of rights in the workplace and social protection in terms of access to HIV/AIDS training, and coverage to be able to have a source of income in terms of a crisis.

In addition, the following specific recommendations should be considered by governments and development partners seeking to improve the economic and social situation of young women:

- Improve access to entrepreneurship training that is relevant to young women and provides opportunities for growth;
- Facilitate access to credit which allows young women to get the resources they need to expand their business appropriately;
- Develop safe places, where rents are reasonable and facilities exist, which allow women to become more efficient and productive and enable them to earn higher incomes;
- Help young women entrepreneurs organize themselves into groups and associations (also within existing institutions), to enable them to negotiate fairer prices for goods, have their rights advocated, and to receive mentoring;
- Reduce regulatory barriers and costs to support young women entrepreneurs formalize, which will provide them with legal status;
- Make available childcare facilities to improve the work-family balance and enable these young women to dedicate more time to their businesses;
- Work with traditional savings institutions (ekub and edir) to develop particular instruments that young women entrepreneurs could access;
- Develop particular entrepreneurship development programmes that are sensitive to and appropriate for young women and people with disabilities; and
- Raise awareness of and training on different dimensions of vulnerability including harassment, discrimination and HIV/AIDS.

This small survey has provided some insights into the challenges facing young women entrepreneurs. However, more detailed research and studies are needed for guiding useful interventions. Traditional research has tended to focus on business-related constraints such as the insecure incomes that young entrepreneurs face when starting and operating enterprises, while less has been documented on the issue of working conditions for young people, or their social protection and rights at work.
References


