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**ROLE OF INFORMAL ECONOMIC SECTOR IN IMPROVING YOUTH LIVING
CONDITIONS: THE CASE OF WOLKITE TWON, CENTRAL ETHIOPIA.**

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ACRONYMS

CSA: Central static agency

ILO: International labor organization

MSE: Medium and small enterprise

MSEDPP: Medium and small enterprise development programs and package

NGO: Non-governmental organization

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ABSTRACT

Deferent researchers were conducted research related to that of informal sector. But, failed to indicate the conditions of the role of informal economic sector in improving youth living, so this research was conducted to assess the role of informal economic sector in improving youth living conditions. The research method, we use both mixed research approach and the research design used descriptive survey design. The study used purposive sampling techniques which is a probability and none probability sampling technique and the questionnaires is distribution for 71 respondents by purposive sampling techniques. Both primary and secondary data were used in this study for the gathering of information. The primary data was collected from business owners in the informal sector, from selam ber kebele, by means of Questionnaire, interview. The secondary data was collected by reviewing secondary sources. The collected data was presented by using tables, and percentage. Finally Based on the research finding the researchers was made recommendations to the various bodies in order to improve the proper utilization of informal economic sector in improving youth living conditions. Based on the findings of the study, the result of the study signifies as the sector had a potential positive impact for improving living condition through self-employment, income generation. However, lack of provision of training and access of credit are the main factor that affects the sector. Therefore, the concerning body should be pay a considerable attention to the sector. It provides jobs and reduces unemployment, but in many cases the jobs are low paid and the job security is poor.

Key Words: Informal economic sector, Wolkite town, youth living condition.

CHAPTER ONE

1. Introduction

1.1 Back ground of the study

The contribution of the informal sector to the economy particularly informal of problem inform of employment generation was Very large. According to one estimate; more than 60% of those working in the non-agriculture sector were employed by the informal sector in Asia. Due to lack of employment opportunities in the public sector and in the private formal sector to many people were forced to join the informal sector to earn a living. Although their earning email low and large number were classified as poor without the informal sector. In addition, the sector contributes a lot in reducing urban crime and violence (Reddy, Vijay and Manoranjan 2002).

International Labor Organization ILO (2021) defines the informal sector as all economic activities by workers and economic units that are in law or practice either not covered or insufficiently covered by formal arrangements, unlike the formal counterparts. In developing countries, the informal sector accounts for up to half of the economic activity. It provides a livelihood for billions of people. Nevertheless, its role in economic development remains controversial (La Porta & Shleifer, 2014). The controversial issues of the role played by the informal sector in absorbing urban unemployed youth have attracted great interest in the economic development literature. At this moment, the importance and contribution of the informal sector can be understood in the multitudes of economic, social, and geographic differences in the international context of the sector. In many countries, especially in developing countries, informal sectors are commercial by nature organized, owned, and operated mostly by the poor. They account for a substantial share of the total employment and contribute significantly to the alleviation of youth unemployment, income generation, and improved livelihood. The sector can be beneficial to growth as it provides de facto flexibility for firms that would be otherwise constrained by burdensome regulations (Meghir et al.,2015)

Informal sector plays a crucial role in urban poverty alleviation through creating jobs and reducing unemployment. Consequently, many developing countries are recognizing the sector's importance in their economy and trying to put appropriate policies in place to encourage the sector (Reddy, Vijay and Manoranjan 2009). In view of its contribution to socioeconomic

development, an enabling environment has to be created for operators in order to facilitate the transition of the sector to formality (Asmamaw ,2004).

In Ethiopia for example, about 50.6% of the total urban labor force is employed in the informal sector (CSA, 2003). Most of these informal businesses are micro enterprises run by owner-managers. The informal sector contributes the lion's share in employing the urban labor force in the current study area, some of Small enterprises or informal sector economic activity take place like Wood products (furniture), Handcrafts, Services e.g. (hair dressing), Food processing (baking bread) etc. are among the practiced of informal sectors economic activity. One form of informal sector trade is so important is the street vendors. Even so important and since has in the informal sector, informal term always identification with the type of work performed by vendors. On the other hand the activities of street vendors turned out to give a big contribution in economic activity and well-being of people, especially in economically weak. In addition, the activities of the informal sector are a characteristic that is independent of people's economy and concerns the lives of many people. Consider the potential condition and proper handling practices and training activities of street vendors should be based on the concept of environmentally friendly behavior and characteristics in order to fill in the appropriate settings. Most of the street vendors and the surrounding urban region are not natives (immigrants from outside the village or province), and is not a first choice as a livelihood.

The study conduct was collected by an empirically in Wolkite particularly in Selam ber kebele for the purpose and the study will enable analysis of informal sector workers and their effort to improve living condition. The purpose of this study was the role of informal sector role of informal economic sector in improving youth living condition in wolkite town in relation to their informal sector activity and to explore income level generate from their informal activity and contribution toward the development endeavor of their household.

1.2 Statement of the problem

Informal sector plays a crucial role in urban poverty alleviation through creating jobs and reducing unemployment. Consequently, many developing countries are recognizing the sector's importance in their economy and trying to put appropriate policies in place to encourage the sector (Reddy, Vijay and Manoranjan 2009). In view of its contribution to socioeconomic

development, an enabling environment has to be created for operators in order to facilitate the transition of the sector to formality (Asmamaw, 2004).

Informal sector cannot easily control. This can lead to illegal or unsafe activities that mean no guaranty for health and safety during on production process, storage and selling. And also lead to leas quality and short expiry. The sector direct negatively affect social benefits. it entails a loss in budget revenues by reducing taxes and social security contributions paid and therefore the availability of funds to improve infrastructure and other public goods and services. It invariably leads to a high tax burden on registered labor. In Ethiopia, as indicated in a document produced by Ministry of Labor and Social Affairs (MoLSA) entitled: Labor Market Dynamics in Ethiopia (2013), of the shares of informal economy employment for the years 1999 -2010 had the proportion of working population in the informal sector with a significant decline from 72.8% in 1999 to 33.3% in 2010(MoLSA, 2013:16).

Out of the total employed population in urban areas of the country, 34.1% were engaged in the informal economy. The highest percentage share who were working in the informal economy was found in Somali region (46.5%) followed by Gambella region (42.1%). The lowest proportion of people engaged in the informal economy was found in Addis Ababa City Administration (20.5%).The sector also provided most of the population with a means of livelihood or essential supplementary income. Most probably the sector is also the only reliable source of livelihood for women and the poor, for whom the formal sector has no accommodation for economic engagement (MoLSA, 2013).

Several study of informal sector development was conducted by the variance profession and the researcher in different town in different purpose. For instance, Selamawit (2008) conducted a study on the participants of women in the urban informal sector with particularly focuses on petty traders in wolkite town basically to know the factor that push women to informality to see the contribution of earing to the family and to examine the nature of the business and it major determinant. She found out that lack of job opportunity, heavy family responsibility and the need for additional income the factor behind women participation petty trade. However, this study failed to indicate conditions the role of informal economic sector in improving youth living,

Accordingly, this study was conducted with the aim of filling the above identified gap through the employment of a mixed research approach. The study was conducted in Wolkite town Gurage zone, central Ethiopia nation regional state with the aim the role of informal economic sector in improving youth living condition.

1.3. Objective of the study

1.3.1 General objective of the Study

The main objective of the study was to assess the role informal economic sectors in improving youth living condition in Wolkite town.

1.3.2 Specific objectives

- To assess the role of informal economic sector to improve youth living condition.
- To identify major constraints and problems that affect informal economic sectors in improving youth living condition.
- To explore the types of activities of informal economic sectors in improving youth living condition.
- To examine the informal economic sector role for the youth living condition.

1.4 Research Question

- What are the roles of informal economic sector to improve youth living condition?
- What are the problems that affect informal economic sector in improving youth living condition?
- What are the major of role informal economic sector to improve youth living condition in the study area?
- What are the informal economic sector enhance job opportunity for the youth living condition?

1.5 Significance of the Study

The research study was role of informal economic sector in improving youth living conditions. It was give practical insight on the general living condition of participant in the urban in formal sector. Thus, enable the concerned body to play there role enhancing and understanding the living condition of operator and the role of informal sector activity in urban area generating income and creating employment opportunity. In addition to the mentioned importance the study

was create awareness among the administration of the town about the role and problem of informal economic sectors in improving youth living condition and was initiate them to take reform in informal sector, the last but not the least is that, the study was encourage other research to make their study on the problem in question .The outcome of the study was useful for policy makers to provide appropriate support.

1.6 Scope of the Study

The study could be focusing on the role of informal economic sector in improving youth living condition in Wolkite town, in central Ethiopia Regional states of Ethiopia. Because of shortage of time and finance the study limit only selam ber kebel

1.7 Limitation of the study

While conducting this study the researcher was faced several limitations throughout the whole process. Some of them include inaccessibility of secondary source for documentary data, and primary sources especially respondent's lack of interest to give accurate and reliable information. More over financial constraints and lack of sufficient time are other great problems.

CHAPTER TWO

2. Literature Review

2.1. Definition of informal sector

The informal sector covers a wide range of labor market activities that combine two groups of different nature. On one hand, the informal sector is formed by the coping behavior of individuals and families in an economic environment where earning opportunities are scarce. On the other hand, the informal sector is a product of rational behavior of entrepreneurs that desire to escape state regulations. The two types of informal sector activities can be described as follows: Coping strategies (survival activities): casual jobs, temporary jobs, unpaid jobs, subsistence agriculture, multiple job holding. Unofficial earning strategies (illegality in business): (i) unofficial business activities: tax evasion, avoidance of labor regulation and other government or institutional regulations, no registration of the company; and (ii) underground activities: crime, corruption - activities not registered by statistical offices (GDRC 2009).

Blaauw (2005) also defined the informal sector as unorganized, unregulated and mostly legal but unregistered economic activities that are individually or family owned and uses simple, labor intensive technology. The informal sector often referred to as subterranean economy, underground economy, shadow economy, non-corporate enterprises, micro-enterprises and petty producers is also defined as a large volume of self employed in developing countries who are engaged in small-scale intensive work such as tailoring, food preparation, trading, shoe repairing, etc. These people are often regarded as unemployed or underemployed as they cannot be included in the national employment statistics but they are often highly productive and make a significant contribution to national income. Their work in general is characterized by low capital-output ratio, that is, the ratio of the level of equipment or capital relative to output is low (Soares, 2005).

2.1.1. Informal sector and Small Enterprise Development

The definition of microenterprise according to Ministry of Trade and Industry was based on how could government policies and programs were directed at supporting the lower bottom of the enterprise owners. Hence the Ministry of Trade and Industry definition relied on a paid-up capital. This was in contrast to the CSA definition that relied on size of employment as criteria of defining micro, small and medium enterprises. However, the World Bank Report (2007) reveals

that as there are less than a handful of high-tech consultancy firms in Ethiopia the size criteria would be appropriate to classify enterprises as micro, small, medium and large.

2.2 Informal sector and economic development

The contribution of the informal sector to economic development is enormous. As Morgan (2009) puts it, though detail statistics on the enterprises are hard to come by owing to lack of extensive data bases. It is clear that in many countries their role is extremely important as contributors to the nation's wealth. Evidences from developing economies show that micro-enterprises are a major engine in industrial and commercial development. The informal sector represents an important part of the economy and certainly of the labor market in many countries, especially developing countries, and thus plays a major role in employment creation, production and income generation.

In countries with high rates of population growth and/or urbanization, the informal sector tends to absorb most of the growing labor force in the urban areas. Informal sector employment is a necessary survival strategy in countries that lack social safety nets such as unemployment insurance or where wages, especially in the public sector, and pensions are low. In such situations, indicators such as the unemployment rate and time-related underemployment are not sufficient to describe the labor market situation. In other countries, the process of industrial restructuring in the formal sector is seen as leading to a greater decentralization of production through subcontracting to small enterprises, many of which are in the informal sector (Husmanns and Mehran, 2008).

Evidence from a number of countries has shown that an increased proportion of employment, income and output are originating from the sector. For instance, the International Labor Office (ILO) has estimated that in the poorest countries, 80 percent of workers operate in the informal and agricultural sector while for middle-income countries the informal/agricultural figure exceeds 40 percent. On the average, 30 percent of workers in developing world cities are informal. In a few cases, this percentage is lower; in many it is substantially higher. According to a recent statistical compilation by the ILO of total urban employment the informal sector portion accounts for 49 percent in Peru, 40 percent in Ecuador and 54 percent in Columbia. Among 15 Sub-Saharan African nations urban informal employment as a percentage of total informal employment ranges from between 9 and 44 percent in Zimbabwe to 80 percent in Benin, 22 percent in Swaziland, 43 percent in Zambia, 89 percent in Ghana and in Nigeria one-third of

urban labor force are found in the informal sector, with a median of 49 percent in five Asian countries, the corresponding percentages range from 17 percent to 67 percent (Xaba, et.al 2008).

Its contribution to economic development can also be viewed from the interaction between the various operators in the sector and between the informal sector operators and the formal sector operators.

According to Herchbach (2009) and Lanjouw (2008) the relationship among the operators in the informal sector and the relationship between the informal sector operators and the formal sector operators have contributed to the growth of the informal sector and to its contribution to economic development and poverty reduction. For instance, the linkages among the informal sector operators has helped improved the quality of goods and services produced by the operators thus making them compete favorably with what obtained in the formal sector. Their relationship with the formal sector has made them powerful distributors for the goods and services produced by the formal sector enterprises. And the formal sector enterprises are also known to provide inputs and services to informal sector enterprises through sub-contracting.

2.3 The role of informal sectors economic activity in Ethiopia

The implication behind explanations such as this one was that success in the informal sector should be studied with caution. For some operators (survivalists for example), conventional success indicators such as profit may not be were plausible measure of success as these operators were not profit oriented. Therefore, success studies should disintegrate the informal sector before embarking on determinants of success. The conventional financial ratios such as turnover or profit could help as success indicators for growth-oriented firms. This was because growth-oriented operators had profit motives and entrepreneurial success. For migrants, their business is the only means they have to survive in the city. Unlike natives, who otherwise have some other options, migrants work with energy, determination and courage, all leading to success.

However, migration status may adversely influence risk-taking, at least, at the initial stage as migrants strive to make a living first of all. Migration status was therefore expected to influence business success directly/indirectly through influencing motivation and risk-taking. Previous studies on the informal sector and migration focus on whether migration status determines the probability of engaging in the urban informal sector (Banerjee, 1984).

Informal sector plays a crucial role in urban poverty alleviation through creating jobs and reducing unemployment. Consequently, many developing countries were recognizing the sector's importance in their economy and trying to put appropriate policies in place to encourage the sector (Reddy, Vijay and Manoranjan 2002). In view of its contribution to socio-economic development, an enabling environment had to be created for operators in order to facilitate the transition of the sector to formality (Asmamaw 2004).

2.4 Challenges and constraints of the informal economy

Although the informal economy is a source of livelihood for the majority of the people in the 7 select COMESA member states, several challenges impede its ability to grow and to contribute towards the reduction of poverty and to overall economic development of the countries. We examine from the informal workers' perspective, the main challenges in the informal economy include:

Harassment by authorities: Several studies on the informal economy in most of these countries suggest that the attitude of government officials towards the informal economy operators/workers has been hostile (Nchito 2001, Tranberg 2010, Ndhlovu 2011, Mubita et al 2017, and others). In Zambia, for example, the case of the street traders who for the most part operate without any facilities or legal protection is instructive. Being out in the open means street traders are more likely to get harassed by the authorities. And, because they are operating illegally, they are vulnerable to intimidation from police. War on Want (nd) quotes one Lusaka street trader who says "... harassment is the order of the day." Similarly, in the early 1990s, because of the strained economy, state intervention in marketing and street vending became a very contentious matter. In 1993, the Lusaka City Council (LCC), assisted by police and military, undertook one of many sweeps of street vendors resulting into a riot. Similar treatment of informal economy operators has been observed in Ethiopia, and Zimbabwe.

Vulnerability and low earnings: In all the seven targeted COMESA member states, informal economy operators are quite vulnerable and earn low incomes. A study by the ILO (2018) found that informal workers in Zambia, for example, are socio-economically vulnerable and worse off than their counterparts in the formal economy. Almost 60% of them live in households with a per capita consumption of less than \$1.90/day (5% for formal workers), and they spend a much larger share of their household income on food, in particular in rural areas (56% vs. 36% for

formal workers). According to the Zambia Labour Force Survey of 2010, only about 6.3% of all the self-employed earn above the minimum wage (ZMW1, 200). Most of the informal workers in the seven countries, regardless of the sector, earn below minimum wage. In part this is attributed to the fact that most employers in the informal sector do not abide by the minimum wage law. Yet, due to the high levels of unemployment, most people are willing to work regardless of the low wages. Furthermore, there is a distinct wage difference for workers in rural areas, where those in the formal employment earn a median wage 7 times larger than for those informally employed. The wage differences between formal and informal work vary across sectors, with a ratio of formal to informal median wages ranging from 1.1 in mining to 5.6 in ICT. The majority of informal workers with wages in the top 40% of the wage distribution work in trade, mining and transportation, while the informal workers with wages in the lowest 40% of the distribution work in agriculture and trade.

Job and income insecurity: The deregulation of the economy in most of these countries increased job/ income insecurity for informal workers in the informal economy. Informal workers are not protected against arbitrary dismissal and exploitation in the workplace. Majority of them do not have written contracts and may be terminated at the employer's will. At the same time, such income insecurity exists is dictated by seasonal variations in sales returns. Enterprises that employ more than one worker tend to significantly reduce the number of informal workers during the slow months compared to employment in the busiest months. Instead, firms resort to casual workers and unpaid workers to facilitate production.

Lack of social protection: Social protection is understood to refer to the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income (ADB, 2003). Informal workers in the selected COMESA Member States under study in this report – do not enjoy these benefits. They have no chance of forming and belonging to trade unions, for example. Most informal jobs are casual and there is a high degree of outsourcing predominantly by large firms in both rural and urban areas of the country.

2.5. The status of youth work on informal sector

Generating employment opportunities for young people was a major challenge facing most countries – rich or poor. When jobs were scarce, young people were often at the back of the hiring queue despite higher levels of formal education than earlier generations. The difficulties faced by young people in developing countries in finding work were compounded by the large numbers seeking limited employment opportunities. Some 80 per cent of the young jobless are in developing countries and economies in transition. Millions more young people work fewer hours than they wish, while others work long hours with little gain to show and no social protection in the informal economy. Youth employment presents a particular challenge to Ethiopia; the country faces growing youth landlessness in rural areas and insignificant rural job creation, potentially leading to an increase in migration to urban areas (World Bank, 2007).

CHAPTER THREE

3. Research Methodology

3.1 Description of Study Area

3.1.1 Location

The study was conducted in Ethiopia, central Ethiopia nation, nationalities and people in Gurage zone, Wolkite town. Wolkite town is located at 158 km away from Addis Ababa the capital city of Ethiopia. The town has 5 administrative kebeles. Its astronomical location is $8^{\circ}17'N$ $37^{\circ}47'E$ latitude and $8.283^{\circ}N37.783^{\circ}E$ longitude. The town has an elevation of 1,910m (6,270ft), which mean an elevation between 1,910 and 1,935 m above sea level. Wolkite Town is located at $8^{\circ} 16' 50''$ North and $37^{\circ} 46' 40''$ East. The water supply coverage of the town is 40%, and it has a surface area of 72km², the elevation of 1820 to 1900 that receives a mean annual rainfall of 1310mm per year (Wolkite Town Water Supply Office, 2019).

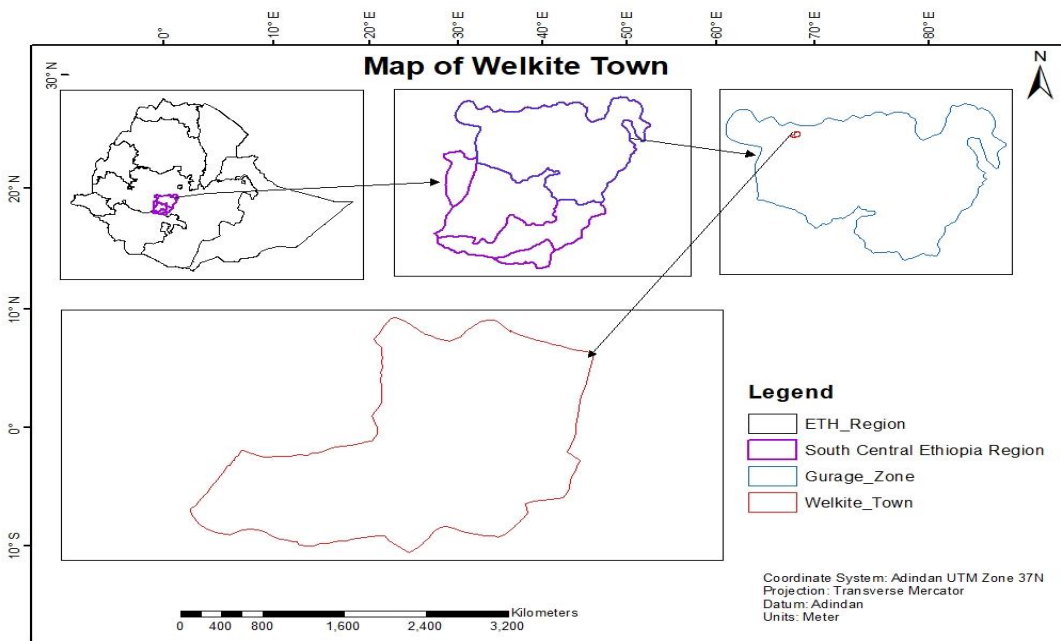


Figure: 3.1 map of the study area

Source: The study area map (GIS 2024)

3.1.2 Topography

The topographic feature of Wolkite town is generally as mountains, plains, plateau, swampy area and valley. Generally Wolkite town has leveled topographic feature and the altitude of this woreda ranges from 1910 to 1935 meters, above sea level (CHM, 2010).

3.1.3 Climate

The average altitude of study area is found to be 1910 meter above sea level. Wolkite town and its surrounding areas receive average annual rainfall 1244mm. The main rainy season which accounts for around 70-90% of the total annual rainfall occurs from June to September. Two main distinct seasons, dry and wet seasons are recognized in the area. The dry season starts from November to May, while the wet season covers the remaining part of the year, when most of the precipitation takes place. Temperature of 13oc (Guraghe Zone BoFED, 2015).

3.1.4 Demographic characteristics

Based on the 2007 Census conducted by the Central Statistical Agency, Wolkite town is one of the towns in Gurage zone, which has the population number approximately 28,886 in 2007, of which 15,074 were males and 13,752 females. This indicates that the number of male is greater than the female. The inhabitant of town in terms of religion, Orthodox Christians accounts 48.17%, Muslims were 42.31%, 7.86% are Protestants, and 1.34% are Catholic Christians. But, currently the total population of the town estimated to be 42,237 (CSA, 2014).

3.1.5 Present Development and Economic Activities of the Town

The town is currently growing towards its south-western Emdibir Road direction and its north-eastern Addis Abeba route, and it has a 24-hour electricity supply from the national hydro power grid. Hotels, restaurants, cafes, colleges, universities, and information technology services are examples of social services that are expanding. Construction of new residential and commercial structures is ongoing throughout the town. In the town's south-western region, the condominium homes were also built. Even though there are many people living there, most of the houses being built in the eastern section of the town are not formal or authorized. On the asphalt route from

Addis Abeba to Jimma in the southwest, Wolkite is a vital transit hub the route that links the towns of Hosanna with Hawassa the regional center.

3.2 Research Method

This research was used both quantitative and qualitative methods; researchers can gain a more comprehensive understanding of the research topic. This approach allows for a more in-depth exploration the research question, as well as the ability to capture both numerical data and rich descriptive information.

Overll, mixed research offers a more holistic and comprehensive approach to conducting research, allowing researchers to capture a wider range of data and gain a deeper understanding of their research topics.

3.3. Research Design

Descriptive survey design was used to collect data from two sources. These are the primarily source of data from interview and the questionnaire filled by the respondents to attain the general and specific objective. Through primary source interviews, data was gathered directly from individuals engaged in the informal sector, providing detailed insights and perspectives and the secondary source of data on the publishes and unpublished source of data. The research design that would be used in this study is descriptive survey. Descriptive survey can collect detail information about a given subject and uses it in order to address the research problem on the role of informal economic sector in improving youth living conditions wolkite town, both quantitative and qualitative approach could be used to address the objective of the research.

3.4 Target Population

The study population was person's to engage informal sector in improving youth living condition in wolkite town, Gurage zone of central Ethiopia nation of regional state, Ethiopia. In wolkite town five kebele from this kebele was select selam ber kebele by using purposely as specific site to this research because the research area very broad to conducted and difficult to gained information from the respondents. Some place to select purposive from wolkite town due to its accessibility which may make the situation easy during gathering the information. It's the researchers choose these people who they deem fit to participant in the research study.

Purposive sampling was used to select participants for in-depth Interview and questioner. Selection for in-depth interview and questioner was based on participant willingness to engage in either or both of data collection activities until data saturation.

3.5 Sampling Techniques and Sample size

This study was used both probability and non-probability sampling technique from the probability sampling technique the research could use simple random sampling technique and the non-probability sampling technique the research could use purposive sampling technique was the appropriate one for the study and awareness about the issues selected for interview and questionnaire. Sample size determination formula developed by Yemane (1967). $n = N / (1 + N (e)^2)$ the formula had the following assumptions: - a 95% confidence level, 10 % non-response rate and Where n was the sample size, N was the total population and e was the margin of error. This study was conducted to engage the informal sector economic actor in wolkite town specific selam ber kebele to engage informal sector of in this area 250 total people from this total population are have to taken 71 sample size based on Yemane formula(1967). The research were selected this keblle as a beneficiary due to the case the need great capacity building and awareness.

According to Yemane (1967).

$$n = N / (1 + N (e)^2)$$

$$n = 250 / (1 + 250(0.1)^2) = 250 / (1 + 250(0.01))$$

$$250 / 1 + 2.5$$

$$250 / 3.5 = 71$$

n=71 this is sample from the total population

3.6 Sources of data

The researcher was collected necessary information by using both primary and secondary data sources.

3.6.1 Primary data sources

The primary data source was obtained directly from the to participate of informal economic activity respondents by using questionnaires, interviews and field observations.

Questionnaire the data which instrument involve close ended and open ended question would basic contract and employ to generate data household and interview was generate the researcher interview characteristics' by close ended questionnaire in the study area

3.6.2 Secondary data

Secondary data was collected from different written materials, published and unpublished books in library, internet and more related effect documents such as different books.

3.7 Instruments of Data Collection

3.7.1 In-depth interview

In-depth interviews was conducted with the role informal economic sector to improve youth living condition where possible in the participants own home or their normal place of work to ensure participants feel at ease. Interviewee involved engaging within informal sector economic activity. Actual in-depth interview was in the language each participate is comfortable with using topic guide develop for this purpose. The audio record interview was translation to English for the later stage of data analysis.

3.7.2 Questionnaires

The research uses questionnaire to get large amount of information from many respondent questionnaires was the most use full tools. In terms of nature of questionnaire that asking or response format questionnaire can be predetermine and closed ended questionnaires.

3.8 Data presentation and Analysis

The research collects data and the result was analyzed accordingly to show their representativeness, reliability and validity. In analyzing data, the research could use both qualitative and quantitative data analysis. The quantitative data could be presented by tables and percentages. The qualitative data could be analyzed by using narratives.

3.9 Ethical Consideration

The respondents' willingness in research process by creating good report through introduction of her/himself, explaining the purpose of the study and the benefit they get from study research was also going to use coding method by avoiding all identification number, name address to ensure anonymity and keep the free from hesitation and frustration through the provision of full explanation regarding the purpose of not writing their names on the questionnaire.

CHAPTER FOUR

4. Data analysis and interpretation

4.1 Introduction

The aim of this study was to assess the role of informal economic sector to improve youth living condition wolkite town in selam ber kebele. The data was collected by close ended questionnaire and open ended in-depth interview. So, these would be presented under this chapter.

Background of the respondents

Table 1; distribution of respondents by sex

Variable	Category	Frequency	Percentage
Gender	Male	30	42.25
	Female	41	57.75
	Total	71	100

Source; own survey 2024

The above table shows that 42.25% of the respondents are male and the remaining 57.75% of the respondents were female. This indicated that majority of respondents are female, and females are active participant informal economic sector in the study area, Which could be due to factor like household responsibility making informal work more accessible for women.

Table 2; distribution of respondents by age

Variable	Category	Frequency	Percentage
Age	15-19	15	21.13
	20-24	20	28.17
	25-29	36	50.7
	Above 30	-	-
	Total	71	100

Source; own survey 2024

The above table shows that 21.13% of the respondents are found in 15-19 age category, 28.17% of the respondents are were came from 20-24 years old age category and the remaining category

25-29 years old they are accounted 50.7% of them. This means majority of the respondents are 25-29 years old.

Table 3; distribution of respondents by marital status

Variable	Category	Frequency	Percentage
Marital status	Single	35	49.3
	Married	26	36.62
	Divorced	10	14.08
	Other	-	-
	Total	71	100

Source; own survey 2024

The results show that a large proportion of respondents (49.3%) were single. This highlighting how such jobs also provide self-employment for youth and individuals. At the same time, a significant 36.62% were married; this implies that informal sector activities serve as the primary source of livelihood for many household families.

Table 4; distribution of respondents by educational level

Variable	Category	Frequency	Percentage
Educational level	Illiterate	9	12.68
	Read and write	10	14.08
	Primary level	19	26.76
	Secondary level	23	32.4
	Diploma and above	10	14.08
	Total	71	100

Source; own survey 2024

The above table shows that 12.68% of the respondents are illiterate, read and write and diploma and above categories are accounted 14.08% of the respondents respectively, 26.76% of the

respondents are primary level and the remaining 32.4% of the respondents are secondary level. This indicated that majority of the respondents were finished secondary school.

Table 5; distribution of respondents by income level

Variable	Category	Frequency	Percentage
Income level	>650	8	11.28
	651-1400	19	26.76
	1401-2150	12	16.9
	2151-2900	10	14.08
	2901-3649	10	14.08
	Above 3650	12	16.9
	Total	71	100

Source; own survey 2024

The above table shows that 11.28% of the respondents are gain below 650 birr per year, 26.76% of the respondents were gain better income compared to the first one, and the remaining 61.96% are accounted by another category and individuals in this category were live better way of living. This means majority of the respondents are gain 651-1400 birr per year. Engagement informal economic activities has the potential to enhance livelihood and households well-being. This section analysis survey response regarding the role of informal business income generation and living standard improvements.

Table 6; the status of youth living condition

Item	Category	Frequency	Percentage
Do you think the informal economic sector enhance job opportunity for the youth	Yes	48	67.6
	No	23	32.4
	Total	71	100

Source; own survey 2024

The above table shows that 67.6% of the respondents agreed with informal economic sector is the main source of job opportunity for youth and the remaining 32.4 of the respondents believed as not only informal one is the main source of job opportunity for youths. This implies that

majority of the respondents are agreed on the main source job of informal economic sector for youths.

Therefore a source of self-employment, the informal sector also contributes to job creation through entrepreneurial activities at the micro-enterprise level. The survey aimed to understand the employment generation occurring within respondents' informal businesses or occupations. Insights into whether informal ventures employ others, the typical number of workers, and common routes to securing such jobs provide valuable context for the informal economy's role in alleviating unemployment.

Table 7; informal economic sector can improve youth living condition

Item	Category	Frequency	Percentage
Do you think informal economic sector improve of Youth Living condition?	Yes	39	54.9
	No	32	45.1
	Total	71	100

Source; own survey 2024

The above table shows that 54.9% of the respondents are agreed on the improve mentation of youth living condition by informal economic sector and the remaining 45.1% of the respondents are don't agree with this. This indicated that informal economic sector can improve youth living condition in the study area.

Table 8; role of informal economic sector

Item	Category	Frequency	Percentage
What is the role of informal economic sector?	Economic growth	31	43.66
	Job opportunity	23	32.4
	Other	17	23.94
	Total	71	100

Source; own survey 2024

The above table shows that 43.66% of the respondents are agreed with informal economic sector is promote economic growth, 32.4% of the respondents are believed on the main importance of informal economic sector is creation of job opportunity and the remaining 23.94% of the respondents are informal economic sectors are another extra- importance for youths like social prestige.

Table 9; informal economic sector was comfortable

Item	Category	Frequency	Percentage
Are you comfortable with work Informal economic sector?	Yes	41	57.75
	No	30	42.25
	Total	71	100

Source; own survey 2024

The above table shows that 57.75% of the respondents are wants to work in informal economic sector, but the remaining 42.25% of respondents are not feel comfortable situation wok in informal economic sector. This indicated economic sector is fill of challenge, stress and high pressure, then individual doesn't feel comfortable condition.

When we asked respondents about opportunities to better integrate the informal sector. In terms of capacity building, one participant suggested that "running more vocational programs can fill skills gaps constraining business competitiveness." On access to finance, others emphasized that "improving startup capital availability and financial linkages is crucial since this is a major barrier currently facing the sector."

Table 10; most constraints of informal economic sector

Item	Category	Frequency	Percentage
Do you agree with production marketing are the most constraints faced by actors in informal economic sector	Strongly agree	24	33.9
	Agree	20	28.16
	Undecided	15	21.12
	Dis agree	12	16.9
	Strongly disagree	-	-
	Total	71	100

Source; own survey 2024

The above table shows that 33.9% of the respondents are strongly believed by lack of production marketing, majority of the respondents agreed on lack of marketing production it accounts 28.16% of them, 21.12% of the respondents were have not information on the idea and the remaining 16.9% of the respondents are dis agreed with this not marketing production but, poor quality is the main constraints. This implies informal economic sector have many constraints in working field.

Table 11; problems of informal economic sector

Item	Category	Frequency	Percentage
Do you face a problem work In informal economic sector?	Yes	38	53.53
	No	33	46.47
	Total	71	100

Source; own survey 2024

The above table shows that 53.53% of the respondents faced different kind of problems in informal economic sector and the remaining 46.47% of the respondents are informal economic sector is suitable work area. This indicates that majority of the respondents were argued as informal economic sector is full of problem in work sphere.

Table 12 challenges of informal economic sector

Item	Category	Frequency	Percentage
What is the main challenges work in Informal economic sector?	Lack of finance	28	39.44
	Lack of work place	24	33.8
	Approval problem	11	15.5
	Other problem	8	11.26
	Total	71	100

Source; own survey 2024

The above table shows that 39.44% of the respondents were challenged by lack of finance to involve in informal economic sector 33.8% of respondents were they have money but there is no

work place, 15.5% of the respondents are they have all necessary equipment's to start business but there is no probation, because of approval problem they cannot start their work and the remaining 11.26% of the respondents challenged by other problem like marketing, lack of supply etc.

When we interviewed respondents about the challenges faced in operating informal businesses, several issues were highlighted that recommendations under the third objective need to address. Regarding regulatory hurdles, one participant stated that "inconsistent policies make it difficult to comply with rules as an informal enterprise." Another noted that "lack of clear protection leaves us vulnerable without any advocacy support."

Table 13; activities of informal economic sector

Item	Category	Frequency	Percentage
What are the main opportunity Informal economic sector?	Create job opportunity	23	32.4
	Reduce unemployment	19	26.77
	Growth oriented	16	22.53
	Other	13	18.3
	Total	71	100

Source; own survey 2024

The above table shows that 32.4% of the respondents are beloved by the main activity of informal economic sector is to create job opportunity for youths, 26.77% of the respondents were argue as it is important to reduce unemployment rate, 22.53% of them believed by it is the main engine for economic growth, and the remaining 18.3% of the respondents were argue as informal economic sector have another extra activity like it is source of daily income.

Table 14; activities of individual in informal economic sector

Item	Category	Frequency	Percentage
What are you doing in informal economic sector Economic sector?	Injera selling	11	15.5
	Indigenous drinking	10	14.08
	Coffee house	27	38.08
	Vegetable	-	-
	Other	23	32.4
	Total	71	100

Source; own survey 2024

The above table shows that 15.5% of the respondents work selling Injera, 14.08% of the respondents are engaged themselves by production traditional drinking like tela and taje, 38.08% of the respondents are participant in informal economic sector through coffee house, and the remaining 32.4% of the respondents woks in informal economic sector other activity like wood work, metal work etc.

Table 15; working condition

Item	Category	Frequency	Percentage
Are you working individually or cooperatively?	Individually	49	69.01
	Cooperatively	22	30.99
	Total	71	100

Source; own survey 2024

The above table shows that 69.01% of the respondents are work individually, and the remaining 30.99% of the respondents were engaged cooperatively. This implies that majority of the respondents are work individually because lack of commitment, carelessness problem etc. they doesn't work cooperatively.

Table 16; reasons of involve in informal economic sector

Item	Category	Frequency	Percentage
What are the reasons for you to involve in informal economic sector?	Gathering income for survival	19	26.77
	Capital requirement is minimum	22	30.99
	For temporary	15	21.12
	For interest	15	21.12
	Total	71	100

Source; own survey 2024

The above table shows that 26.77% of the respondents are work informal economic sector for generating income to survival, 30.99% of the respondents were engaged in informal sector its potential capital is low (minimum), the remaining two category individual participate in informal economic sector for temporary and by their interest it was account 21.12% parallely.

One participant said informal work "supplements our family finances and helps cover basic costs." Another remarked that for their household, profits from a small enterprise represent "the primary source that supports over eight dependents." Even seasonal or supplementary earnings were emphasized as crucial, with one respondent stating that such income "aids resilience when combined with other sources like remittances to smooth consumption."

CHAPTER FIVE

5. Conclusion and Recommendation

5.1. Conclusion

Based on finding of the study, the study has reached the following conclusive statement. According to the finding of the study the participants of the study engaged in different types of informal economic sector mainly on wood work, traditional drinking and injera seller. Getting income for survivals is their main reason for getting to this business. This indicate that their effort to tackle their poverty and the sector contribution to their life problem.

The informal economic sector has affected by different factors as indicated on this study there were factors which affect the business of the majority of the study participants. Lack of access and provision of training, in adequate consideration to the sector, lack of approval, lack of work place and others are the main factors which affect the business. Thus, this led to in efficiency and discontinuity in their business. In addition, about half proportion of the study participants have faced with problems of production and marketing place. As result, they lose their profit generating and income improvement efficiency. Among participant who faced these problems most of them were running their business at their house, where it is not suitable for their business marketing and production. Way with regard to of working the study of the participant involved in this sector majority of them were works individually due to absence of organizing body, lack coordination and lack of awareness. This could be limited the size and activity of their business since it carried out individually.

The majority of the population in informal economic sector needs credits either for starts up their business to accumulate before they purchase materials in put for this business. However, the majorities of the study participants in this study hadn't access credit facility and were not using it mainly due to lack of credit access. Their fore, their power limited on generating income. According to the finding of the study since most of the study participants had gain income improvement there were gain economic contribution from the sector in addition self-employment. This argued that the sector had potential on poverty alleviation on the town.

5.2 Recommendation

From the finding and conclusions that the study has reached the research for warded the following recommendations as possible solution for the identified problems.

- Since credit is means for provision of technical and promotional service, training and organizing of credit should be put as program for the sector by the concerned bodies.
- The administration and municipality of selam ber kebele should be facilitating for rent in appropriate market place;
- The micro enterprise service office of selam ber kebele should support the sector through organizing, training and consultancy service.
- Government should give sufficient consideration to the sector in order to maximize the sector contribution on poverty alleviation in the town.
- Offer financial literacy training to improve fund management skills.
- Business Development Support
 - Provide training on basic bookkeeping, costing, marketing, and entrepreneurship.
 - Facilitate linkages to distributors, suppliers, or lead customers to expand markets.
- Skills and vocational training
 - Develop tailored seminars on technical skills, safety practices, legal compliance, etc.
 - Partner with training centers to increase workforce employability and competitiveness.
- Formalization Initiatives
 - Simplify registration and licensing processes to reduce barriers to formalization.
 - Pilot streamlined tax regimes and incentives targeting microenterprises
- Social Protection Mechanisms
 - Introduce accident insurance schemes or welfare associations for informal workers.
 - Advocate for core labor protections covering pay, hours, parental leave, etc.

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APPENDIX 1

WOLKITE UNIVERSITY
COLLEGE OF SOCIAL SCIENCE HUMANITIES
DEPARTMENT OF GEOGRAPHY AND ENVIRONMENTAL STUDIES

Introduction; Dear respondent this questioner is to the role of informal economic sector in improving youth living condition in Wolkite town se;am ber kebeles. Your response will be kept in absolute in confidential manner and never affect you and people related you. Therefore, you are kindly requested to give your response to each question.

General instruction; please in circle the letter corresponds to you appropriate answer and give expel action in space provided. Do not write your name.

Partone personal information

1. Age A, 15-19 B. 20- 24 C, 25- 29 D, 30 above
2. Sex A, male B, female
3. Religion A. Muslim B. catholic C. Protestant D. orthodox E. Others
4. Marital status A. Married B, single C, divorced D. Widowed E. Other
5. educational level A, Grade 1 -4 B, illiterate C, Grade 5 – 8 D, Grade 9-12 E, Diploma F, degree G. above
6. Birth place A, Rural area B, urban area
7. Monthly Income Level A. >650 B, 650-1400 C. 1401-2350 D, 2351-3350 E, 3551-5000 F, above 5000

Part Two questions related to the role of informal economic sector in improving youth living condition

8. do you think informal economic sector enhance job-opportunity for the youth

A, yes B, no

9. do you think informal economic sector improve of youth living conduction?

A, yes B, no

10. What are the roles of informal economic sector?

A, economic growth B, job- opportunity C, other specify

11. Do you believe that work on informal economic sector has an advantage?

A, yes B, no

if your equation number 11 is "ye" what are the important at informal economic sector

.....
.....

12. Are you comfortable with work informal economic sector?

A, yes B, no

13. What informal economic sector contributes to your life?

A, income B, employment C, social status D, Economic stability E, other pleas
asperity

Part three questions related to the problem of informal economic sector

14. Do you agree with production marketing are the most constraints faced by actors informal economic sector?

A, strongly agree B, agree C, undecided D, dis agree E, Strongly dis agree

15. Do you face problem work in informal economic sector?

A, ye B, no

16. If you answer for question No 16 is "Yes" what are the challenges?

A, financial B, work place problem C, approval problem D, other specify

Part Four questions related to the activity of informal economic sector

17. What are the main activities of informal economic sector?

A, create job- opportunity B, reduce unemployment C, growth oriented D, other specify In

18. In What kind informal economic sector are you doing?

A, injure seller B, indigenous drink C, coffee houses D, vegetable E, other specify

Part 5 question related to the informal economic sector enhance job opportunity for the youth

19. Do you think informal economic sector is most attractive work to youth in your area?

A, strongly agree B, agree C, undecided D, dis agree dis agree

20. Are you working individually or in cooperative?

A, Individually B, cooperative

21. If your answer is individual for the above question what is the reasons for not cooperated.....

22. What are the reasons for you to involve in Informal economic sector?

A, to get for income to survive B, capital requirement to run this business is to minimum

C, for temporary D. interest E. other specify

APPENDIX 2

WOLKITE UNIVERSITY

COLLEGE OF SOCIAL SCIENCE HUMANITIES

DEPARTMENT OF GEOGRAPHY AND ENVIRONMENTAL STUDIES

Dear respondents; This interview is designed to collect data to produce a research on; role of informal economic sector in improving youth living conditions: the case of wolkite town, Paving sector the purpose of this interview to obtain information about your perceptions, opinions, experiences & particular knowledge about contributions, economic significance and constraints of informal sectors in Wolkite town. The information you will going to provide use for only academic purpose.

Interview Guide

1. What are roles of informal economic sector to improve youth living condition explain for it ---
-----?
2. What are the problems that affect informal economic sector in improving youth living conditions explain for it-----?
3. What are main activities of informal economic sector in improving youth living condition explain for it -----?
4. What are the statuses of youth working on informal economic sector explain for it-----?
5. What suggestions do you have for effective Informal Economic sector explain for it-----
-----?