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ASSESSMENT OF FACTORS AFFECTING SELF EMPLOYMENT IN DEBRE BERHAN CITY ADMINISTRATION

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Abstract

The purpose of this study was to assess factors affecting self-employment in Debre Berhan City Administration; in particular, the study focuses on factors affecting the decision to be self-employed. The research used mixed design, to be covered by the survey; four kebeles were selected using simple random sampling methods. The required sample sizes of 302 were drawn from 4 kebeles. The data required for this study were obtained from primary and secondary sources. The primary data were collected from self-employed and Key Informants (KI) from Trade Industry and Marketing Development Department. The questionnaire had three parts, background information of the respondents, likert question and unstructured questions for the interview. The data were analyzed using descriptive statistics. The findings of the study showed that working premises, accesses to finance; motivation and training were critical problems. To alleviate the problems the study concluded by recommending the government body, financial institutions ,universities and colleges in providing appropriate working places, facilitating financial access, provision of training enhancing the intension of students towards self employment. Finally, the findings of this study could help the formulation of policies and strategies to facilitate and enhancing self-employment and reduction of unemployment in Debre Berhan City Administration.

Key words: self-employment, unemployment, Debre Berhan City Administration

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Introduction

The Ethiopian economy is essentially a subsistence-agriculture economy, some 80 per cent of the population resides in rural areas driving its livelihood directly from agriculture and animal husbandry, and contributing 52 per cent of the country's GDP. (Alemayehu, 2014).

The urban centre is home to about 20 per cent of the population with some 12 per cent of this driving its livelihood from government and services while the remaining 8 per cent relying on industry and construction (Getinet A, 2003). A number of recent studies that have focused on different aspects of the urban labour market in Ethiopia (Bizuneh, Getinet et al, 2001) (Krishnan, 1996) have emphasized the unprecedented level of unemployment in the urban centers of the country, particularly among the youth. Several factors are to blame for this sad state of affairs. To start with, there is extraordinary growth rate of the urban population. The large the size of youth cohort, the more daunting the provision employment will generally be (Alemayehu Ayele., 2014).

Self-employment, understood as the basic notion of people working for themselves rather than for someone else, has been practiced for a long time; for example, according to (Aronson, 1991) "self-employment is unquestionably the oldest way by which individuals offer and sell their labour in a market economy." However, the concept of self-employment may be used in a narrow or broader perspective, according to the unit of analysis, the country being studied, or the specificities, methodological issues and goals of each research.

The current research assesses factors that determine an individual transiting into self-employment in Debre Berhan City Administration rather than, simply examining transitions in to self-employment, the data allow us to study a set of independent variables that help explaining some factors underlying those transitions. Therefore, it is possible to identify individuals' main demographic characteristics, human capital and their occupational routes before becoming self-employed.

A number of reformist strategies which pay varying attention to the problem of poverty and various related issues have been suggested since the early seventies. Yet the stubborn persistence of poverty is conceivably the most serious challenge facing the people, governments and development practitioners in contemporary developing countries. It is only in countries of East and South East Asia that real success in poverty reduction has been achieved. Outside this region, the improvement is rather disappointing. Sub-Saharan Africa and South

Asia, particularly, are the major heavens of poverty (Getinet, Astatikie Haile, 2008). Ethiopia, being a sub-Saharan country, is one of the poorest countries in the world by any standard. Despite the enormous challenges the country has faced in recent years, Ethiopia has proven resilient and has achieved impressive economic growth. Ethiopia is also among those countries that have made the greatest progress toward achieving the Millennium Development Goals (MDGs). Economic growth brought with it positive trends in poverty reduction in both urban and rural areas. While 55.3% of Ethiopians lived in extreme poverty in 2000, by 2011, this figure was reduced to 33.5%, as measured by the international poverty line of less than \$1.90 per day. (EEA, 2016)

1.2 Statement of the problem

Currently Ethiopia is one of the sub-Saharan fast growing countries. The country has become one of the fastest-growing non-oil economies in Africa, with double-digit growth over 10 percent since 2003/04 (EEA, 2016). However, economic growth should be measured in terms of a sustainable increase in GDP per capita over time.

It is apparent that Ethiopia's 85 million populations are growing at 2.5 percent per annum adding 2 million people. It is also clear that households which have higher consumption requirements and lower economic support ratio are growing by a constant average growth rate of 2.6 percent in rural areas requiring more land for production. The absolute size of national labour force is estimated to be more than 30 million, with an annual average increase of 1.3 percent. Urbanization, as a result of rural-urban migration, is growing at a high speed (4.3 percent) affecting the livelihood positions and infrastructure development of the country (Tsegaye, 2011) cited in (EEA, 2016). However, these negative effects of population growth on the economy can be solved through crafting the right economic policy and enabling environment.

The Government of Ethiopia gives due emphasis to employment creation (as asserted in PASDEP and GTP) and different policies and strategies have been introduced and implemented by the government for employment generations. Those policies and strategies on the demand side of the labour markets include the special incentives and supports provided to private sectors and the public employment generation schemes. On the supply side of the labour markets, there are significant efforts to improve labour productivity in both farm and off-farm activities.

The unemployment rate in the developing world is largely an urban phenomenon for in the rural areas, where the bulk of the population resides; the unemployment rate may not be as reliable given the

seasonality in labour market slack in these areas. The problem is out of control especially among the youth which constitutes over a third of the urban population. Various studies, (Bizuneh Getinet et al., 2001), (Krishnan P., 1996) are some of the studies dwelling on the labour market situation of the youth/young' in Ethiopia. The rate of unemployment in urban Ethiopia accounts for 23.7 percent. The studies have stated about the unprecedented level of unemployment that characterizes urban Ethiopia. Findings reported in various publications of the UN give a similar account of the unemployment situation in Ethiopia

One way of tackling this problem of unemployment is through the promotion of self-employment, the situation in countries such as Ethiopia is poor means that the promotion of self-employment is all the more essential in reduction the high level of unemployment. Sustained growth performance accompanied by rapid employment creation is ultimately to decide the fortune of the unemployed. Nevertheless, the promotion of self-employment can play a crucial role in this process.

It is estimated that 14 million people, accounting for about 16% of the total population, are residing in urban areas (CSA, 2012). This high rate of urbanization places Ethiopia's urban centers under great stress, one being unemployment. Study on determinants of self-employment in urban Ethiopia by (Getinet, 2008) found that, the self-employed are generally less likely to come from who completed at least secondary education and smaller proportion of the educated person moving into self-employment and arrived at the workers experience and age was positively and significantly affect the self-employment. The education attainment and good health have direct and significant impact on self-employment. In addition, the presence of household's assets also has positive and significant effect on workers decision regarding self-employment.

The set of determinants of self-employment were very wide, with often-contradictory results. All authors agree that demographic traits and economic agents influence self-employment; however, Psychosocial and human capital detriments had not been given much emphasis so, this study in addition to the previous once, incorporated those factors to provide more emphasis about the issues. From the practical point of view, it will serve not only to provide a self- check to current self-employment, but also to increase the engagement of urban self-employment in modern labour market and national wide competitive business activities through better understanding of the determinants of self-employment.

Given these understanding, the nature of self-employment is important for it makes possible an informed intervention; therefore, this paper has assessed factors affecting self-employment in Debre Berhan City Administration.

1.3 Research questions

What are the factors affecting self-employment in Debre Berhan City Administration?

What are the challenges of individuals to become self employed?

What is the attitude of self-employed towards self-employment?

1.4. Objectives of the study

The overall objective of this study was to assess factors affecting self-employment in Debre Berhan City Administration.

To assess factors affecting self-employment among self employed people in Debre Berhan City Administration.

To investigate the challenges that hinder individuals to become self employed.

To identify the attitude of self employed towards self-employment.

2 Research design

The study employed descriptive research design for assessing the determinant factor of self- employment among self-employed in selected kebeles of Debre Berhan City Administration. The approach used mixed research which makes the use of both quantitative and qualitative.

2.1 Population and Sampling techniques & procedures

The list of 1302, self-employed, which have legal trade license acquired from Debre Berhan City Administration Trade, Industry and Marketing Department were used as a Target Population.

Four kebeles were selected using simple random sampling methods. The required sample sizes were drawn from 4 kebeles, namely 01, 05, 06, and 07 employing a simplified formula as cited by Yamane, (1967). Once the total sample size (305) was determined, each kebele again employed stratified sampling techniques, because this helped the researcher to ensure proportionate representation of various populations in the sample. Hence at 95% level of significance and 5% probability of error 305 samples were selected from 1302 target population.

2.2 Data sources and methods of data collection

The data required for this study were both primary and secondary sources. The primary data were collected from self-employed, drawn from four kebeles and Key Informants (KI) from Trade Industry and

Marketing Development Department. The Secondary data were also gathered from Trade Industry and Marketing Development Department. The secondary data provided additional information that can support the primary facts; it was the list of self-employed in the selected kebeles, legal requirements to be self-employed, motivational schemes, published and unpublished bulletin, brochure, directives and reports that has relationship with the intended study.

The study employed two kinds of instruments questionnaires and interviews to collect the data from the sources described in the preceding section. The questionnaires had four sections: Section one deal with the demographic variables, section two measures the opinion of the respondents related to self-employment and its determinant factors, the third section of the survey questionnaires were divided into four sub-scales that focus on demographic, economic, Psycho-social and human capital factors. Each item in the sub-scales was rated over 4 point likert-types scale ranging from Strongly Agree (SA) Agree (A) Disagree (D) Strongly Disagree (SD), 4, 3, 2, 1, respectively. The questionnaires were adopted from standardized researchers' sources and adapted in relation to the research topic.

Section four consisted of unstructured interviews that were employed with KII of Trade Industry and Marketing Development Department. The purpose was to gain additional information on the opportunities, legal requirements and trends on self employment.

3 Analysis, interpretation and results

The variables under analysis fit the following dimensions: Demographic traits (sex, age, marital status , family back ground and family members); Human capital (educational level and past employment experience); macroeconomic context unemployment push unequal participation in the labour market ,challenges for self employment ,sources of finance , level of competition, availability of labour force and prosperity pull policy issues, psychological/sociological determinants (satisfaction, sustainability ,motivation and trainings).

Table1 Frequency of respondents by sex

Sex	Frequency	Percent	Cumulative Percent
Male	116	41.7	41.7
Female	162	58.3	100
Total	278	100	

Source: Survey data

Pertaining to Table 1 the frequency of self-employed 162 (58.3%) were female the remaining 116 (41.7%) were male. In this case, the proportion of female respondent is greater than male.

Table 2 Frequency of respondents by age

Age	Frequency	Percent	Cumulative Percent
15-19	11	4.0	4.0
20-24	68	24.5	28.5
25-29	82	29.5	58.0
30-34	79	28.4	86.4
above 35	38	13.6	100.0
Total	278	100.0	

Source: Survey data

As it can be observed from Table 2, individuals with lower age groups that is less than 30 years have the highest rates 58% (4%, 24.5% and 29.5%) of self-employment participation. However, individuals with higher ages above 30 years accounts 42% (28.4% and 13.6%) are lower in self-employment participation.

Table 3 Factors affecting self-employment and its frequency and percent

Question item	Responses rate							
	Strongly agree		Agree		Disagree		Strongly disagree	
Demographic determinants	Fre.	%	Fre.	%	Fre.	%	Fre.	%
Self-employment is more likely to be undertaken by younger's	41	14.7	109	39.2	94	33.8	34	12.2
Men have higher propensity of being self-employed than women	57	20.5	98	35.3	89	32	29	10.4
Married people have a greater propensity of being self-employed than those not married	63	22.7	88	31.7	95	34.2	30	10.8
Before beginning my own business there were family members engaged in own business	57	20.5	88	31.7	62	22.3	64	23
Economic determinants								
unemployed are more likely to become self employed	103	37.1	105	37.8	60	21.6	8	2.9
When the competition is higher the propensity of self employment is lower	58	20.9	79	28.4	93	33.5	44	15.8
Psycho-social determinants								
I am satisfied with the private business	119	42.8	110	39.6	32	11.5	16	5.8
I shall continue with the current business	153	55	100	36	18	6.5	7	2.5

Source: Survey data

The descriptive analyses of the data showed that; younger's are more likely to become self-employed. 53.9% (14.7% and 39.2%) agree while

46% (33.8% and 12.2%) disagree. The finding has shown that youths are more self-employed than elders.

The finding is similar to the cases of (Holtez-Eakin et al., 1994), who find that there is a concave relationship between age and transition into self-employment, with older individuals being less likely to become self-employed.

Men are more self-employed than women 55.8% (35.3% and 20.5%) of the respondents agree while, 42.4% (10.4% and 32.0%) disagree. The findings for the survey go the same result that Men have more chances of being self-employed than women (Blanchflower, D.G., 2000). (Wenger, J., 2003), in Britain (Henley, A., 2009). (Livanos, I., 2009) also finds that females have less chances of being self-employed than males.

Married were more self-employed than others 54.4% (31.7% and 22.7%) of the respondents agree while 45% (10.8% and 34.2%) disagree. The finding shows that married were more self-employed than others. Henley (2007) also found that married women may have higher odds of starting a business venture because of the protection offered by their spouse's income.

Self-employed and family background relationship, individuals with self-employed family background or having models from their family are more self-employed than others. 52.2% (20.5% and 31.7%) agree while 45.3% (23% and 22.3%) disagree. The finding, self-employed family background or having models from their family are more self-employed than others. Similar result was found by (Carroll, G.R. and Mosakowski, 1987).

Unemployed were more likely to become self-employed about 74.9% (37.8% and 37.1%) of the respondents agree while 24.5% (2.9% and 21.6%) disagree. The finding has shown that majority of individuals were unemployed before they become self-employed. The results of the survey go the same stream with (Carrasco, 1999).

Competition and self-employment, the respondents equally agree and disagree with 49.3% that, competition is indifferent to be a determinant factor for self-employment. To make the issue clear, interviews were made with the key informants and they responded that under the current situations competition is not a factor, because there are unmet business opportunities that an individual can perform.

Satisfaction in self-employment, 82.4% (42.8% and 39.6%) of the respondents agree yet 17.3% (11.5% and 5.8%) disagree that they are

satisfied with their business. The finding has shown that majority of the respondents are satisfied in their business.

Sustainability of self-employment 91% (55.0% and 36.0%) of the respondents agree, in contrast 9% (6.5% and 2.5%) disagree that they will continue their current business. When the activity is sustainable, the self-employed could have a chance to expand or diversify their existing business and create job opportunity to others.

Table 4 General factors affecting self employment

No	Determinant factors	Grand mean	Grand Standard Deviation	Rank
1	Demographic determinants	3.0	1.2	4th
2	Economic determinants	3.4	0.85	1st
3	Psycho-social determinants	3.1	1.0	3rd
4	Human capital determinants	3.3	1.2	2nd

Source: Survey data

Table 4 depicted that Economic factors followed by human capital, psychosocial and demographic are determinant factors for self-employment.

Table 5 Marital status of respondents

Marital status	Frequency	Percent
Married	217	78.1
Single	26	9.4
Divorced	27	9.7
Widowed	8	2.9
Total	278	100

Source: Survey data

Table 5 shows the marital status of respondents in this case 78.1% were married, 9.4 % were single, 9.7% were divorced and 2.9 % were widowed.

Table 6 Family size of self- employed

Family members	Frequency	Percent
1-3	163	58.6
4-6	98	35.3
7-9	10	3.6
above 9	7	2.5
Total	278	100.0

Source: Survey data

Numbers of family members 58.6% of the respondents have a household of one to three, 35.3% four to six, and 3.6% seven to nine while 2.5% above nine. The finding has shown that households with low family members are more self employed than those with higher family sizes. This finding however goes against stream of (Brush, 1992 and Caputo and Dolinsky, 1998).

Table7 Respondent's level of education

Level of education	Frequency	Percent
Illiterate	5	1.8
Reading and writing	8	2.9
1-8	29	10.4
9-10	60	21.6
11-12	68	24.5
Diploma	80	28.8
Degree and above	28	10.1
Total	278	100.0

Source: Survey data

Respondent's levels of education, individuals with low levels of educational (below diploma level) were 61.2% and individuals with higher educational level (diploma and above) were 38.8%. The finding has shown that individuals with lower level of education are more self-employed than, those with higher educational level. The finding goes against (Lucas, 1978) moreover, the same stream with (Livanos , 2009).

Table 1 Experienced people are more inclined to self employment

		Frequency	Percent
Valid	Yes	202	72.7
	No	71	25.5
	Total	273	98.2
Missing	3	5	1.8
Total		278	100.0

Source: survey data

Experienced people are more prone to self-employment 72.7% of the respondents agree while 25.5% disagree. The finding has shown that experienced people are more prone to self-employment than others. The finding is similar to (Evans and Leighton, 1989).

Table 9 Statuses of self employed prior to self –employment

Status	Frequency	Percent
Unemployed	95	34.2
In school	92	33.1
Paid employee	67	24.1
Self employed from the beginning	17	6.1
Other	7	2.5
Total	278	100

Source: Survey data

Table 9 shows the statuses of self-employed before they become self employed. 34.2% of the respondents were unemployed followed by 33.1% in school and 24.1% paid employee, 6.1% self-employed and 2.5 other.

Table 10 Unemployed become self employed

Factors		Frequency	Percent
Valid	No other opportunity	90	32.4
	Seeking higher income	87	31.3
	Job satisfaction	58	20.9
	To utilize diversified talent	36	12.9
	Other	6	2.2
Total		277	99.6
Missing	7	1	.3
Total		278	100.0

Source: Survey data

Preferences of self-employment, 32.4% of the respondents preferred to be self employed because of the reason that they had no other opportunities followed by 31.3% seeking higher income and 20.9% to get job satisfaction. The finding has shown that majority of self-employed become self-employed due to lack of other opportunities.

Table 2 Availability of labour force in the market

Availability of labour force in the market			
	Frequency	Percent	Cumulative Percent
Yes	178	64.0	64.0
No	100	36.0	100.0
Total	278	100.0	

Source: Survey data

Availability of labour force in the market, 64% agree while 36% disagree that labour is available in the market. The finding has shown that labour force is available in the labour market. Whenever an individual needs to begin own business and wants to hire employees labour forces is available in the market, the biggest challenge is rather getting the available labour forces involved in to self employment or paid employee.

Table 12 Initiation of self employment

Initiator		Frequency	Percent
Valid	Self initiation	162	58.3
	Family	36	12.9
	Friend	13	4.7
	Government	22	7.9
	Occupational choice	13	4.7
	No other opportunity	27	9.7
	Other	5	1.8
	Total	278	100.0

Source: Survey data

Initiation of self-employment, the findings showed that 58.3% of the respondents become self employed by self-initiation of 12.9% by family, only 7.9% by the government and the remaining are by the other factor. The contribution of the government in this case is less. Self-initiated people are either have entrepreneurial talents and abilities or may have role models in their families the rest may lack those opportunities.

Table 3 Sources of finance for self-employment

Sources of finance	Frequency	Percent
Equity capital	139	50.0
Family	63	22.7
Financial institution	28	10.1
Other	19	6.8
Friend	16	5.8
Inheritance	13	4.7
Total	278	100.0

Source: Survey data

Sources of finance for self-employment, as depicted from the Table 13, 50% of the finance source for self-employment was from equity capital and 22.7% from family while only 10.1% from the financial institutions. The finding has shown half of the finance sources are from owners' equity. Finance is a critical factor to undertake self-employment activates unless an individual has savings, could not run own business plus the owners equity alone may not satisfy the needs. Furthermore investing own capital may have negative consequences when the business is bankrupted; hence the owner's equity has to be supported by the financial institutions to share the risks.

Table 14 Labour force hired by self employed

		Frequency	Percent
Valid	Yes	93	33.5
	No	182	65.5
	Total	275	98.9
Missing	3	3	1.1
Total		278	100.0

Source: Survey data

Labour force hired by self-employed, even if adequate labour force is available in the labour market only 33.5 % of self employed, hired employees for their business and the remaining 65.5% of self-employed however did not. This may be because 65.5% of self-employed as depicted from Table14, are engaged in trade where the demand for labour is few. Thus, the owner and family labour undertake the activity.

Table 15 Self-employment trends in Debre Berhan Town

Year	Frequency	Percent
1990-1996	4	1.4
1997-2003	23	8.3
2004-2010	91	32.7
2011-2017	160	57.6
Total	278	100.0

Source: Survey data

Table 15 the frequency distribution of self-employment trend depicted that majority of self-employed (57.6%) began their self-employment activities from the year 2011 to 2017. This shows that individuals were highly initiated to be self-employed since then. At the beginning the percentage of self-employed people were only 4 but in the year 2017 reached to 160 with the increments of 97.5%.

Table 46 Type of the Business in Debre Berhan Town

Business type	Frequency	Percent
Trade	164	59.0
Service	77	27.7
Construction	22	7.9
Manufacturing	8	2.9
Urban agriculture	4	1.4
Other	3	1.1
Total	278	100.0

Source: Survey data

Business type ,self employed are engaged in varied types of business activities ,as depicted in the Table 16 trade comprised 59 %, service comprised 27.7% and other activities comprised 13.3%. The highest proportion for trade is due to the fact that trade needs lower capital, low labour forces, and limited working places compared to manufacturing and construction.

Table 57 Capital invested for Business type

Capital	Business type						Total
	Service	Constr uction	Trade	Urban Agriculture	Manufa cturing	Other	
50-1000	9	4	22	0	0	0	35
1001-2000	7	2	23	0	0	0	32
2001-5000	23	8	67	2	2	2	104
5001-10000	6	3	38	0	3	0	50
10001-50000	21	1	10	2	3	0	37

50001-90000	4	0	3	0	0	1	8
above 90000	7	4	1	0	0	0	12
Total	77	22	164	4	8	3	278

Source: Survey data

Capital invested for different business type, one can understand from the Table 17 that the smallest capital is invested to run trade activities while; the biggest capital is for service and construction. The smallest capital is due to the fact that above 50% is contributed by the owner and more individuals are engaged in, on the other hand, the biggest capital is required to run service and constructions hence ,unless these sectors are supported by financial institutions the owner equity alone could not afford. That is why more self-employed could not be involved in those sectors.

Table 6 Challenges of self-employment

Factors	Frequency	Percent
Working premises	107	38.5
Source of finance	77	27.7
Other	23	8.3
Legal requirement	21	7.6
Business idea	20	7.2
Lack of experience	14	5.0
Lack of training	11	4.0
Hired labour	2	.7
Total	275	98.9
Missing	3	1.1
Total	278	100.0

Source: Survey data

Challenges of self-employment, the respondents agree that 38.5% the working premises, followed by 27.7% shortages of finance and 32.8% legal requirements, business idea lack of experience shortage of training and others are the factors for self-employment.

Table 19 Motivational factors for self-employed

		Frequency	Percent
Valid	Yes	121	43.5
	No	157	56.5
	Total	278	100.0

Source: Survey data

Motivational factors for self-employed 43.5% of the respondents agree in contract 56.5% disagree that, motivations were provided to self-employed. Motivation has different features though, the ultimate goal is to encourage self-employed to be productive and effective. The finding has shown that majority of the respondents did not get motivations from the government; this could have negative consequences on individual performances.

Table 7 Provision of training

		Frequency	Percent
Valid	Yes	119	42.8
	no	159	57.2
	Total	278	100.0

Source: Survey data

Table 20 Provision of training, as exhibited 57.2% of the respondents disagree while 42.8% agree that, they have received training. The finding has shown that even if training is essential to bridge the skill and knowledge gap of the self-employed, it was not given as required.

Table 8 Attitude of self employed to advise others

		Frequency	Percent
Valid	Yes	239	86.0
	No	39	14.0
	Total	278	100.0

Source: Survey data

Table 21 the attitude of self employed to advise others as exhibited 86% of the respondents agree but 14% disagree that they advice others to be self-employed. The finding has shown, even if they are confronted with different challenges, still their attitude to self-employment is positive and advised others to be self-employed rather than being unemployed or paid employed.

4.2 Interview held with trade industry and market development department

The objective of interview held with Trade Industry Market Development Department was to triangulate the data obtained from primary sources and to find out whether other factors like legal requirements, opportunities, motivational schemes, business type and labour market could also be a factor for self-employment. The following data were captured from them.

The legal requirements to be considered for self-employment were availability of appropriate working place, initial working capital, Tax Identification Number (TIN) and residents' identification number.

The opportunities for self-employment are availability of cheap labour, working place relatively with cheap lease, accessing work permission or license with in short period of time availability of financial institutions for accessing loan.

Motivation scheme is designed for enterprise organized in cooperatives however it is not common for private firms, on this issue sample respondents and trade and industry experts share the same idea.

Mostly self employed are engaged in trade business because the capital requirement is low compared to manufacturing, construction and services, it also requires low skill, few or no hired labour f and simple o manage.

The labour market has shown an increasing trend this exhibited that the rate of unemployment is higher conversely unemployed preferred to be paid employee rather than being self-employed, this is especially realized when their academic level is increased.

The attitude and behavior of non-self employed individuals towards self-employment is low, because they considered self-employed are the one who lack other alternatives; hence, changing the behavior and attitude of individuals is a major problem for the sector.

5. Summary of findings, conclusion and recommendations

5.1 Summary of Findings

Concerning the gender variable, men are more likely to become self-employed; however, women's participation in self-employment is increasing.

With regard to educational level 61.2% of respondents were below diploma level while 38.8% were diploma and above it shows that individuals with lower levels of education have greater chances of becoming self-employed

The type of business ventures self-employed were engaged in: trade, service and other sector respectively.

Majority of self-employed 66.5% did not hire employees.

Labour force is available in the labour market.

As far as age is concerned, the findings indicate that the probability of being self-employed was higher for younger people with ages ranging between 20 to 29 years

Individuals with lower family size were more self- employed than their counterparts. This is because, majority of self-employed were younger and have low family size.

Regarding total capital investment for the business, majority of self-employed 37.4% own ETB 2001-5000.

Regarding marital status, 78.1% married, 9.4 % single, 9.7 % divorced and about 2.9% respondents were widowed, this shows that married people have a higher propensity to become self-employed.

Concerning satisfaction with their overall business activities 82.4 % were satisfied.

The findings depicted that 91% of the respondents were satisfied and wish to sustain their current business.

The survey respondents 86 percent preferred self-employment for their children and intimates to other occupations; this indicates that the attitude of families toward self-employment is positive.

Individuals with self-employed family background or having models from their family were more self-employed than others.

In regard to financial sources, half of the respondents generated finance from their own, followed by family and financial institutions.

The numbers of self-employed in the year 1990-1996 were 4 while in the year 2011-2017 reached to 160, when computed it has shown an increasing trend by 3.6% annually.

Regarding motivation 56.5% of the respondents did not receive any motivation or incentives from the government.

Training, even if essential to bridge the skill and knowledge gap, 57.2% did not get

Concerning past experience, individuals with past experience in self-employment were more likely to transit again into self-employment than those who have never been self-employed.

Preferences of self-employment 32.4 % of the respondents preferred self-employment because they did not have other opportunities and remaining were 22.3% seeking additional income and 20.9% for job satisfaction.

Regarding self-employment initiation 68 % were initiated by their own, followed by 12.9% by family 7.9% by the government and 11.2% by others.

Prior to become self employed 34.2 % of the respondents were unemployed, 33.1% in school, 24.1% paid employees and 8.6%, under taking different activities.

The probability of unemployed switching to self-employed was higher than other factors.

The key challenges of self-employment were working premises, sources of finance, lack of motivation and lack of training above all considering self-employment as an occupation for those who doesn't have other job opportunities.

Concerning competition sample respondents equally agree and disagree that competition is not a barrier for self-employment. This may be

depending on the type of business an individual is engaged in. During interview held with experts from Trade Industry Market Development Department, they support the idea that competition at the current situation could not be considered as a factor for self-employment.

The legal requirements for self-employment were availability of appropriate working place, initial working capital, Tax Identification Number (TIN) and residents' identification number.

The opportunities for self-employment were availability of cheap labour, working place relatively with cheap lease, getting license with in short period of time and the availability of financial institutions for accessing loan.

Motivation scheme has designed for enterprise; however, it was not common for private firms, on this issue sample respondents and Trade and Industry Experts share the same idea.

Mostly self-employed are engaged in trade businesses because the capital requirement is low compared to manufacturing, construction and services, it also requires low skill, few or no hired labour force and simple to manage.

The labour market has shown an increasing trend this exhibited that the rate of unemployment is higher, conversely unemployed preferred to be paid employee rather than being self employed, this is especially realized when their academic level is increased.

The attitude and behavior of non-self employed individuals towards self-employment is low, because they considered self employed are the one who lack other alternatives; hence, changing the behavior and attitude of individuals is a major problem for the sector.

5.2 Conclusion

Self-employment has recognized as an important source of economic development. Moreover, the self-employment rate in Debre Berhan City Administration has shown an ascending rate since (1990-2017) i.e. increased on average by 3.6 percent annually. It was computed that in the year 1990 the number of self employed were 4 and after 27 reached to 160. The self-employment can be seen as the best solution in decreasing unemployment.

Concerning the gender variable, men are more likely to become self-employed; however, women's participation in self-employment is increasing. Individuals with lower levels of education have greater

likelihood of becoming self-employed. The type of business ventures self-employed engaged in: trade, service and others respectively. Regarding total capital invested for the business, majority of self employed own ETB 2001-5000. In regard to finance sources half of the respondents generated finance from their own followed by family and financial institutions. Regarding motivation in excess of the respondents did not receive any motivation or incentives from the government. Trainings, even if essential to bridge the skill and knowledge gaps, were not given as required. Individuals preferred self-employment because of the absences of other opportunities followed by seeking additional income and for job satisfaction. Regarding self-employment initiation majority of them were initiated by their own followed by family, government and others. The key challenges of self-employment were working premises, sources of finance, lack of motivation and training above all considering self-employment an occupation for those who doesn't have other job opportunities. Unemployment rates act as a key factor in encouraging people to becoming self-employed. Regarding motivation above half of the respondents did not receive any motivation or incentives from the government.

5.3 Recommendations

In light of the above discussion and findings of the study, the following recommendations may be helpful to promote self-employment in Debre Berhan City Administration.

Acquiring appropriate working place is the number one challenge for self employment; hence, the right government body in charge is responsible to consider the problem and provide appropriate places depending on the business type either on individual or group basis.

Finance is a blood vessel to undertake any business activities. One can see from the findings that the contribution of financial institution in accessing loan to the self-employed is insignificant hence; the financial institutions and the government should give due attention and devise good policy in provision of finance to the self-employed.

Motivation helps an individual to behave in a certain ways and carry on the activities; the absence of motivation however, discouraged individuals to meet their goals; therefore, the need for independence, need for personal development, welfare consideration and following role models should be experienced by the self employed.

Training is used to develop the abilities of the individual to modify attitude, knowledge or skill and behavior; however, in this research it

has been found that adequate trainings were not given hence, the government and other partners should consider its importance and implement accordingly.

The labour force availability in the market is high and majority of individuals were switched to self-employment; as the unemployment rate is increasing, the government should initiate, train, motivate and provide the necessary requirements for individuals to become self employed.

Individuals with higher level of education are less likely to participate in self-employment conversely, the current labour forces are highly educated and the probability of getting job opportunity is low. Therefore, to enhance their intention to self-employment the appropriate government body should consider the entrepreneur trainings at the institutions, colleges and universities, then after full filling the necessary requirements that enable them engaged in self-employment.

Self-employment should not be considered as a substitute for individuals when they have no other opportunities, rather it should be an occupational choice; therefore, the government should convince them that, self-employment is an occupational choice.

This study could help as a source for other researchers, unemployed people, financial sectors, micro and small enterprises, trade and industry market development offices, offices of social and labour affair, and educational institutions.

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