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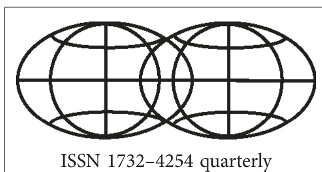
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Motivations and livelihood dynamics in the urban informal economy: the case of Dire Dawa City, Eastern Ethiopia

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Abstract. This article assesses the motivations for participation in the informal economy in general and street vending in particular and explores vendors' livelihood dynamics in Dire Dawa city, Eastern Ethiopia. Data were collected from fixed and itinerant vendors who were found vending a variety of goods and services in the city during data collection. A descriptive survey design was employed in this study. Time location sampling procedure – a new method of two-stage sampling that has been widely used to select the hard-to-reach segment of society – was employed to select 198 street vendors. Data were collected using a questionnaire survey, in-depth interviews and observation during 2016/17. The study revealed that the majority of vendors report that they engaged in street vending for survival. But some consider it is an opportunity for income, employment and growth, and livelihood improvement in the city. The majority of vendors indicated that there have been improvements in their lives since they started vending. Thus, this study points to the need to employ multiple perspectives to capture the reality underneath livelihoods in the informal economy. Policy approaches that recognise the vitality of public spaces for street vending activities, the integrality of vendors to the socio-economic fabric of the city, and their modest contributions to the socio-economic development of the city are necessary.

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Contents:

1. Introduction 62
2. Multiple perspectives on the informal economy 63
3. Methods and materials 64
4. Results and discussion 66
4.1. Demographic and socio-economic profile of vendor in Dire Dawa 66

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4.2. Business and occupational profile of vendors in Dire Dawa 67
4.3. Motivations for engagement in the informal economy in Dire Dawa 69
4.4. Socio-economic dynamics of vending in Dire Dawa 70
5. Conclusion. 72
Acknowledgements. 73
References 73

1. Introduction

The urban informal economy represents a remarkable segment of the workforce and contributes in diverse ways to the socio-economic development of cities and towns mainly in the Global South (Chen, et al., 2018). Globally, 61.2 percent of total employment is in the informal economy, as the sector employs two billion aged 15 and above in the labour force. In Africa, 85.8 percent of total employment is informal (ILO, 2018). The informal sector is thought to have existed before it was introduced into the academic literature (Arnaud, 2003). However, it was formally discovered in the early 1970s featured in the works of Keith Hart in Ghana (Hart, 1973) and the International Labour Office (ILO) study of *Employment, Income, and Equality* in Kenya (ILO, 1972). Since then, the roles of the sector in development planning have been widely discussed and debated. One of the prominent studies on this issue was made by Hernando De Soto in Lima, Peru, by the late 1980s. De Soto observed that migrants become "informal" and went on to argue that informality is a response to inappropriate regulation in which workers in the informal economy find it difficult to comply with the monotonous bureaucracy (De Soto, 1989). As to Hart (1973), the prevalence of a high degree of urban informality was correlated with price inflation, inadequate wages and an increase in labour supply. Hart notes that the sector possesses an autonomous capacity for generating growth and improving the lives of the urban poor.

Even though the informal sector existed in developed, transitional and developing countries alike; it is in proliferation in the developing countries of Africa, Asia and Latin America, which are marked by high unemployment rates and very low or non-existent social safety nets (Kim & Short, 2008; Rogerson, 2018). The role of the sector is more significant and it is more visible in the cities of developing countries. Informal sector activities help sustain the livelihood of households and produce and distribute goods and services to those who are not served by the formal sector (Asiedu & Agyei-Mensah, 2008; Chen et al., 2018). In particular, it is increasingly considered to be a panacea for development and the engine and driver of the urbanisation process in the developing countries (Bhowmik, 2010; Neuwirth, 2012). A study by Misati (2007) has shown a positive relationship between informal sector activities and investment. In the same study, Misati argued that the creation of wealth and poverty reduction in the SSA is associated with the existence of a larger informal sector. Similarly, research conducted in Kenya by Kinyanjui (2008) substantiates the above argument. It found that *Jua Kali* enterprises have shown resilience and dynamism in the midst of poverty and socio-economic crisis in Nairobi. The above researcher went further to argue that *Jua Kali* is an alternative pathway to urban dynamism in the context of developing countries.

It is evident that the economy of most urban centres of developing countries is dominated by the informal sector in which a significant portion of the urban people were engaged (De Soto, 1989; Neuwirth, 2012). This condition, inevitably, poses huge challenges and opportunities for policymakers and urban authorities to manage it effectively and sustainably. There are two opposing views on the general policy and regulatory measures to be enforced in order to effectively address the sector. Pessimists argue that the informal economy should be tackled because it undermines the capacity of the formal sector to generate adequate employment and tax revenues. Conversely, optimists contend that the sector should be supported with technical assistance, training and credit, since it is the major provider of employment, goods and services for

low-income groups (Hart, 1973; Sparks & Barnett, 2010), and it is a significant contributor to GDP, and it is linked with the formal economy. Advocates of the latter view argue that informal entrepreneurship may be not only viable but also a desirable alternative to formal sector employment (Maloney, 2003). The informal sector; without including informal employment in the formal sector, employs a sizable portion of the labour force in the major urban centres of Ethiopia. For instance, in 2016 the total number of labour force aged ten and above employed in the informal sector was 1,657,880 (27% of the total employed labour force aged ten and above) (Central Statistical Agency [CSA], 2016). The figures vary across cities and regions, with a tendency to increase with city size.

Street vending is widespread in the major urban centres of the country. However, their agglomeration is higher in areas dominated by transport and commercial functions. The larger size and greater diversity of economy in urban centres tend to attract a large number of street vendors in the context of Ethiopia. The city of Dire Dawa is known as a centre of transport and commerce (Baldet, 1970; Solomon, 2008; Engida & Solomon, 2014). It has been one of the major centres of informal cross-border trade in the eastern part and in the country as a whole. It is argued that these situations, coupled with widespread poverty, rural–urban migration and unemployment could lead to the proliferation of informal sector activities including street vending. Street vendors account for one third (33%) of all informal workers in the city (CSA, 2018). This article therefore attempts to explore the heterogeneous motivations for participation in street vending and the socio-economic dynamics of vending in Dire Dawa, Eastern Ethiopia.

The remainder of the article is organised as follows. Section two presents a brief review of the literature on the multiple perspectives on the informal economy. Section three discusses a brief description of the study area and the methods and materials employed. Section four presents the analysis of results and discussion. Finally, section five outlines a short conclusion.

2. Multiple perspectives on the informal economy

Dualism has been extensively discussed in the labour market conceptualisations of developing countries. This view was popularised by the ILO and Keith Hart in the 1970s and is sometimes called the residue theory. It saw the informal sector of the economy as comprised of marginal activities that provide income for the poor and a safety net in times of economic downturn (ILO, 1972; Hart, 1973). Dualists argue that those informal operators were excluded from modern economic opportunities due to imbalances between the growth rates of the population, modern industrial employment, and a mismatch between people's skills and the structure of modern economic options. Due to slower rates of economic growth and faster rates of population growth, the modern sector was not in a position to create enough jobs to absorb the surplus labour force, which, in turn, led to the persistence of the informal sector and a dualistic labour market in developing countries (ILO, 1972). The dualists subscribe to the idea that informal sector activities were not linked to the formal economy but, rather, operate as a distinct, separate sector of the economy, and that the informal workforce is assumed to be largely self-employed. They pay relatively little attention to the links between informal enterprises and government regulations. Emphatically, they suggest that governments should create more jobs and provide credit and business development services to informal operators and basic infrastructure, and social services to their families as well (Chen et al., 2004).

The legalist school sees the informal sector as comprised of courageous micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of bureaucracy. According to legalists, cumbersome government rules and procedures act as barriers to formalisation and consequently suppress the productive potential of informal sector operators. They argue that a tedious bureaucracy leads the self-employed to operate informally with their own informal norms and relationships. They focus on informal enterprises and the formal regulatory environment, to the relative neglect of informal wage workers and the formal economy *per se*. The legalists acknowledge the

inevitability of the bureaucratic rules of the game that should be set to govern the formal enterprise (De Soto, 1989). However, they contend that governments should introduce simplified bureaucratic procedures to encourage informal enterprises to register and get formalised and extend legal property rights to the assets held by informal operators in order to unleash their productive potential and help the enterprises transition into the formal sector.

The voluntarist school focuses on informal entrepreneurs who deliberately sought to avoid regulations and taxation but do not blame the cumbersome registration procedures of the government bureaucracy. According to them, informal entrepreneurs choose to operate illegally or even criminally in order to enjoy the benefits of avoiding taxation, commercial regulations and other costs of operating formally (Maloney, 2004). They emphasise that informal operators choose to operate informally after making a cost–benefit analysis of engaging in the informal sector. The voluntarists pay relatively little attention to the economic linkages between informal enterprises and formal firms. They subscribe to the notion that informal enterprises would create unfair competition for formal enterprises because they avoid formal regulations, taxes and other costs of production. As a suggestive remark, they urge in favour of bringing informal enterprises under the formal regulatory environment in order to increase the tax base and reduce unfair competition by informal enterprises (Chen, 2012).

In informal sector research, the term "post-structuralist" is used to recognise the economic plurality and diversity inherent in the sector. Post-structuralists argue that each form of the informal economy sought to allow the plurality of economic forms. As an example, Williams and Round (2008) conclude that each theory is talking about very different forms of informal employment (e.g. neo-liberals largely talk about informal self-employment, while by-product theorists focus on the informal waged employment). Based on their study in the cities of Ukraine and Russia, the same scholars have asserted that, nevertheless, evidence can be found to support nearly all these theories by looking at specific types of informal employment (William & Round, 2007; 2011). As it has been noted, scholars came to the conclusion that no single theory could, on its own, capture informal employment and the informal sector as a whole.

3. Methods and materials

The study was conducted in late 2016 and early 2017 in Dire Dawa. The city is bordered to the north, east, and west by the Somali National Regional State (SNRS) and to the south and south-east by the Oromia National Regional State (ONRS). Dire Dawa city is found in eastern Ethiopia, 515 km east of Addis Ababa, 55 km north of Harar and 313 km west of Port Djibouti (Dire Dawa Administration Bureau of Finance and Economic Development [DDA BoFED], 2014). Dire Dawa is one of two chartered cities in Ethiopia, the other being the capital, Addis Ababa. Figure 1 shows the location of the study area.

In this study, Time Location Sampling (TLS), a new type of multi-stage sampling technique, has been used. TLS was used to sample *rare mobile* (Kalton, 2009) and is a useful and convenient method for collecting information from *hard-to-reach* (Karon, 2005; Karon and Weinjet, 2012) or *elusive* (Verma, 2013) populations such as street vendors by sampling the place where they usually tend to congregate and then selecting appropriate sample individual vendors. The principle of TLS is to reach individual vendors in the places and at the times they gather/congregate. The approximate number of street vendors who vend in the identified places was based on an estimation of officials and own observation. It was assumed that the above vendors attend respective places during peak hours of vending. It was identified that street vendors work the whole week but that their concentration was higher in the morning from 10:00 am to 1:00 pm and in the afternoon from 4:00 pm to 7:00 pm for both weekdays and weekends. The sampling framework consists of venue-day-time units (VDT) or primary sampling units (PSU) since these were thought to represent the potential universe (vendors) of venues, days and times.

However, the sampling process is different for fixed and mobile vendors. Since most street vendors were freely moving between sites/within each site, floating, different sampling techniques were

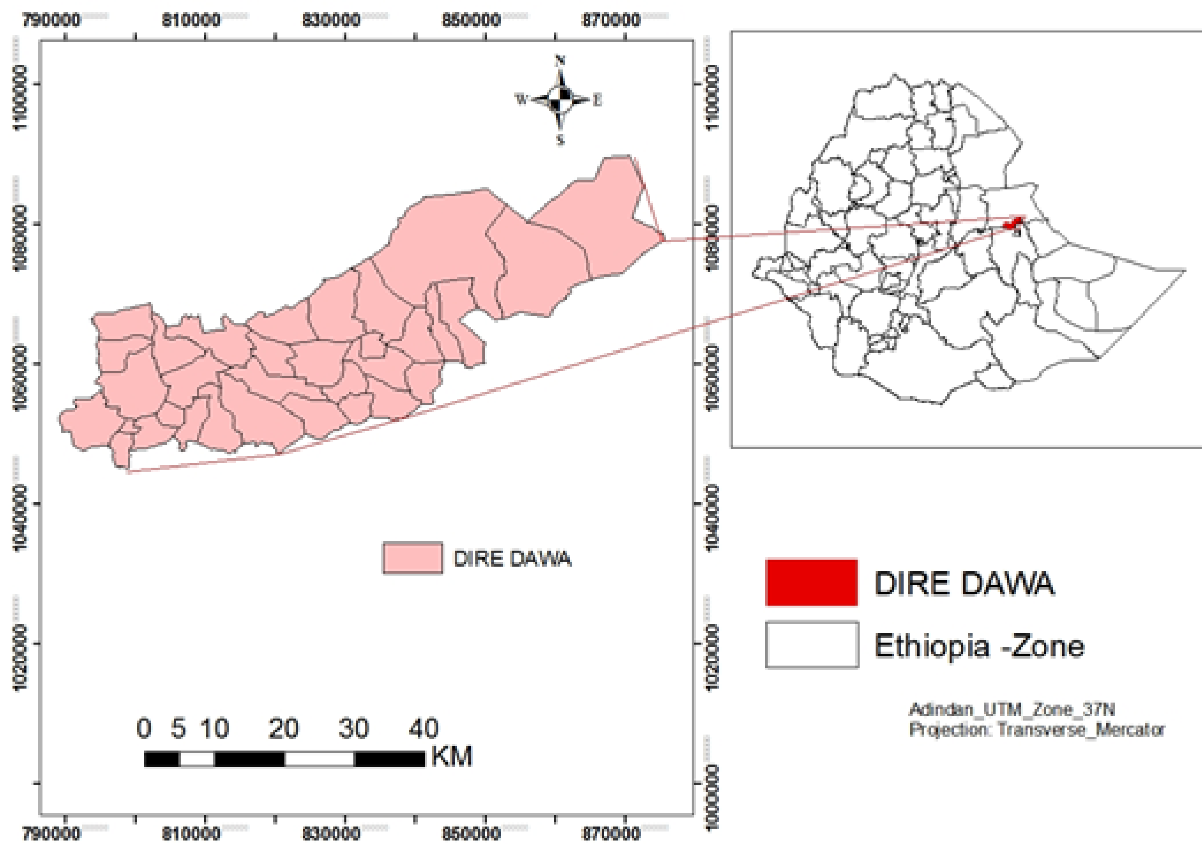

Fig. 1. Location of Dire Dawa
Source: author

used. When the average number of street vendors in the selected location is large (more than 15), a fixed number of vendors from each cluster during equal time periods was sampled. When the average number of vendors in the selected location was fewer (fewer than 15), *take all* for each cluster during equal time periods was employed. The second approach was employed for selecting mobile street vendors at different locations of the city. For selecting key informants, judgmental sampling was employed. This technique was employed to recruit key informants, particularly, from offices on the basis of their experience and knowledge of street vending and informal/illegal activities and their direct relation with street vending management in Dire Dawa city. Street vendors were selected for in-depth interview based on convenience and availability.

In this study, a questionnaire survey was administered with selected street vendors covering biographic, occupational, commercial, financial, institutional, social and locational aspects of street vending activities in Dire Dawa City. The questionnaire was a combination of close and open-ended questions and the survey sought to investigate the following aspects of informal enterprises in the city, among others: the business location of the vendor; personal, household, demographic and socio-economic characteristics of the vendor; product type and business category or segment; location and physical characteristics of the workplace; general business and income-generation profile; mode of transaction; and relationship with other businesses. In-depth interviews were conducted with selected street vendors to elicit and corroborate the information collected via the questionnaire survey. In total, eighteen street vendors were interviewed, of whom ten were males and eight were females. The informants more or less represent various activities: fruits and vegetable sellers, second-hand and new clothes sellers, food and coffee sellers, and others. However, much attention was given to those who vend in contested spaces such as streets close to existing

markets. In the study, efforts were made to make sure that there would be no potential harm to the research participants.

4. Results and discussion

4.1. Demographic and socio-economic profile of vendors in Dire Dawa

The gender distribution of respondents was predominantly male (62%) versus female (38%). In terms of age distribution, the majority of the respondents (60%) were young – below thirty years; when the 31–40 age group is included, the figure goes slightly over four fifths of the total vendors selected. The remaining 17% of the respondents belonged to the 41+ age category. This suggests that the street vending business has been dominated by young adults and the young, though a few older adults and old-aged people were also engaged in it in the city. This result is consistent with most studies conducted on street vending (e.g. Asiedu & Agyei-Mensah, 2008). In terms of marital status, over half of the respondents were single (54%) while 33% were married. The divorced and separated accounted for three percent each and the widowed seven percent. The educational status of study participants indicated that illiterate street vendors accounted for about six percent of the total respondents while eight percent reported that they are able to read and write. However, among literate street vendors, those who have some primary school education were found to be slightly over half of the total (54%), followed by those with secondary schooling, who constituted about one third of the total (33%). Another interesting feature of street vendors in the city was that those who have some tertiary education (4%) found street vending as a source of their livelihoods and hence engaged in it (See Table 1). This finding contradicts some studies that consider most informal sector workers to be illiterate or less-educated (e.g. ILO,1972; Hart, 1973; Chen, 2012).

Table 1. Demographic and socio-economic profile of vendors in Dire Dawa

Variable	Categories	Frequency (N=198)	Percent
Age	<20	32	16.2
	21–30	86	43.4
	31–40	47	23.7
	41–50	17	8.6
	51–60	9	4.5
	>60	7	3.5
Sex	Male	123	62.1
	Female	75	37.9
Marital status	Single	107	54.0
	Married	65	32.0
	Divorced	6	3.0
	Separated	6	3.0
	Widowed	14	7.1
Education	**Illiterate**	6	3.0
	Read and write	15	7.6
	Primary	106	53.5
	Secondary	64	32.3
	Post-secondary	7	3.5
Migration status	Non-migrant	74	37.4
	Migrant	124	62.6

Source: Own survey 2016/17

4.2. Business and occupational profile of vendors in Dire Dawa

Street vending has been part of Dire Dawa's socio-spatial and economic landscape since its foundation upon the completion of the Ethio-Djibouti railway line as early as the 1900s. The street vendors of Dire Dawa city were engaged in a variety of activities in different parts of the city (Engida and Solomon, 2020). In most instances, the degree of concentration largely depends upon the dominant function of the area where they vend. Street foods are the salient features of the city and widely distributed in the city with varying levels of concentration. Areas or streets of food-vending clusters were very busy during the evening and night times from 6:00–9:00 pm, roughly when a large number of people eat their dinner. Some non-food street vendors who vend away from existing markets tend to combine vending with service provision and, for example, vend by displaying on a cart with shoe shining. Conversely, vendors located near established formal markets were solely engaged in selling goods and selling single or more items. Some goods/items tend to be found only in a few vending cluster sites that seem to have specialised in that commodity. On the other hand, various goods and items were in circulation in the city by mobile street vendors, locally known as *jeblos*.

From this study, it appears that foods and drinks vending is carried out almost all over the city but with a varied level of concentration in different parts of the city. Vending of new and second-hand clothes tends to cluster around *Ashewa* market and on the sidewalks in the *Sabean* area. Fruits and vegetable vending was located on the streets mostly near *Qefira* and *Sabean* markets. In *Sabean*, its concentration was higher on the sidewalks, which slows down pedestrian/traffic flow. In general, in most cases, areas of intense street vending were the crossroads or road junctions near *Ashewa* and *Qefira* markets, the roads leading to the markets. The observed general pattern is that street vending declines as one moves away from the markets and those existing away from the market were very sparsely distributed and are typically associated with certain functions of areas like institutions such as schools, health centres, churches, administration, recreation, transport. However, the concentration of street vending in these areas was incomparable with those concentrated near the existing markets.

Some fixed and semi-fixed vendors tend to combine vending with other services like shoe shining. This was true in areas where street vendors were sparsely populated and they located themselves near the hotels/restaurants/other private enterprises away from the markets. When considering larger clusters, street vending seems to be associated with business and commercial functions of areas, like the existing markets, in the cases of the three markets, namely *Ashewa*, *Sabean* and *Qefira*. In other cases, though, their number was small: one could find them near institutions such as administrative offices, schools, health centres, mosques and churches.

Street vendors distributed in various parts and functions of the city. Accordingly, over one fourth (29%) of respondents vend on the street near *Ashewa* market and its environs, 18% vend in *Qefira*, 13% in *Sabean*, about 10% in *Magala/Konel*, those who work in *Harar Ber* accounted for 7%, in *Number One* it was 6% and the remaining 19% reported that they sell by moving from place to place in the city. It is evident from the data that the areas near the three market centres, *Ashewa*, *Qefira* and *Sabean* in the city accommodated about 60 percent of all street vendors selected. This is a clear indication that street vending in the city has a strong linkage with the existing markets – spatially, functionally and economically alike.

Clothes and second-hand clothes were found to be dominant by engaging 39% of the total sample vendors selected; fruit and vegetable vending, including *chat*, accounted for 13%; electronics equipment, household goods and ornaments accounted for 12%; food and drinks accounted for about 12%; and the remaining 24% engaged in selling other items that did not fall under any of the above groups. The dominance of brand new and second-hand clothes vending in the city indicates the persistence of contraband trade and commodities entering the city. The majority (72%) of vendors started vending in the last five years or less in the city (See Table 2).

About 60% of respondents procure their goods and merchandise from retail shoppers, and about 22% from wholesalers. The proportion of vendors who get their goods, merchandise, raw materials

Table 2. Business and occupational profile of vendors in Dire Dawa

Variable	Categories	Frequency (N=198)	Percent
Location of vending	Ashewa	57	28.8
	Sabean	25	12.6
	Harar Ber	13	6.6
	Konel/Magala	19	9.6
	Number One	11	5.6
	Qefira	36	18.2
	Mobile vendors	37	18.7
Previous Occupation	Farmer	31	15.7
	Student	61	30.8
	Merchant	27	13.6
	Government employee	7	3.5
	Other informal	3	1.5
	Private employee	41	20.7
	other	28	14.1
Type of goods vended	Fruits & vegetables	26	13.1
	Fresh foods & drinks	23	11.6
	Clothes	77	38.9
	Electronic	24	12.1
	Others	48	24.2
Procurement of goods	Wholesalers	44	22.2
	Retail shoppers	118	59.6
	Producers/farmers	21	10.6
	Open markets	15	7.6
Main source of livelihood	Street vending	176	89.9
	Other informal activity	22	11.1
Duration of stay in vending	<2 years	69	34.8
	2–5 years	74	37.4
	5–8 years	35	17.7
	8–10 years	17	8.6
	>10 years	3	1.5

Source: own survey 2016/17

and inputs from producers and directly buy from the market (both formal open and informal markets) account for about 11% and 8%, respectively. From this, one can understand that the formal sector is behind and with the informal sector activities in the city. This further suggests the existence of strong linkages – not only economic but also spatial – between the street vendors and mainstream formal businesses. For most street vendors, the supply sources are the formal open markets of the city i.e. *Ashewa*, *Derzen Tera Taiwan*, *Sabean* and *Qefira.*

The study has shown that the formal–informal linkage in Dire Dawa city in the economic sphere could be explained in terms of spatial coexistence. This is to say that a large number of street vendors is concentrated near shops close to existing markets. This is clearly evident in the *Ashewa*, *Qefira* and *Sabean* markets. Some shop owners use street vendors as shop-fronts to sell the merchandise of the shop in the space directly in front of the shop. There exists a strong economic linkage and spatial coexistence between the two sectors of the economy of the city. The city authorities reiterate that there were complaints that street vendors compete with formal businesses without paying taxes. The formal shop owners are partners of the code enforcement office in the effort to control street vending in the city.

As discussed above, a typical feature observed from street vending in Dire Dawa is that it co-exists with formal businesses and markets. This has been manifested both in the supply-linkage and spatial affinities of vendors – that they have better located themselves near existing formal market centres. This further shows that there is more cooperation and competition between shops near the streets in the formal markets and street vendors than there is conflict in the study area. This finding contradicts the study of Rajagopal (2010), who found the existence of conflict between informal workers in the street markets and shopping malls in the growing cities of the Global South.

4.3. Motivations for engagement in the informal economy in Dire Dawa

Dire Dawa is known for its long-standing function as a centre of the informal cross-border trade, owing to its location in Eastern Ethiopia, in proximity to Djibouti and Somalia, and its situation along the Addis Ababa–Djibouti railway line. People tend to engage in contraband trade after making cost–benefit analyses and with the realisation that contraband trade offers them easy money. They are also well aware of the risk of confiscation, extortion and punishments (Engida and Solomon, 2020). However, this is not necessarily true for other elements of the informal economy in the city in which people engage out of necessity. When one looks into the activities of the contraband trade in the city, many of the traders work side-by-side with the formal sector in the open markets. This situation has made it difficult to distinguish the formal from the informal in the city. When it comes to street vending in the city, as it engages by-and-large migrants, youth and women, it appears to be a necessity-driven employer-of-last-resort. Street vendors were asked to indicate their reasons for participating in street vending in the city. So far the dominant theoretical justification for engagement in street vending in most cities of the developing countries has been necessity-driven. Much of the evidence confirms this, though a few mentioned opportunity-driven reasons (see Table 3).

An attempt has been made to evaluate the validity of various theoretical explanations for participation in the informal sector. In this study, the evaluation was made for participation in street vending in Dire Dawa city in particular. To evaluate, therefore, street vendors were asked to indicate the main reasons for working as a street vendor in the city. For the sake of simplicity, the reasons they mentioned for participating in street vending were grouped according to the major theoretical explanation for participating in the informal economy in the literature. These are modernisation, traditionalism, structuralism and post-structuralism. The findings of the study reveal that participation in street vending in Dire Dawa city is more necessity-driven than opportunity-driven. In this respect, participants in street vending in the city have indicated that the need for helping themselves and their families (62%); being unable to find jobs (53%) and lack of other options (45%) were the three major reasons for their participation in vending in the city. From this, it is evident that structuralist factors dominate as the reason for their participation in street vending. In this respect, interviews with various vendors in different locations of the city largely confirm this.

An interview with a 60-year-old man vending behind the Dire Dawa Ethiopian Airlines Office clearly states out that “if I am able to feed myself and afford to buy soap, I thank God. I have to go to bed, then. I want to help myself. Otherwise, I will go back to begging.” In connection with this, a man who was 40 years old said, “I joined street vending because I was downsized, lost my wage-paying formal job. I tried to start another formal job; I could not succeed in finding one. So, instead of becoming dependent on others, I thought it would be better for me to help myself with vending.” Moreover, an interview with a 27-year-old vendor also supports the structuralist justification because he said, “previously I was working as a lottery vendor. I joined vending because I had no other choice. I am aware that working on the street is illegal. But, my present situation compels me to engage in vending on the streets.”

Nonetheless, the survivalist/structuralist reason was not the only justification for participating in a street vending business in the city. The rational economic choice/neo-liberalist view was also another major factor that could justify their engagement

Table 3. Summary of reasons for participating in street vending in Dire Dawa

Example of reason	Type of reason	Theoretical explanation	Frequency (percent)
Unable to find job	Survival	Structuralism	105 (53.03%)
I had no other option	Survival	Structuralism	89 (44.95%)
To help myself and my family	Survival	Structuralism	123 (62.12%)
It is a family tradition	Traditionalism	Modernisation	41 (20.71%)
Street vending is profitable	Rational economic decision	Neo-liberalism	23 (11.62%)
Ease of entry	Rational economic decision	Neo-liberalism	78 (39.4%)
To be independent/my own boss	Social reason	Post-structuralism	26 (13.13%)
It allows flexibility/freedom	Social reason	Post-structuralism	12 (6.1%)

Source: own survey, 2016/17

in street vending. For instance, about 39% of respondents cited ease of entry in terms of low human and financial capital requirements of vending. On the other hand, for 23% its perception as a profitable business were major reasons. This indicates that those vendors engaged in vending after carefully weighing up vending and the advantage it offers. Interviews with hot drink vendors near Dire Dawa High School indicate that vending is a preferred option for some. Even though she did not want to engage in such activities at her birthplace of Asebe Teferi, one prefers vending as an option. The above findings on theoretical justification are somehow consistent with Huang et al. (2017) who found heterogeneous motivations for participating in street vending in China but departs from Igudia's demand-side study of street vending (Igudia, 2020). However, it contradicts the study of Beyer and Morgan (2018) that reports opportunity-driven informal sector activities to comprise a significant portion in cities of Sub-Saharan Africa.

4.4. Socio-economic dynamics of vending in Dire Dawa

The socio-economic dynamics could be understood as upward, lateral and downward mobility (Steel, 2008). Upward socio-economic mobility refers to the situation where street vendors achieve significant positive change or improvement in their lives. Lateral mobility indicates the situation where street vendors experience neither improvement nor deterioration in their lives. Downward mobility is the opposite of upward mobility. It refers to vendors experiencing deterioration in their lives compared to their lives before.

One of the indicators of their mobility is reported income. However, income could not be a good indicator, as most street vendors do not disclose their actual income. Moreover, most of them do not have accounts of income and expenditure. This makes it difficult to consider income as an indicator of the socio-economic progress of street vendors. Alternatively, product or service change, product and or service diversification, and upgrading to the formal sector were considered indicators of the socio-economic progress of vendors. Moreover, vendors' own evaluation of their lives compared to their previous lives is another important indicator of socio-economic progress.

Livelihood outcomes are the product of livelihood strategies. This could lead to a virtuous or vicious circle. This is so because successful strategies may help build asset bases as a buffer against shocks and stresses while poor livelihood outcomes would eventually increase vulnerability (Farrington et al., 2002). In Dire Dawa, the informal sector – contraband trade predominantly – was the preferred sector for many. Nevertheless, the livelihoods of street vendors are largely vulnerable to shocks, stresses and incidents (Engida and Solomon, 2020). As has already been discussed in the forgone sections, the sources of vulnerabilities were associated with their characteristics and business characteristics, and their informal as well as illegal status. Nevertheless, they managed to help themselves, some of their families. The income they get from vending is, nevertheless, meagre (See Table 4).

As presented in Table 4, vendors' responses revealed that for 14% it is very much better than before, and for 67% a bit better. For 11% of the respondents there has been no change in their lives, while for about 7% it is worse than before (See Table 4).

In similar fashion to the above analysis on rating life situation, street vendors were asked to what extent they were satisfied with street vending. About 11% of respondents were very satisfied, while 59% were a bit satisfied. About 4% of respondents reported that they were dissatisfied, while 27% of the street vendors asked replied that they were unable to judge their level of satisfaction with vending.

Measurement of the socio-economic progress of the street vendors is a difficult task. It requires a long-term study using different cohort groups of street vendors. The socio-economic progress of street vendors, in the short or long term, could be determined by the availability and access to five essential assets; the strategies they employ and environmental factors (Wongtada, 2014). In this research, the researcher has tried to see whether socio-economic progress has been happening among the street vendors of Dire Dawa in the short term. What has been observed from the study in Dire Dawa is that the path to socio-economic progress varies among individuals, and between migrants and non-migrants. Generally, it is evident from interviews and personal observations that socio-economic progress is faster among migrants than non-migrants. During the study period, the researcher observed that most migrant street vendors tend to change goods/services, and diversify or increase the volume of goods or services. Conversely, non-migrant street vendors often engage in selling the same service or product or merchandise or merchandise, in most cases in the same location.

As it has been widely discussed in the review of the literature section, street vending is largely a business of migrants i.e. *migrant entrepreneurship*. The moment migrants enter the city, what is available and easily accessible to them is street vending. Usually, they start as a shoe shiner, lottery vendor or itinerant vendor. On average, within one to two years they start vending from relatively fixed locations, usually on streets close to existing market centres. At this point, they change the items they vend and diversify. For example, a shoe shiner may completely change into merchandise vending or combine with goods-vending in small kiosks. When they perform well, they either choose to remain in-

Table 4. Street vendors' comparison of life before and after joining street vending

How do you compare your current life with your life before starting vending	Response	
	Frequency	Percent
Very much better	28	14.1
A bit better	134	67.7
No change	22	11.1
Worse off	14	7.1
Total	**198**	**100.0**

Source: own survey, 2016/17

Table 5. Street vendors rating of life satisfaction with street vending in Dire Dawa

How do you rate your satisfaction with vending	Response	
	Frequency	Percent
Very satisfied	21	10.6
A bit satisfied	117	59.1
Unable to judge	53	26.8
A bit dissatisfied	7	3.5
Total	**198**	**100.0**

Source: own survey, 2016/17

formal – working closely with the formal – or rent a shop, have a license, and start working formally. Interviews were conducted with various street vendors about their progress in selected locations of the city. The following interview with a vendor clearly reveals the nature of the socio-economic progress happening in the short-term among street vendors in the city:

> I came to Dire Dawa three years ago. I have been working in this place for about months. First, I worked as a shoe shiner, then employed at a private house. Later, I became a street vendor. The place where I am vending now is not close to anything (market, school, or other institutions). I occupied it because I just found it unoccupied. I brought the goods I am selling here on loan from *Ashewa* market. When I work hard and sell, I will pay and have my own in a short time. I want to work hard to change my life. If the *Kebeles* give me a place to work, I am happy to apply for a license and work as a legal merchant.

It should therefore be noted that the path of socio-economic progress among street vendors in Dire Dawa city is not necessarily the same for all. It is understood from this study that some street vendors who have better assets and strategies can progress faster than those who have few assets.

5. Conclusion

It is a well established fact that street vending is the most visible element of the informal sector activities in many cities of developing countries. This is also true in major urban centres of the country, including Dire Dawa. The reason is that the formal sector, in most cases, is not absorbing the labour force that enters the labour market every year in the country. The main purpose of this study was to assess the theoretical justifications for participation in street vending and to explore vendors' livelihood dynamics drawing from data collected in Dire Dawa city in Eastern Ethiopia. Dire Dawa has long been acting as a magnet for migrants and informal cross-border trade (contraband trade) since its foundation at the dawn of the 20th century. It was observed that the informal economic activities are widespread in various parts of the city. Among the informal sector activities, street vending highly concentrated in areas close to formal open markets and widely scattered in parts of the city in connection with the locational importance and functions of the areas.

The findings have revealed that for the majority of vendors, vending on the street is a necessity-driven business, while for a good number of participants it is considered an opportunity for livelihood improvement in terms of income, profits and growth. On the basis of this finding, it is possible to suggests that considering participation in the informal economy as a totally necessity-driven business is inconclusive and does not clearly show the reality about the sector and the motivations for vendors' participation in it. The empirical evidence indicates the validity of each theory in some areas of informality, for some groups in the same or different contexts. It is therefore evident from this study that no single theory, in its own right, fully captures the motivation for participation in the informal economy in the study city. Thus, as the sector is complex, dynamic and has diverse group of participants, any attempt to theorise the participation in the informal sector activities should not be one-sided; rather it should be from multiple perspectives. The outcomes of such approaches would help better understand the heterogeneous motivations for their participation in the informal economy.

On top of this, in any municipal intervention, vendors should be treated as an integral element of the socio-economic development and the fabric of the city as they are making modest contributions to its change – both positive and negative. As participants in the street vending have diverse motivations, policy responses to the informal economy should be multi-pronged and should properly take into account the vitality of public spaces for securing livelihoods in the sector and the role that informal sector workers play in the socio-economic transformation of cities. On account of this, interventions that are geared towards the informal sector in general, and street vending in particular, and that are driven by a modernist urban development and management rhetoric focusing on clearing vendors off the streets or relocating them to places they do not prefer, or simply coercing them into formalisa-

tion, may not help bring beneficial outcomes both for the city and street vendors. It would, rather, put their lives and livelihoods in jeopardy. Thus, inclusive and participatory approaches are vital for the sake of benefitting vendors by improving their livelihoods and increasing their positive roles in the urban transformation.

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