

The Impacts of Petty Trade on Household Livelihood: A study of Women Petty Traders in Oromia Regional State, West Shoa Zone

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The aim of the study is to assess the impacts of petty trade (locally gullit) on household livelihood by focusing on women petty traders. A case study is carried out in West shoa zone, Oromia regional state in the selected towns (Holeta, Ejere (Addis Alem), Ginchi, and Ambo) as a major destination of gullit operators. The data is obtained through snow ball sampling technique, observation and using structured questionnaire from 80 gullit operators. The descriptive analysis depicts that almost all the gullit operators are above the age of 30 and do not complete high school while some are uneducated. More than half are married and rarely rely on the income of their husbands who engaged in casual works. The household size ranges from 2 to 8, of which 70 percent are school children. They sell items easily available in their surrounding (usually fruits and vegetables) and some homemade items such as injera, pepper flour, bean flour etc. at the spots not legally received and often subjected to relocate their pitches when needed. They sell from 0 to 800 Birr on daily basis where the average daily sell is 41 Birr for 3 to 4 days per week. The years of trading ranges from 4 months to 20 years without shifting and have got no support from government or non-government agencies. They use start up finance from their pocket or from ekub (socially forced saving) that does not exceed 200 Birr. The petty traders face several challenges on their job such as psychological, social, health and physical challenges. The result confirmed that gullit trading is only for daily subsistence or consumption not for asset formation. Thus, it is recommended that this enterprise needs policy maker's attention to enhance rural household welfare, to facilitate financial support and initiate development projects.


Key Words: women petty traders; household livelihood; descriptive statistics

Introduction

Lack of land for farming is perhaps the severest constraint faced by the rural poor, and one that affects more women than men. In rural areas, there are very few employment opportunities. Moreover, work as casual and seasonal laborers in agriculture or construction may not be an option for women. Women need to be involved in non-farming activities, such as marketing, processing, and other microenterprises. Self-employment in small-scale businesses presents a constructive option for income generation. In many developing countries, a high percentage of small-scale businesses that cater to local needs are controlled or owned by women. In Latin America, women own between one-third and one-half of all small rural enterprises. The reason is that, Women's enterprises tend to be relatively small, have informal structures, flexible, have low capital needs, modest educational requirements, high labor intensity, and depend on local raw materials. They are also characterized by their dependence on family labor and limited technical and managerial skills. Commonly, these enterprises are not registered,

maintain no business records and do not have access to credit from formal credit institutions. Rural women are active participants in retail trade and marketing, particularly where trade is traditional and not highly commercialized. In many parts of Asia, women market foods such as vegetables; in West Africa, they distribute most major commodities; and in the Caribbean, women account for nearly all local marketing. Through their marketing efforts, women provide valuable links among farmers, intermediaries and consumers. Petty trade often thought of in the past as non-productive, in fact serves to stimulate the production and consumption linkages in the local economy (UN, 1995).

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The commonest way to start with is, *gullit*, which is one of the petty trading or microenterprises practiced by women in Ethiopia. It is the selling or offering of any article/ item at a specified site or pitch including public streets. Traders who use to carry out trade at a designated site/pitch are traditionally called *gullit* traders.

This trading system enables the women to self-employ and for food security of the households. Petty or *gullit* trading is one of the major occupations in the towns where women petty traders are its main constituents. Women petty traders in the towns informal sector help to provide goods and services to needy persons at the right time, in the right places, in the right quantities and at reasonable prices. They have become indispensable within the distribution system, catering to the needs of particularly the lower middle-class and the poor. There are, in fact, certain commodities sold exclusively in the informal trade sector. In the process, this sector provides jobs to the jobless and offers fairly good remuneration to those largely unemployed before trading. Nonetheless, this sector receives little or no attention from policy makers and there exist serious cultural and funding challenges when it comes to accessing both formal and informal financial institutions (Benjamin K., 2012). There are also larger structural problems in economy which leave many individuals with little choice but to sell to eat. In Ethiopia, it seems the neglected sector despite the fact that it provides more employment for women and better the livelihood of the households. This study was carried out in the towns of Holeta, Ejere (Addis Alem), Ginchi and Ambo towns which are located in the West Shoa, Oromia regional state. This paper explores the challenges that women petty traders face and aims to answer the following questions:

- What challenges are existing in the petty trading in the selected towns, especially among women?
- What innovative measures have these women implemented in order to solve the challenges?
- Are the women involved in the petty trading for daily subsistence or profit making (Sell to eat or asset formation)?
- What project should be initiated to aid petty trade microenterprises?

The main objective of this study is, to assess the household livelihood of women petty traders and their challenges. Specifically, it tries to describe the success and constraints of petty trading in the selected towns; determine the age distribution of the traders and its implication; estimate small scale trading and its profitability in asset formation; recommend for need based innovative measures that have to be taken for the petty traders in terms of development projects and access to micro-credits.

The result of the study is intended to communicate necessary information to concerned body for planning, initiating micro- credit access, supporting micro-enterprises and improving the livelihood of the petty traders' family which in turn helps to device strategies to alleviate poverty. Understanding barriers to micro-credit access can inform policy adjustments; understanding the innovative measures taken to lessen the constraints and may trigger a consciousness in the minds of observers and prompt the replication of these measures in other contexts.

Literature Review

Evaluation of Petty Trading in Ethiopia

Admasu A. (2012) has made the investigation of factors affecting the performance of Micro and small Enterprises (MSEs) with a special emphasizes on textile and garment, food processing and wood and metal work sectors in Arada and Lideta sub-cities, Addis Ababa. In his study, he found that factors such as inadequate finance, lack of working premises, marketing problems, inadequate infrastructures, poor management practices, and technological, entrepreneurial and politico-legal problems including bureaucratic bottlenecks system affects the growth and development of MSEs. Mulugeta Y. F (2011) has also assessed the overall livelihoods situation of MSE operators specifically by examining issues related to context, capital assets, role of institutions, policies and processes, and finally the livelihood outcomes of working in MSEs. The challenges targeted MSEs were market, institution, operator, MSE and society related. The reported outcomes of this livelihood strategy were increased income and household asset ownership, better access to food and health services, increased exposure and level of technical and other social skills, becoming a law-abiding, self-confident, self-reliant, and productive individual with enlarged social and political capacity.

Petty Trade and Traders in Peri-Urban Areas of Sub-Saharan Africa

A common sight in Africa's sprawling peri-urban areas is the widespread proliferation of petty traders, hawking items from garden produce to imported consumer goods. These small-scale merchants represent perhaps the fastest growing segment of the labor market in Africa, attracting the unemployed, the displaced, and the impoverished. Recent economic stagnation and restructuring on the continent spurred the growth in this sector, as waged employment declined and inflation spiraled. At least part of the restructuring has

been under the watchful eyes of the International Monetary Fund (IMF) and the World Bank, whose programs have slashed public sector employment, urban subsidies (including subsidies on food), and the exchange value of local currencies. All of this has made it difficult for many Africans to subsist without holding multiple occupations, including involvement in all types of trade. As Mamdani points out in the case of Uganda, the economic reforms and restructuring of the past decade have turned waged workers and others into “part-time hawkers (1990:438).” This burgeoning petty trade, often euphemistically labeled the ‘informal sector,’ has been praised by some as a sign of a healthy private sector, without recognition that its growth is symptomatic of larger structural problems in the economy which leave many individuals with little choice but ‘to trade to eat.’ The sheer volume of petty merchants in such towns as Maputo (Mozambique) or Accra (Ghana), defies attempts at estimating their population, since they greatly outnumber wage workers as well as ‘officially’ licensed traders (P.D. Little, 2000). On the same work it was stated that, while traders often sell a multitude of items, the emphasis here is on the buying and selling of agricultural and food products, the most important tradeables. As to Little’s argument (Little 1999), small-scale trade in these commodities is a significant component of the peri-urban economy. As an occupation, trading is the most important non-farm activity and an occupation that dominates most peri-urban economies of Africa as well (see Egziabher 1994; Tripp 1990). In Maputo, for example, more than 50 percent of households in a sample of 366 households have at least one member currently engaged in some form of petty trade, and income from this activity often exceeds formal wage earnings (see Graham et al. 1991:33)

The International Fund for Agricultural Development (IFAD) Household Food Security Programme

In its two decades of operations, IFAD (1996) has initiated and supported many project activities closely associated with greater local availability of food, employment generation for the poor and improved nutrition. In seeking to mainstream women in all of its projects, IFAD is also reinforcing its efforts to improve the Household Food Security of its target group, given the correlation between women’s production and income and Household Food Security (HFS). Furthermore, IFAD recognizes the critical role of health and sanitation for nutritional well-being. The Fund has integrated HFS and nutrition objectives in a number of projects through parallel financing with the Belgian Survival Fund. In Angola, Eritrea, Ethiopia, Kenya, Mali, Namibia, Rwanda, Somalia, the United Republic

of Tanzania and Uganda, IFAD loans providing support for on-farm production and off-farm income-generating activities are complemented by Belgium Survival Fund (BSF) grants in support of primary health care, domestic water supply and sanitation. BSF has pledged that its Phase II operations will focus especially on household food security and improved nutritional status.

The World Food Summit, organized by Food and Agriculture Organization (FAO) in Rome in November 1996, provided an important forum in which IFAD could demonstrate its commitment to household food security and explain its approach. The Fund presented a paper highlighting the implications of HFS for poverty alleviation and nutrition policy and action. It stressed the importance of a strong participatory analysis, a gender perspective and the promotion of investments to low-potential areas. The Fund’s President underlined the importance of enabling women to raise their productivity and of collaborating with other agencies to produce complementary actions in the fight to end hunger. An important example of the kind of joint effort he advocated is a recently launched IFAD project in Zambia that has HFS as a central objective. The project assists drought-affected households in improving their long-term resilience to food security risks and stabilizing their food access in deficit periods. It also features strong support for a unified national food, health and nutrition monitoring information system (FHANIS), integration into a broader agricultural-sector programme and inter-agency collaboration with UNICEF, WFP and FAO (1996).

Women, Savings and Credit

Credit can help alleviate poverty when loans are used to finance sound investments with cash-flow prospects, allowing for profit and margins for loan repayment. If the increased incomes translate into an increase in household assets, then the project has laid the foundations for a sustainable escape from poverty. However, credit is not a panacea for the poor. It can sometimes make their situation worse. Non-productive use of credit does not create income and can lead to problems in loan repayment. To improve the status of a poor woman borrower, her credit funds must be invested properly. Generally, the people know best what type of investment pays in their village economy. Women often start by petty trades of various commodities and then move on to other more profitable activities (PCRW, 1995).

Methodology

The study was undertaken in four selected towns of

West Shoa Zone. Cases of different *gullit* trading sites were taken in the towns for a month time during the year 2014/15 (2007 E.C). Then, cases of women petty traders in the four study towns were taken using partly snow-ball sampling technique, which is a move to the next, one after the others with a great care to avoid any inconveniences and redundancies, observation and structured questionnaire. The study does not include those who may or may not fall under the standard categorization of MSEs such as men street hawkers, road side traders and other non-store traders. In the process of data collection, no particular emphasis was placed on the nature of the businesses these women were engaged in. In other words, size of the business (i.e. micro), rather than sector, was considered to be of significance. Then, a mixed approach designs such as structured questionnaires and direct observations were employed.

The variables in use includes both qualitative and quantitative variables such as daily sells (Birr), age of the traders (years), marital status of traders, educational attainment of husband, occupation of the husband, husband income, household income, financial sources, type of items, education (years), years of trading, household size, initial income, amount borrowed, borrowing institution, reason of *gullit* trading, any support (government, non-government), type of support, willing to leave the job, reason of leaving, shift if they are supported, change gained as a result of involving on petty trading, and challenges of petty trading are included. Then, a descriptive information was explored and displayed using percentage and averages based on the measurements of the variables. Furthermore, the qualitative information was also provided.

Results and Discussion

From the demographic information captured, the majority of the *gullit* operators (70 percent) are of age greater than 30 years except the one with 60 years of age that shows the productive age. Almost all traders have not completed high school education (the maximum level of education attained is 9th grade), where 40 percent are uneducated. 60 percent of the traders are married with the average husband's monthly income of 2000 Birr. However, their husbands are uneducated and engaged in construction, daily labor and barberry. Since the jobs of their husband are mostly causal to rely on, only few of the *gullit* operators receive some support from their husbands. The women engaged in this trading have at least two and a maximum of eight house hold size. Nearly 70% of the petty traders have school children who requires a direct support from them. This implies, they sell only in order to generate daily subsistence.

On the other hand, the statistics reveals that the operators commonly sell the same types of items that are easily available on the market in their surroundings or homemade items. These items are injera, apple, banana, orange, onions, potato, tomato, cabbage, chilly and the likes. They get these items easily in low price or from the medium merchants in the area. They go to a spot which are not legally received to sell their items. The result of this study reveals that they sell no item at all or up to 800 Birr per day. However, on average, their daily selling is 41 Birr. If estimated on monthly bases, they could earn not more than 1000 Birr since the *gullit* is not open every day but three times or four times a week. The operators have stayed on this job for a minimum of four months and a maximum of 20 years. They neither have received any support (both financial and administrative) from government or non-governmental organizations nor have they been given any attention which is considered as the major challenges. They also do not have access to microcredits due to the lack of awareness or fear of loss. In order to tackle this problem and begin their job, they used to take loan from individuals or from ekub (a forced social saving) but fifty percent have started with their own (self) finance. Surprisingly, they start their business with an initial amount of money which does not exceed 200 Birr.

The finding of the study shows that the *gullit* operators are engaged in this job only for their daily subsistence. The trade is not practically profitable and does not have any contribution to asset building. They suffer from the sun, cold and rain when selling their item, only to pay ekub and house rents in addition to daily consumption. Eighty percent of them engaged in this trading for survival. The change that have come from the trading is insignificant except that they can afford only the daily consumption of their households. Normally, they are able to pay for food, cloth and health in some extent though it is not sufficient. They also need to leave the job for different reasons. For instance, they have an interest to leave the job for better one, or for school or because of the difficulty of the job if they get due attention and assistance. They would also like to shift or move to other jobs such as shops, restaurants, hotel, fattening, farming and so on if they get enough money.

The petty traders have several burdens and challenges on their job. These can be classified as psychological, social, health and physical challenges. The psychological challenges are lack of attention from government and social discriminations. Socially they are considered as incapable to participate on social events. They get threatened or scared by robbers and drunker in the night time. Most of the spots are situated at inappropriate places and it could happen to get car

accident, physical damage and etc. The main challenges of these traders is mostly health problems as a result of sun burn, coldness, and insecurity.

For these problems, operators take arrays of measures like being with a person who takes care of them to save themselves from night robbers and drunker. For nature created problems they takes reactive and proactive strategies accordingly, like constructing outbuilding and wearing clothes which can protect the challenges created due to change in climate. For other problems encountered they take immediate measures and long-term reactions. Regardless of these natural and man-made problems most of them are still engaging in the sector as the last resort for survival.

Conclusions and Recommendations

It can be concluded from the results of the study that there have been large number of *gullit* operators in the study area as the only option to support their households. Mostly the productive adult aged women partake in the business though sometimes there appears old women as a result of lack of options. Women engaged in petty trading mainly for survival (sell to eat), because cash flow from the trading has no significant contribution to household asset formation. The return generated cannot cover no more than household's daily expense. Regarding the financing technique; majority of the respondents finance their business via equity financing i.e. from their own personal saving or own pocket. Generally, *gullit* traders finance their business through equity and debt financing, since they have no formal access to credit providing institutions to start or expand their job or to move to a better job. The sector has not given proper attention from governmental and other non-governmental organizations which in turn created sorts of problems to the operators. Therefore, many challenges that encounter them as they sell in inappropriate locations are health, physical, and psychological. For these challenges they took different short term and long term solutions which at least keep them in the track of the business. As a result of this study, the following are recommended;

It has to be known that, although the sector has no formal watchdog, there are thousands involved in the business for their daily survival. Hence, if attention is given, the sector can contribute for the household life standard improvement which in turn brings growth of local economy and country as well. For this reason ears and eyes should be given to *gullit* operators to enhance rural household welfare. More specifically, the following ought to be done so as to bid up the contribution of this sector to the economy;

- There must be the independent government body that oversee the operation, challenges and prospects of the sector. This can bring the smooth functioning of the trade and upholds the household's livelihood.
- Financial and administrative supports must be given in order to expand their business, or shift to a better business and solve the challenges facing the petty traders
- Different levels of development projects (forming cooperative societies and work on dairy, environmental protection, fattening, farming and etc.) must be initiated in order to involve the operators for better livelihood
- Intervention strategies should be taken by government as well as non-governmental based development organizations.

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