

EMPIRICAL ANALYSIS OF THE DETERMINANTS OF SELF-EMPLOYMENT IN LUSAKA URBAN - ZAMBIA

(Conference ID: CFP/820/2018)

By: Mr. Peter Mutakwa

pdsmutakwa@yahoo.com

Student: Information & Communications University,
Lusaka, Zambia

ABSTRACT

Empirical Analysis of the determinants of Self-employment in Lusaka urban – Zambia

This research paper undertook an analysis of the specific motivating factors that are cited by the self-employed individuals in Zambia. There is hardly any specific information that explains and reports why individuals have chosen self-employment.

The main concern outlined by the Zambia Central Statistical Office in the Labour Force Survey Report (2008) and in the Labour Force Survey Report (2014) is the extent to which the self-employed individuals are self-employed out of lack of paid jobs. However, factor analysis reveals several different dimensions of entrepreneurship on the basis of many stated motivations or influences which contribute to the rise of self-employment that maybe ignored and yet such factors are very important in policy formulation for improving that specific sector of the labour market and the economy.

Motivation towards self-employment in Lusaka urban could be highly multidimensional. Men and women may be affected by completely other factors, which could not even be associated with the level of educational attainment and lack of paid-jobs for the economically active age groups in Lusaka urban areas. Therefore, public policy to promote self-employment or individual entrepreneurship is needed and be tailored carefully in order to effectively help such groups according to the individuals' areas of interest and their capabilities.

Table of Contents

Declaration.....	i
Copyright.....	ii
Dedication.....	iii
Acknowledgements.....	iv
List of Tables and Models.....	v
List of Figures.....	vi
List of Acronyms.....	vii
Abstract	viii
CHAPTER ONE: INTRODUCTION.....	1
1.0 .0 Overview.....	1
1.1.1 Background to the Study.....	1
1.1.2 Categories of Self-employment.....	2
1.1.3 Factors of Self-employment in Zambia.....	4
1.2.0 Choice and interest of Topic.....	6
1.3.0 Statement of the Problem.....	7
1.4.0 Objectives of the Study	7
1.4.1 General Objectives	7
1.4.2 Specific Objectives.....	8
1.5.0 Research Questions.....	8
1.6.0 Significance of Study.....	8
1.7.0 Delimitation of Study.....	9
1.8.0 Limitation of Study.....	9
1.9.0 Conceptual Framework.....	10
1.10.0 Operational Definitions of key terms	10
1.11.0 Summary of Chapter.....	11
1.12.0 Organization of the whole Study.....	12
CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FOUNDATION.....	13
2.1.0 Overview	13

The International Journal of Multi-Disciplinary Research

ISSN: 3471-7102, ISBN: 978-9982-70-318-5

2.2.0 Literature on Self-employment in Britain.....	15
2.3.0 Literature on Self-employment in the Caribbean.....	17
2.4.0 Literature on Self-employment in Canada.....	17
2.5.0 Literature on Self-employment in Ethiopia.....	19
2.6.0 Literature on Self-employment in Zambia.....	21
2.7.0 Theoretical Foundation.....	24
2.7.1 Self-employment related theories.....	24
2.7.2 Institutional theory and Self-employment.....	25
2.8.0 Summary of Chapter.....	27
CHAPTER THREE: METHODOLOGY.....	28
3.0.0 Overview.....	28
3.1.0 Study Area.....	28
3.2.0 Research Design.....	28
3.3.0 Population, Sample and Sampling Procedure.....	29
3.3.1 Population and Study Site.....	29
3.3.2 Market Sites in Lusaka.....	30
3.3.4 Sampling Procedure.....	31
3.4.0 Data collection Instrument and procedure.....	31
3.5.0 Data Collection Instruments.....	32
3.6.0 Data analysis.....	32
3.7.0 Variables Classification.....	33
3.8.0 Heckman Model.....	34
3.9.0 Practical Variables Management.....	38
3.10.0 Data interpretation.....	39
3.11.0 Summary of Chapter.....	39
CHAPTER 4: EMPIRICAL RESULTS	
4.0.0 Results interpretation.....	40
4.1.0 Outcome model.....	41
4.2.0 Normality test.....	42

The International Journal of Multi-Disciplinary Research

ISSN: 3471-7102, ISBN: 978-9982-70-318-5

4.3.0 Level of Education.....	43
4.4.0 Self-employment by Age.....	44
4.5.0 Places of Business activities.....	45
4.6.0 Gender and Marital status.....	46
4.7.0 Obstacles and Representatives.....	47
4.9.0 Conclusion.....	48
CHAPTER 5: DISCUSSION AND CONCLUSION	
5.1.0 Discussion.....	49
5.2.0 Pull and Push factors.....	49
5.3.0 Business Places.....	51
5.4.0 Challenges.....	52
5.5.0 Zambian Situation.....	53
5.6.0 Interventions.....	54
5.7.0 Conclusion.....	56
5.8.0 Recommendations.....	56
REFERENCES.....	57
APPENDIX 1.....	62
APPENDIX 2.....	63
APPENDIX 2.....	64
APPENDIX 4.....	65
APPENDIX 5.....	66

Copyright

© 2018: Peter Mutakwa

No part of this thesis maybe reproduced or stored in any form or by any means without prior permission in writing from the author or Information and Communications University.

DEDICATION

I would like to dedicate this research study to my four dearest friends; my wife Doris, my two sons Sayama and Mutumbisha and my daughter Malama for their moral support rendered to me. I can only hope for the best of life for my beloved ones as we all continue receiving graceful blessings.

I would also like to dedicate this project to all the students pursuing studies in Economics. I encourage them to always stay focused to remain afloat throughout their studies. Zambia needs committed economic managers.

ACKNOWLEDGEMENTS

For unwavering support throughout the programme, expert advice on the subject matter, and for being my 'local agent' in a time of considerable need, very special thanks go to Dr Fred Mukonda.

My supervisor Mr Tony Ng'uni: your saint-like patience is the reason this work was produced: Much gratitude to you and your family.

My Wife and Children: your support is the paper this work is printed on. Thank you, my friends.

Lastly but by no means the least, deep gratitude to Mrs Dingase Mtonga, for her rendered guidance and inspirational contribution towards my project.

LIST OF TABLES AND MODELS

Table 1.....	4
Table 2.....	12
Table 3.....	51
Model 1.....	35
Model A2.....	36
Model B2.....	36
Model 3.....	41

LIST OF FIGURES

Figure 1.....	31
Figure 2.....	40
Figure 3.....	42
Figure 4.....	44
Figure 5.....	45
Figure 6.....	45
Figure 7.....	46
Figure 8.....	47
Figure 9.....	47
Figure 10.....	51
Figure 11.....	52

LIST OF ACRONYMS

CBD	-	Central Business District
CSO	-	Central Statistical Office
LCC	-	Lusaka City Council
PACRA	-	Patents and Company Registration Agency
SPSS	-	Statistical Package for Social Sciences
ZLFSR	-	Zambia Labour Force Survey Report

CHAPTER ONE: INTRODUCTION

1.0.0 Overview

This Chapter provides background information to the study on the empirical analysis of the determinants of self-employment in Lusaka Urban - Zambia. It goes on to highlight the statement of the problem, purpose of the study, research objectives, research questions, significance of the study, delimitation of the study, limitations of the study and operational definitions.

1.1.1 Background to the Study

Self-employment is a form of a labour market status that covers a wide spectrum of many work-related activities. In Zambia, just like in many other developing countries, individuals may decide to become self-employed for various personal and economic reasons. As a result, such individuals can be described as a highly heterogeneous group of individuals in their motives to decide to become self-employed in this sector of self-employment in the Zambian labour market.

The Zambia Central Statistical Office, in the Labour Force Survey Report (2008), explains that in 2007, out of a total population of approximately 13 million people, 6.7 million individuals were of the working age (that is 15 years of age and above); 75% of the working age population was economically active while 25% were economically inactive. The report further explains that, of the individuals in employment or economically active, 46% were self-employed, 35% were unpaid family workers, 17.8% were employees and less than 1 (one) percent were employers.

Self-employment, as observed in the Labour Force Survey Report- LFSR (2008) and in LFSR (2014), takes the largest share of the job market in the country. In Zambia, self-employment is observed from two different dimensions. At one end of the spectrum of self-employment, the self-employed workers are identified as entrepreneurial, single employee micro business ventures. It is substantially from such a spectrum of small business entrepreneurial individual talents that helps in building the Zambian economy. At the other end of the spectrum band, self-employment does reflect a far less desirable form of employment which may be chosen unwillingly by individuals who, for various reasons cannot find suitable or appropriate paid-employment under existing labour market conditions (Burger et al 2004). There are many

reasons that have been cited for inappropriate conditions. Some of the examples or conditions that have been given as being responsible for undesirable employment conditions include individuals who perhaps need flexible working hours or days and bad leadership in the paid-job market. Further, individuals choose self-employment if paid-job contracts available do not offer sufficient security in the work- environment.

Furthermore, for some individuals, self-employment is basically chosen because it is the only available alternative to unemployment. It is from this view that self-employment is generally viewed as a kind of an informal sector employment activity in Zambia and in many other developing countries (Burger et al 2004).

However, a wide range of specific underlying factors or the individuals themselves in this case are considered in order to understand the various reasons which make those workers who decide to become self-employed to choose or venture into such new self-managed businesses. The determinants or factors that include, for instance, the desire for self-expression, for status, for pecuniary reward or for independence need to be well established (Burger et al 2004).

In Zambia, however, the Central Statistical Office does not provide enough and supportive information that explains why some individuals in Zambia have chosen to become self-employed. The Government of the Republic of Zambia has been encouraging the opening of micro businesses and in some cases, providing some support through the provision of an enabling environment, (Zambia Business Survey 2010). Further, there has been little or no specific identification of the supportive factors in the private sector. Therefore, it is tempting to conclude that very little (if any) research has been done that has deeply addressed the question of why those people who have actually chosen to be self-employed made that option and whether they have been given any assistance in managing their businesses.

1.1.2 Categories of self-employment

The preceding section suggests in essence that the self-employed individuals in Zambia are classified into two main distinctions. The first type are those who enter the job market voluntarily for reasons such as job satisfaction, independence, anticipated higher incomes and perhaps those who are pushed into self-employment because of the lack or absence of attractive alternative employment on the labour market.

If the motivations that lead to the choice of becoming self-employed are largely those that pull people, then self-employment is indeed viewed positively. Thus, pull factors could provide an opportunity to improving the individuals' quality of life and thus help to explore creative entrepreneurial opportunities (Dawson 2009). It is from this understanding that public policy in Zambia which supports transitions into self-employment can, therefore, substantially have wider economic and societal benefits in a broader sense by expanding this sector of the economy.

On the other side, it is common understanding that individuals are found in self-employment for negative reasons (Burger et al 2004). If a large number of the self-employed Zambian citizens find themselves in self-employment for negative reasons, then the efforts of the public policy which frames self-employment in entrepreneurial terms through the establishment of small and medium enterprises is surely unwittingly encouraging such individuals to launch business ventures for which they are both poorly prepared and resourced (Burger et al 2004). The result of such a decision could be a spell of self-employment that is short-lived and disheartening. This type of environment simply describes short-run delayed transition into unemployment. At the beginning of the year 2014, PACRA – Patents and Company Registration Agency deregistered over 1000 companies, the majority of whom were one-year-old micro one-individual businesses for mainly failing to submit annual returns (PACRA 2014). This deregistration exhibited ill preparedness by individuals that could be basically attributed to some of the negative reasons such as lack of understanding of the commodity market in terms of competition and other related factors.

In the last two decades, the share of the formal labour market in employment in Zambia dropped from about 15% of all employed in 1991 to 12% in 1998 and 2005 (CSO 2007). As a government funded body, CSO manages all the aspects of national statistics in Zambia. Self-employment has also despite taking a larger proportion of the labour market exhibited a downward trend since 1991. Burger et al (2004, 5; CSO 2007) writes that, “out of the total Labour force of 4,579,919 from 1998 to 2005, 4,033,131 people were in employment accounting for 88 % of the labour force. Those informally employed were 3,566,636 out of which the self-employed accounted for 2,106,838, representing 52 % of the labour force”.

In 2014, the table below shows that highest percentage share of the working group was for the self-employed workers which accounted for 41.4 per cent. The unpaid family workers followed the list at 35.3 per cent while those in paid/wage employment accounted for 22.3 per cent.

Furthermore, the 2014 Labour Force Survey (LFS), CSO, reports that the largest proportion of 18.3 per cent of the labour force was found in Lusaka Province while the smallest proportion of 4.8 per cent was located in North Western Province.

Percentage Distribution of Employed Persons (15 years or older) by Status in Employment and Rural/Urban, Zambia 2014						
Status in employment	Total number of persons		Rural		Urban	
	Number	Per cent	Number	Per cent	Number	Per cent
Labour Force	5,859,225	100.0	3,394,221	100.0	2,465,004	100.0
Paid employees	1,308,764	22.3	356,953	10.5	951,811	38.6
Apprentices	6,486	0.1	1,710	0.1	4,775	0.2
Interns	3,187	0.1	412	0.0	2,774	0.1
Employees	20,734	0.4	9,675	0.3	11,059	0.4
Self-employed	2,428,105	41.4	1,719,187	50.7	708,918	28.8
Volunteers	22,572	0.4	12,849	0.4	9,723	0.4
Contributing family workers	2,069,377	35.3	1,293,434	38.1	775,944	31.5
<i>Source: 2014 Labour Force Survey, CSO</i>						

Table 1

1.1.3 Factors of Self-employment in Zambia

Most research studies have categorized the positive factors and negative factors as pull factors and push factors respectively. The push and pull factors have been addressed generally by empirically studying the linkage between self-employment and unemployment despite little positive correlation between the two studies (Ashcroft, and Love, 1996). Practically, the findings that have been made at the aggregate level research study could perhaps provide a lot of support to the policy makers to target the specific areas that need government intervention in developed countries in a well-informed manner.

In this research paper, the desire was to undertake an empirical analysis of the motivating factors that are specifically cited by the self-employed individuals in Zambia as a pro-option for

becoming self-employed over the alternative of working for another person under paid-employment conditions.

Pull factors arise from positive economic variables that generally encourage people to exploit the available opportunities, work to make a bigger income and become independent of external supervision. Economic indicators or variables are a series of statistical figures such as the consumer price index or the gross domestic product, used by economists to predict future economic activity.

The negative factors push the individuals out of the paid-job market into self-employment as the only available alternative at a time. Retrenchment from a paid-job is one of the many good examples of push factors (LFS 2014). The general and unsupported perception in Zambia is that push factors are responsible for self-employment.

1.2.0 Choice and interest of the topic.

The main choice and interest of choosing the topic, “Empirical Analysis of the determinants of Self-employment in Lusaka Urban- Zambia,” was to determine whether good economic policies can support the growth of the capacities of individuals in specific areas of interests of self-employment and the private sector in general in a more sustainable way.

1.2.1 Choice of the topic

The studying and understanding of the current influences of self-employment in Lusaka urban, really makes the topic or study to be of greater importance to society.

1.2.2 Interest of the topic

The main interest of the topic comes about because it relates to my main study of generally national economic development for the Degree of Master of Arts in Economics and also that it can create a vast knowledge and understanding of how good economic policies can give support to newly and already established business ventures arising from the overwhelming responses from individuals to undertake business activities.

1.2.2.1 Personal interest

It has always been my aspiration to understand that good economic policies can support the growth and sustenance of self-employment. Therefore, I considered this study as the best opportunity to undertake this economic exercise.

1.2.2.2 Practical interest

In order to ensure that there is a clear understanding of how good economic policies can support the growth of self-employment, I have considered this study to be my best practical experience in gathering and collecting information related to fiscal economic policies that can support prospecting business ventures.

1.2.2.3 Scientific and academic interest

As per university regulation and for the requirement of the awarding of the Masters of Art Degree in Economics, I considered it to be of great relevance in choosing this topic for research purposes considering that it is aligned with my program.

1.3.0 Statement of the Problem

There are many cross-sectional studies conducted in the Western countries, from an empirical point of view, which observe that motivations toward self-employment are dominated by positive indicators such as windfall financial gains, and cheaper and easily obtainable capital in an economy. This assertion is affirmed by the studies done in the United Kingdom, (Dawson, 2009) and in Canada, (Hughes, 2003) which have observed that motivations for self-employment are dominated by positive factors.

In Zambia, a large proportion amounting to 41 percent of the population in active employment is self-employed, (Zambia Labour Force Survey Report, 2014). However, little is known on what factors drive such a significant proportion of the labour force into self-employment. Zambia's economy is not developed to the levels of the economies in the Western countries with stable positive economic indicators. Little is exactly known about that proportion of the self-employed individuals as to whether they are voluntarily in self-employment because of perceived economic opportunities or pull factors that exist on the market. Neither is there enough information on the same proportion of the self-employed individuals as to whether they are

involuntarily in self-employment because of the lack of opportunities or push factors on the labour market. Self-employment in Zambia could generally be wrongly associated with the shortage or lack of paid-jobs and redundancies in the labour market. It is against this conception that this research study endeavored to come up with an empirical analysis of the determinants of self-employment in Lusaka Urban – Zambia to either confirm or disapprove the assertions.

1.4.0 Objectives of the Study

Objectives are meant to guide the investigation of the study while stating at the same time the key dimensions that the researcher intends to explore (ZERNET, 1991). Combo and Tromp (2006), state that objectives are specific statements relating to the defined purpose of the study. The specific tasks to be carried out by the researcher in order to accomplish the purpose of the study are normally stated in the objectives. Therefore, the research study was guided by the following general and specific objectives:

1.4.1. General Objective

- To establish the factors which determine self-employment in Zambia?
-

1.4.2. Specific Objectives

- i. To establish the specific factors which make individuals to be self-employed in Lusaka urban?
- ii. To investigate the exact motivating factors which determine the decisions made by individuals to choose a particular self-employment?
- iii. To explore the challenges faced by the individuals who are self-employed in Lusaka-urban.
- iv. To establish the extent which the Zambian government supports or well-prepare the individuals for the challenges of the self- paid job market?

1.5.0 Research questions

Lee (2003), states that, a research question guides and centres your research. It makes the study clear and focused, as well as synthesizes multiple sources to present a unique argument. Research questions are statements that identify the phenomenon to be studied. Therefore, the research study was guided by the following questions:

- i. What are the factors that make individuals to be self-employed in Lusaka urban?
- ii. What are the specific motivations that determine the decisions made by individuals to choose a particular type of self-employment?
- iii. What are some of the challenges faced by the individuals that are self-employed in Lusaka-urban?
- iv. Why do individuals face challenges in self-employment?
- v. How does the Zambian government support or well-prepare the individuals for the challenges of the self-paid job market?

1.6.0 Significance of the Study

This research study conducted is hoped to provide information to the policy makers to come up with meaningful and beneficial policies on the provision of well-targeted entrepreneurship skills. It could also provide an enabling environment to all the individuals intending to be self-employed for the benefit of the economy as a whole by putting in place correct intervention measures. The findings of this study are also expected to provide information to individuals intending to enter into businesses of self-employment to make best informed decisions of the market sector into which they intend to venture. Furthermore, the acquired information will add knowledge to the existing body of researchers.

1.7.0 Delimitation of the Study

The topic had some limitations in order to provide a clear picture of the study.

1.7.1. Spatial delimitation

This research was confined in Lusaka urban due to the fact that according to the Labor Force Survey (LFS, 2016), Lusaka urban has the highest population of self-employed, and that in the last two decades, the share of the formal labour market in paid-employment in Zambia has fallen, (CSO 2007). Specifically, the study was concentrated on the Lusaka urban central business district and the surrounding trading areas. The study was confined to such areas because of time and financial constraints.

1.7.2. Time delimitation

My research work was limited to the period between the years 2016 to 2018.

1.7.3 Research delimitation

The research was critically focused on lobbying policy makers to formulate good economic policies that can support the growth of self-employment and strategies that would provide the platform for individual entrepreneurs to access training and financial assistance from various institutions for them to attain growth in their operations.

1.8.0 Limitation of the Study

The research was expected to suffer a potential response bias which leads to some differences between the stated (ex-post) and actual (ex-ante) motivations. Some respondents were expected to be reluctant to admit the negative (ex-post) factors preferring to provide information which is consistent with their current revealed behaviour. On the other hand, there could have likely been a problem of the current political environment that exist in some politicized trading areas that could affect the research findings as the responses could be tilted towards the views of the favored political party of the respondent.

1.9.0 Conceptual framework

Chalmers (1982) argues that a conceptual framework contributes to a research because it identifies research variables, and clarifies relationships among variables. It is also valuable in that it sets the stage for presentation of research questions that drive the study.

In this study, the conceptual framework was employed to help in the analysis of research findings and to guide the presentation and discussion of the findings. This research was conceptualized based on the empirical analysis of the determinants of self-employment in Lusaka Urban - Zambia. Specifically, the conceptual framework was based on the factors influencing self-employment, motivation to choice of work, challenges to self-employment and government support for the self-employed.



1.10.0 Operational Definition of key terms

The following key terms have been defined in relation to the way they have been used in this research study;

Self-employed: These are workers who operate a business alone or with unpaid help from family members for their own profit. Examples range from consultants to stand-alone business operators.

Push factors: These are negative external factors that force an individual out of paid-employment into self-employment such as layoffs or lack of jobs in the paid-employment market.

Pull factors: These are positive factors that attract individuals into self-employment such as perceived benefits in the form of available economic opportunities, family wealth, independence and personal or family motivations.

An entrepreneur: Refers to any person who starts a business.

1.11.0 Summary of Chapter 1

This Chapter has presented the background information for this study. It has showed the statement of problem for this study. It has also indicated the purpose for of this study, the research objectives and the research questions. Furthermore, the chapter has provided the delimitation as well as the expected limitations. Finally, the chapter has also operationally defined the key words.

1.12.0 Organization of the whole study

This research work is divided into five chapters

Chapter 1 discusses among other matters the background of problem, the problem statement and the objective of the study. The second chapter examines the literature review about self-employment in Zambia and other foreign countries. It also looks at theories that support the notion of self-employment. Whilst chapter 3 discusses the methods and techniques which were used to gather information, analysis and interpretation of the information, the fourth chapter compares what was written in the literature review and what are found in Lusaka Urban-Zambia.

The fifth chapter is based on the conclusion and suggestions or recommendations made after analysis and interpretation of the results.

The figure 1 below shows the structure of the study:

Chapter 1	Introduction
Chapter 2	Theoretical framework and Literature review
Chapter 3	Methodology
Chapter 4	Data analysis, Presentation and discussion of findings
Chapter 5	Conclusion and Recommendation

Table 2; Structure of work

1.12.1 Interest of Study

Studying why self-employment in Lusaka urban has been rising from the perspective of economic activities is quite important since it presents an opportunity from the perspective of the Government and other stakeholders by making it a base line study for policy interventions. The state agencies, development partners and non-governmental organizations can take advantage and create frameworks with missions to develop the individual capacities for the self-employed people in Lusaka Urban and the entire country.

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FOUNDATION

2.1.0 Overview

The preceding chapter presented an introduction to this research study on the empirical analysis of the determinants of self-employment in Lusaka Urban - Zambia. This Chapter proceeds with a detailed literature review related to this research study on what other researchers and scholars have written, followed by theoretical underpinnings. It endeavours to explicitly explore the literature related to the topic of self-employment in some Western world and African countries. The review also helped to expand the research horizon for further inquiry on the subject matter.

Sekaran (1992) states that, a sound literature review, gives a good basic framework to proceed further with the investigation by clarifying the research problem and identifying variables. Therefore, literature review is a review of existing literature that identifies what researchers have found to be important and provides a basis for the researcher to work from (Davis et al., 1989). A literature review also helps in developing the researcher's knowledge, and identifies the boundaries of previous research, thereby focusing and justifying the research problem.

2.1.0 Literature on the concept of Self-employment

The concept of self-employment can be understood by defining the term 'self-employed person'. The above term, entails being in business on one's own account, either on a freelance basis, or by way of owning a business, and not being engaged as an employee under a contract of employment (Startiene, Remeikiene and Dumciuviene, 2010). The self-employed person can be classified into two categories. An incorporated self-employed person, (that is, a person with a form of legal entity, individual firm, a closed joint stock company, limited liability company, among many), works to develop a registered activity.

The other category is based on an unincorporated self-employed person. This is a person who has not registered his or her activity. It is a job creating self-employed person or non-employer (that is, a sole trader, own-account worker) that operates unregistered business activities.

The International Labour Organization (ILO) treats self-employers as "employees working at their own expense or with one or several partners" and the nature of their work as "self-employment" for which in order to perform, they hire one or more persons in their business

(ILO, 1993, cited in Startiene, Remeikiene and Dumciuviene, 2010). Although ILO recognizes that there is a difference between labour recruitment and work only for their own account, it does not separate the categories in literature (ILO, 1993, cited in Startiene, Remeikiene and Dumciuviene, 2010). Self-employment, therefore, involves earning one's own livelihood directly from one's own trade or business rather than being an employee of another person or a company. Thus, people in self-employment are those individuals working for profit or fees in their own business.

However, in some cases, self-employment and entrepreneurship are treated as synonyms (Startiene, Remeikiene and Dumciuviene, 2010; Olomi, 2009; Naude, 2008; Chigunta, 2007; Rosa, Kodithuwakku and Balunywa, 2006). Generally, entrepreneurship is frequently used to refer to the rapid growth of new and innovative businesses and is associated with individuals who create or seize business opportunities (Olomi, 2009). An entrepreneur, therefore, describes a wide range of people who start their own businesses. Naude (2008:3) argues that within economics, the entrepreneur is most often approached from an occupational definition, a behavioural definition, or an outcomes definition. An occupational view is based on the notion that a person can either be unemployed, self-employed, or in wage employment (Naude, 2008). Therefore, the self-employed are loosely categorized as entrepreneurs in the context of this study.

It should be further noted that, in some cases where the self-employed people are viewed as entrepreneurs, studies usually distinguish between 'opportunity driven' entrepreneurs and 'necessity driven' ones (Cui, 2009; Kuada, 2009; Naude, 2008; Rosa, Kodithuwakku and Balunywa, 2006; Global Entrepreneurship Monitor- GEM, 2009; Hechavarria, and Reynolds, 2009). Opportunity driven entrepreneurs are those people who get into self-employment in order to pursue some perceived opportunities while necessity driven entrepreneurs get into self-employment out of lack of choice. Thus, getting into business is taken as a means of survival (Startiene, Remeikiene and Dumciuviene, 2010; Olomi, 2009; Naude, 2008; Rosa, Kodithuwakku and Balunywa, 2006). Most of the self-employed people in developing countries, according to Olomi (2009) are perceived to start business out of necessity or for survival purposes.

Interestingly, recent evidence, particularly in Zambia, indicates good opportunities for starting business as motivating factors for entrepreneurship (GEM Zambia,). Besides, the widespread representation of entrepreneurs along opportunity-necessity divide is an over-simplification of reality (Langevang, Namatovu and Dawa, 2012:455). Entrepreneurs who may be classified as necessity driven do not stay in this category. They can develop growth aspirations over time and become opportunity-oriented entrepreneurs (Langevang, Namatovu and Dawa, 2012:456). This account is also supported by Rosa, Kodithuwakku and Balunywa (2006).

It should be pointed out, however, that there are also studies which hold that entrepreneurship and self-employment are not synonymous, and question whether the self-employment rate can reflect the actual level of entrepreneurship (Startiene, Remeikiene and Dumciuviene, 2010). Scholars supporting this view consider aspects such as innovation and value addition as some key distinguishing features for entrepreneurship. Scholars in this category argue that innovation and value addition are not found among all the self-employed people (Startiene, Remeikiene and Dumciuviene, 2010). However, the current study does not go along with this distinction between self-employment and entrepreneurship. Instead, the two are looked at synonymously and are used interchangeably in this study. Therefore, being in self-employment in this study is taken to mean those people who are on their own account and run their own businesses.

2.2.0 Literature on Self-employment in Britain

Most of the research studies on the factors (or motivations) which determine self-employment that have been done in the developed countries generally used panel data (secondary data) from various National Survey Reports. In Britain, panel data was used from which the self-employed individuals were isolated in order to obtain a sample for the studies.

In the study done in Great Britain (Dawson, et al, 2009), the researchers firstly recognized the fact that the “self-employed are a non-random sample of the economically active and that any modeling of the motivations of the self-employed individuals required a control model”. A control model or approach was required to effectively study how such a non-random nature of a sample could be selected.

This statistical study was undertaken by employing a Heckman selection correction approach also called type 2 Tobit model or generalized Tobit model (or simply the simple selection bias model) (Dawson, et al, 2009). This general approach, however, provides spurious indicators of

the statistical significance of uncorrected estimates of association between a certain background factor and one of the motivations for becoming self-employed. Thus, the model's basis fell on establishing the validity of covariate exclusion restrictions where there must be at least one explanatory factor or a variable that influences sample selection from the panel data but that does not itself determine the outcome (Heckman 1979).

A Heckman selection correction uses two tier approaches. It is also called a Satori estimator because it is used based on two equations. The two models are, thus, the selection and outcome equations that share a common structure (Heckman 1979). Therefore, these two models were, in a simple explanation used on a simultaneous basis by employing the same explanatory variables.

Accordingly, the dependent variable in selection equation was used for sample selection on the basis of an underlying standardized continuous process (Heckman 1979). On the other hand, some dependent variable in the outcome equation was unobserved, standardized and continuous using the same explanatory variables in order to determine the factors that determine self-employment (Heckman 1979).

The explanatory variables represented by x_i were the same as outlined above, with the different parameters standing for different coefficient vectors in each equation and with each of them containing normally distributed mean zero error terms (Dawson.et el, 2009).

In other words, the selection equation was simply used for obtaining a sample of only the self-employed from the secondary panel data provided by the National Survey Reports that contained a cross section of job descriptions. The second equation, which is the outcome equation, was used to observe the dichotomous variables with an underlying assumption of zero correlation to determine any influence on self-employment (Dawson.et el, 2009).

Furthermore, for selection and analysis purposes, in the first equation, a respondent was defined as self-employed if the employment status was indicated in their main occupation as self-employed with at least one response given for the motive to become self-employed during the national survey data collection on general employment status. The non-selected group was for the paid-employed workers. The same motive observed under the selection model was used for data analysis under the outcome model.

This data was pooled over a specific time frame, with yearly dummy variables included to capture any effect on stated motivations of dynamic economic or societal circumstances across different age groups from 18 years to 59 years of age (Dawson et al 2009). Many different independent variables were investigated over this specific period of time. The variables included assumed factors such as standard demographic status, married (Marry=1 if married and 0 otherwise), urban status (Urban=1 if the respondent lived in urban areas and 0 otherwise), educational attainment, earnings, hours of work, family wealth and other such variables treated dichotomously.

Thereafter, the outcome equation was employed for data analysis. In this particular study, the findings were that the nature of occupation was the main determinant of self-employment for both females and males.

2.3.0 Literature on Self-employment in the Caribbean

Similar study methods that employed the simple selection bias model such as those done in Great Britain, the Caribbean also used large secondary panel data. However, the choice of which covariates included as having potential association with different motives for choosing self-employment in this study was constrained by the nature of the Labour Force Survey data sources similar to most research studies that had used huge secondary panel data (Dawson, 2009). The trade-off is, however, that the questionnaires were kept fairly short. The questionnaires were kept to factual questions on the independent variables that are potentially crucial for determining motivations (Dawson, 2009). Unlike, in the developed countries, the findings on the determinants in the Caribbean were multi-dimensional ranging from no high paid-jobs available for the Black people to lack of good education (Fairlie, and Meyer, 1990).

2.4.0 Literature on Self-employment in Canada

In another similar research study, Hughes, (2003) conducted a study using data of 61 Canadian female respondents in the province of Alberta who were self-employed. Instead of using panel data from the national survey report, a field survey was undertaken to collect data primary to examine the motivations that determine self-employment among the females of different age groups. The positive factors were categorized as pull factors and the negative factors as push factors (Hughes, 2003). These inclusive binary variables were examined through the respondents aged between 18 and 54 and analyzed at or compared at different age ranges.

However, for the sake of data collection, the variables were obtained or structured independently for easy understanding by the respondents and thereafter grouped as pull or push factors (Hughes, 2003).

The main common question asked in the questionnaire as in the study done in the Caribbean was basically about to bring out the socio-economic factors such as to be independent/ wanted a change, wanted more money, for better conditions of work, family commitments/ wanted to work at home, and opportunity arose. The other factors were good capital, space, equipment available, saw the demand/ market, joined the family business, nature of the occupation, no jobs available (locally), made redundant and with many other reasons or no reasons provided (Hughes, 2003).

The responses were then grouped accordingly as to whether they were pull factors or push factors with respect to age groups and analyzed using the Logit model. However, this approach did not bring out the frequency of the specific factor(s) that determine or reflect the exact motivations of self-employment. Instead of treating specific factors as single independent variables, they were grouped into a binary variable with the two factors (push or pull factors) treated as attributes and compared at each and every designated age group of the respondents (Hughes, 2003). Hughes, (2003) emphasizes that the data analysis model used was not specifically concerned with explicit motivations for opting to be self-employed.

The findings, were generally that, the pull factors were indeed responsible as the primary motivators behind the decisions made for becoming self-employed across all age groups except for age group 18 to 26 years (Hughes, 2003). Most of the Canadian females were motivated by positive factors ranging from being independent to a positive working environment.

The Perspectives & Statistics Canada (2010), Labour Force Survey, also explains that self-employment rose faster during periods of recession in the early 1980s and 1990s. In 2008, two-thirds of the self-employed individuals were men relative to 51% of the paid labour force. The survey report further explains that over one-half of self-employed workers (55%) were between 35 and 54 years of age while 47% of paid employees were also in the same age range. These self-employed workers had a similar education profile to paid workers (2010, Perspectives 8 Statistics Canada).

Before the economic downturn, self-employed individuals in Canada were distributed across a wide spectrum of industries. For example, in 2008, a large proportion of the self-employed worked in professional, scientific and technical industries (2010, Perspectives 8 Statistics Canada). Other sectors with “substantial self-employment included the health care sector; agriculture, forestry, hunting industries; and other services” (2010; 29 Perspectives 8 Statistics Canada). The report further explains that, in October 2008, most of the self-employed individuals were working full time. Of those who were working part time, only a small portion did so for economic reasons, that is, because of better business conditions or because they could not find a full-time job.

2.5.0 Literature on Self-employment in Ethiopia

Lastly, simple descriptive statistics measures were used in Ethiopia to analyze a small size of primary data of 231 respondents on the determinants of self-employment (Parker, 1993). The data was collected by undertaking a field survey. The findings specifically outlined the determinants of self-employment with the most common factor being expected higher earnings (Parker, 1993).

However, in terms of the characteristics of the self-employed, the self-employed workers in Ethiopia do unlikely come from the young individuals. Women are significantly more likely to constitute the broader definition of the self-employed across urban Ethiopia (Parker, 1993). This significance arises due to the inclusion of household female business activities in the broader definition of self-employment. Furthermore, ethnicity and the religious background of respondents also contribute significantly more in the make-up of the self-employed. Generally, Muslims have been found to constitute a larger proportion of the self-employed by ethnicity (Parker, 1993). However, such ethnicity related significance disappears when the reference category of the self-employed is made to account for all the unemployed and the inactive people. Specifically, with regards to religious characteristics, the orthodox Christians have also been found to significantly unlikely make up the self-employed because of the country’s religious background (Parker, 1993).

The type of self-employment as regards to the terms of educational background of respondents additionally indicates that the self-employed individuals generally and significantly are unlikely to come from citizens who have acquired at least secondary level education (Parker, 1993). On

the other hand, those with at most primary level education are significantly more likely to form the self-employed. The general findings according to Parker (1993) are that the self-employed individuals in urban Ethiopia come from the least educated segment of the labour force that are unable get wage offers that would make employment their choice. However, the wider literature does indicate that some smaller proportion of the highly educated people is slowly moving into self-employment (Parker, 1993).

It is important to understand that, in the sample that was used in the study the proportion of those that have a tertiary education was rather too small. The broad category of secondary level sample was used in the empirical analysis of this study. The study categorically further reveals lack of capital and access to credit as a very big impediment to the prospecting entrepreneurs from both being self-employed and for giving up self-employment. The self-employed workers cannot forgo their capital in an uncertain economic environment. Credit facilities are very difficult to access for the people in low income brackets (Parker, 1993).

Household or parental background on the other hand was found to have a significant positive effect, mainly in determining the willingness to become a self-employed individual. In particular, the individuals whose fathers are or were in self-employment are more likely to emulate the skills of the parents (Parker, 1993).

The report, however, observes that Addis Ababa as a city does not have any more positive and significant effects on the probability of being self-employed. Self-employment and entrepreneurship are not anymore very noticeable in many cities especially in the capital city (Parker, 1993). There has been declining trend in the number of the self-employed, defined narrowly or otherwise. Broadly speaking, the trend in the patterns of self-employment in urban Ethiopia is one of a declining case (Parker, 1993). The decline represents a counter-intuition for an economy that has departed from a command system of economy to a liberalised management system. The expectations in a liberalised Ethiopian economy were to observe a positive trend in the direction of more self-employment avenues (Earle and Sakova, 2000). Such positive expectations are normally justified, irrespective of the weaknesses of the liberalisation measures undertaken because of positive economic indicators that arise from such an economic system.

The majority of the economies that make a similar transition create favourable conditions for the development of a self-employment environment. For example, some recent study into the nature of self-employment in former socialist Eastern European countries by Earle and Sakova, (2000)

found that the level of self-employment had grown extremely rapidly in the past decades as a result of liberalisation.

Lastly, in urban Ethiopia, two important factors that could have had an impact on the level of self-employment most were identified. The first factor was the availability of an environment that encourages risk-taking and market development while the second factor was the lack of employment opportunities in the major paid-employment sector of the economy. The lack of employment opportunities such as credit facilities in the urban sector of Ethiopia was quite apparent. What is not obvious is the question of why self-employment had not substantially picked up in the urban sector despite the existence of a liberalised market.

2.6.0 Literature on Self-employment in Zambia

It has been observed that, there are quite a number of factors that are either indirectly or directly responsible for the creation of self-employment in Zambia. Some of these assumed factors could possibly be attributed to the emergency of successful entrepreneurs and enterprises created through endurance in a highly labour competitive environment. Across many sectors of the Zambian economy, self-employment is more pronounced at a small business level. However, the alleged factors for self-employment may not be the real reason for the individuals' decisions to become self-employed (Moono and Rankin 2013).

In 2008, prior to the global financial crisis, the Labour Force Survey Report (LFSR) shows that Zambia's unemployment rate was 15%. This could have risen slightly during the crisis (LSB 2010). The urban areas have an unemployment rate of about 36%, while the rural areas' rates are below average at 6% (LSB 2010). Generally, Sub Saharan Africa is cited as facing daunting decent work challenges, and Zambia is no exception (ILO 2011). These major challenges and problems include high rates of vulnerable employment and significant differences in labour opportunities for men and women (ILO 2011). Vulnerable employment refers to own-account workers such as the self-employed and not-paid employees and unpaid family workers. These workers are classified as vulnerable because their employment lacks institutional structures that provide insurance at the time of economic, political or natural shocks. Slightly more than 80% of the Zambian workers can be classified as working in vulnerable employment with the youths in the lead group (LSB 2010).

Ndubani et al. (2009) writes that, mainly the youths potentially are in self-employment either as market vendors or street vendors and lack both financial support and entrepreneurial skills. Thus, some self-employment mechanism is assumed to help offset the opportunity cost of

moving from illegal activities to other sectors of work. Ndubani et al (2009) recommend providing access to financial and material support, as well as skills training in order to increase self-dependency on positive economic factors. The programs targeted at training and improving access to capital for youths are far-fetched.

There is also a relatively large overlap in the distribution of wages, particularly between self and wage employment (Moono and Rankin 2013). Although those in self-employment are said to earn less on average than the wage employed, there are a substantial proportion of the self-employed who earn incomes which are comparable to the wage employed. The government has not taken all the factors into consideration to support the self-employed (Moono and Rankin 2013). Self-employment in Zambia can be relatively lucrative, presumably if an individual has access to capital either of the physical kind or human capital such as skills (Ndubani et al 2009).

The second thing which is noticeable is that government employment pays on average much more than in self-employment. Higher earnings in government jobs mean that young people queue for these jobs and opt for temporal self-employment whilst applying for these types of paid jobs.

Thus, this literature distinguishes two quite different but unclear reasons for self-employment in Zambia. A large number of people are self-employed because they do not have the possibility of being wage earners (Fields 2014). Self-employment and poverty are worse in Zambia and in many other developing countries. Thus, helping the self-employed workers to earn more for the work they do than employees is a condition they would prefer. In this sense, they are self-employed because they have no choice. Most Zambians are too poor to remain without employment and earn nothing. Fields (2014), further, writes that there also exists a smaller group of the self-employed people who were previously wage employees and could have continued in wage employment but leave their jobs willingly to create their own enterprises.

However, controversy remains over the relative importance of choice and no-choice routes to self-employment, and thus, more research is needed to investigate this issue in Zambia. But regardless of the percentage of people who are working in self-employment because they have no choice, the number is enormous. The self-employed individuals are largely from poor communities. Fields (2014) also explains that the self-employed are concentrated in high-poverty-risk, low-average-earnings categories. The unsuccessful businesses of the many poor Zambians could be less a testimony to their self-sufficiency and entrepreneurial spirit than a

symptom of the dramatic failure of the economies in which they live to provide them with better job alternatives.

Self-employment has indeed many times been equated with entrepreneurship (Fields 2014). This can be misleading. To some people, in summary, entrepreneurship conjures the image of a risk-taker who sets up a business with the intent of making it grow and prosper. In Zambia and other developing countries, the goal of much self-employment is far more modest, to earn money for a time, preferably, a short time, before transitioning to a more remunerative activity. An example to this fact is saving money to buy packets of sweets and then selling them at a higher unit price and surviving on the little profits. Workers (mostly male youths) engaged in such survival self-employment can hardly sustain their businesses Fields (2014). Thus, some self-employed individuals engage in businesses activities reluctantly and only until they find something better. The majority of self-employment activities lack the potential to grow.

Self-employment has lacked supportive data to outline factors that help the sector to grow. It has been equated with working informally (Fields 2014). Informal employment refers to work outside the protection and regulation of government and it is difficult to take this concept to data management.

There are many scholars who have researched on self-employment, but have not objectively or clearly outlined the core factors of self-employment. A lot of studies have focused on the statistics and its lack of growth over the reasons for becoming self-employed. This gap always offers an opportunity to comprehensively look at actual influences that drive individuals into self-employment.

2.7. 0 Theoretical Foundation

A theory has to do with a speculation about a phenomenon. A theoretical framework can be looked at as a collection of interconnected ideas based on the theories. It explains a phenomenon and tries to explain why things are the way they are basing on theories (Kombo & Tromp, 2006). In line with what a theoretical framework is, this research study was informed by the self-employment related theory, particularly the institutional theory.

2.7.1. Self-employment related theories

Self-employment related theories are classified into several groups, being the economic and sociological-psychological as well as the “push” and “pull” theories (Cui, 2009; Startiene, Remeikiene and Dumciuviene, 2010:262). Economic theories interpret self-employment in

terms of financial motives of the person to pursue own business, while sociological-psychological theories consider non-financial objectives of self-employment such as the avoidance of discrimination in the labour market, psychological comfort at work, implementation of goals that make an individual decide to become self-employed. The group of “push” self-employment theories, which are also sometimes referred to as necessity driven theories, treat self-employment as an alternative to avoid unemployment, psychological discomfort, among many. In this context, self-employment is taken by default as a survival strategy, and the choice is closely related to the stagnation in the formal economy, slack labour market, and social constraints to upward mobility, commonly taken as push factors (Cui, 2009:4). On the other hand, the group of “pull” also known as opportunity driven theories, treat self-employment as the desire to earn income by realizing own ideas.

Self-employment is perceived as giving business owners more opportunity to succeed, and increases their chance of upward mobility. Therefore, people in this context, are pulled into self-employment by the presence of favourable factors, rather than being pushed into it due to economic disadvantage (Cui, 2009). However, Startiene, Remeikene and Dumciuviene (2010) contend that theoretical foundations of self-employment are mostly rooted in entrepreneurship. Psychological and anthropological variants are associated with individual entrepreneurs. This builds on the presumption that an entrepreneur has particular personality traits which make him/her to be more likely to start and succeed in business compared to non-entrepreneurs. Among the most prominent personal attributes associated with entrepreneurship are: goal orientation, determination, initiative, problem solving, independence, risk taking, imagination, foresight and innovation, among others (Olomi, 2009; Balunywa, 2009; Philipsen, 1998).

However, different problems have been associated with this approach. Gartner (1989, cited in Philipsen, 1998), for instance, found that the concepts and definitions of personal traits used in different studies differ substantially and so do the characteristics correlated with entrepreneurship. Furthermore, the characteristics found in the studies are conflicting (Stevenson et al, 1985 in Philipsen, 1998) and many (both successful and unsuccessful) entrepreneurs have characteristics which are not on the list implying that the characteristics or traits are not universal (Philipsen, 1998). Therefore, with limitations on the personality based approaches, Phillips (1998) suggests that the understanding of entrepreneurship performance requires looking for explanations elsewhere. He further contends that there are many questions

to be raised and at the heart of the matter is whether psychological and social traits are either necessary or sufficient for the development of entrepreneurship.

2.7.2. Institutional theory and self-employment

The theoretical gap in giving full account on entrepreneurship identified above, in more recent research on entrepreneurship has been filled by embracing the impact of the social context of entrepreneurs on their business activities (Kuada, 2009; Turner and Nguyen, 2005). A number of authors (Casson, Guista and Kambhampati, 2010; Tang, 2009; Mair and Martin, 2009; Naude, 2008; Grieco, 2007; Dallago, 2005; ILO, 2002; North, 2001; Hollingsworth, 2000; Shane, 1998) argue that entrepreneurship thrives in a conducive or proper entrepreneurial environment. These authors pay particular attention to institutions surrounding the entrepreneur and thus have rallied behind institutional theory in explaining entrepreneurship and self-employment. Institutional theory has gained prominence in recent times in understanding the influence of the external environment on self-employment and entrepreneurship. Institutions are said to be an entrepreneurial environment referring to various economic, socio-cultural, and political factors that influence people's willingness and ability to undertake entrepreneurial activities, and the availability of assistance and support services that facilitate business processes (Tang, 2009). Institutions, according to Scott (2001:49), are 'multifaceted, durable social structures, made up of symbolic elements, social activities and material resources.' Douglas North, a renowned scholar who has contributed a lot to institutional theory, defines institutions as 'rules of the game' in a society. He describes institutions as humanly devised constraints that shape human interaction. They are structures within which people interact and establish co-operative social relationships (North, 1991).

Institutional theory has proved helpful in explaining how rules shape goals, behaviours, and beliefs of individuals, groups and organisations (North, 1991; Scott, 1995 in Tang, 2009:462). Nkya (2002:16) argues that the behaviour of an entrepreneur depends heavily on the reward structure in the economy as given by an institutional framework which is characterised by a particular 'rule and norm structure.' Institutional theory emphasises the constraining nature (that is, how various types of institutions limit business activity) and also how they enable actions that create, identify and exploit opportunities (Ahlstrom and Bruton, 2002 in Tang, 2009; Scott, 2001). Scott (2001) identifies three pillars of institutional theory, namely; regulatory, normative and cognitive pillars.

The regulatory pillar represents the rational actor model of behaviour, based on sanctions and conformity. The regulative component mostly comes from government legislation and industrial agreements and standards. Rules provide guidelines for new entrepreneurs and can lead organisations and individuals to comply with the laws and in case of failure to meet obligations, sanctions are drawn on the offender. The normative pillar of institutional theory guides organisations and individual behaviour by defining what is appropriate or expected, in various social and commercial situations. The normative aspect is typically composed of values (what is preferred and considered proper) and norms (how things are done, consistent with those values) that further establish consciously followed ground rules to which people conform (Bruton, Ahlstrom and Li, 2010; Scott, 2001). Some societies are said to have norms that facilitate and promote entrepreneurship while some discourage it by making it difficult, often unknowingly (Baumol et al, 2009 and Soto, 2000 in Bruton, Ahlstrom and Li, 2010). The cognitive pillar represents models of individual behaviour based on subjectively and constructed rules and meanings that limit beliefs and action. The cognitive pillar operates more at individual level in terms of culture and language and often taken for granted and pre-conscious behaviour that people barely think about (Bruton, Ahlstrom and Li, 2010). Further, it is not uncommon for institutions to be divided as either 'formal' or 'informal' in literature. However, the distinction between the two does not usually come out clearly as the two tend to overlap (Leftwich and Sen, 2009). Nevertheless, formal institutions are perceived to be more physical and normally (written) laws, regulations, legal agreements, statutes, contracts and constitutions which are enforced by third parties.

Narrowing this down to political economy, in which our present study is anchored, formal economic institutions - at least the fundamental ones in modern market economies – are those that define and protect property rights, determine the ease or difficulty and length of time it takes to start a business, facilitate exchange and promote and regulate organized coordination and competition (Wiggins and Davis, 2006 in Leftwich and Sen, 2009). However, a bulk of literature also indicates that the nature of institutions in many developing countries have prevented them from advancing along the market economy (Mair and Marti, 2009; Tang, 2009; Aldrich and Martinez, 2007; Bezanson and Sagasti, 2005; ILO, 2002). What is observed in developing countries including Zambia is that institutional arrangements that support markets are either absent or weak and often impede full operations of market economy (Aldrich and Martinez, 2007). Again, Zambia is not an exception in this area. The formal institutions that

ought to support markets are either absent, weak, or fail to perform their expected roles in the country. Institutional challenges in Zambia include underfunding, poor co-ordination among institutions, lack of guidelines, and inadequate capacity to successfully implement entrepreneurial programmes among others (ZBS, 2010; Hansen, 2010). Informal institutions emerge where formal institutions may be incomplete and do not cover all contingencies, or because they may be a 'second best' strategy for actors who prefer, but cannot achieve, a formal institutional solution (Bezanson and Sagasti, 2005:23). Furthermore, the regulatory aspect, which is one of the key pillars of institutional theory, is weak in Zambia as already mentioned. This present research study pays particular attention of informal institutions. In this regard a more closely associated concept to institutional theory would help in providing an understanding on the empirical analysis of the determinants of self-employment in Lusaka Urban - Zambia.

2.8.0 Summary of the Chapter

This chapter has reviewed some literature related to self-employment from different countries and from the Zambian context in the similar studies. A theoretical framework showing some of the theories that support evaluative studies has been provided. The next chapter deals with the Methodology that was used in this research study.

CHAPTER THREE: METHODOLOGY

3.0.0 Overview

The previous chapter reviewed literature from different countries around the world including Zambia by different researchers, related to this study. This chapter, however, deals with the methodology that was used in this research study. It presents the research designs, the population and sample, sampling procedures, research instruments procedures used in data collection, processing and presentation as well as providing the justification for each of them.

3.1.0 Study Area

The study was conducted in Zambia's Lusaka Province, Lusaka Urban in particular due to the fact that according to the Labour Force Survey (LFS, 2016), Lusaka urban has the highest population of the self-employed. In fact, in the last two decades, the share of the formal labour market in paid-employment in Zambia has fallen, (CSO 2007). A large population of the self-employed individuals in Lusaka Urban provided the best platform for conducting a representative study.

3.2.0 Research Design

Bless and Chola (1988:54) state that, "a research design is the planning of any scientific research from the first to the last step". It is also a programme to guide the research in collecting, analysing and subsequently interpreting the observed facts. This plan describes in general terms when, where, and how data is to be collected in the researcher's efforts to answer the research questions. In support, Phiri and Chakanika (2010) submit that a research design has two connotations. On one hand, it is perceived as a programme to guide the researcher in collecting and analysing observed facts. On the other hand, it refers to a specification of the most adequate operations to be performed in order to test specific hypotheses under given conditions.

However, in conducting this research study, the researcher proposed the adoption of mainly purposive research design for collecting both qualitative and quantitative data. This was attributed to the fact that in the perceptions of Cronholm and Hjalmarsson (2011) cited by Caruth (2013), this design is suitable in the sense that it could handle a wider range of research questions. The researcher is not limited to one research design. A mixed method research design always presents a more robust conclusion and it, thus, offers enhanced validity through

triangulation (cross validation). This approach also assisted in adding insight and understanding that could have been missed if only a single research design was used. A mixed method research design increases the capability to generalize the results compared to using only qualitative study designs. Hence, the justifications for adopting and using the selected research design.

3.3.0 Population, Sample and Sampling procedures

The subtopics below outline the size of the population, exact study area, the sample size and the sampling procedure.

3.3.1 Population and Study Site

Zikmund (2000) defines a target population as a specific sample group relevant to the research project. On the other hand, Borg and Gall (1979) define population or universe population as all members of the hypothetical set of people, event, or objectives to which we wish to generalize the results of our research. This includes all individuals with certain specified characteristics. In support of the generalization aspect, De Vos (1998) states that, the term population is used to refer to all the entities or members which the conclusion or generalization to be made is to embrace.

This study was conducted in Lusaka urban. In this regard, all self-employed entrepreneurs, both male and females in Lusaka urban were potential respondents. The Lusaka Central Business District (CBD), New Soweto Market and markets in residential areas provide the best population for the study. Lusaka urban has a population of more one million people and is one of the fastest growing cities in the country. It is also the national administrative capital and is engaged in different commercial activities across various sectors of the economy. Lusaka's central location, its large population and many institutions of learning offered a good and wide labour force enough to provide a representative sample for urban Zambia. The National Labour Survey report 2014, CSO, indicates that the largest proportion of the self-employed individuals is found in Lusaka urban. However, the study was cautious of the fact that there are a lot of individuals who do not reside in Lusaka urban but conduct their daily business activities in market places in Lusaka.

3.3.2 Markets in Lusaka urban

Lusaka, currently, has approximately 57 designated and about 26 markets which are acknowledged by Lusaka City Council (LCC), which is the planning authority for the city of Lusaka. However, there are also many more other small markets dotted all over the city that are operating illegally in the communities (residential areas). The number of markets within the city has increased greatly since Zambia's independence in 1964. In 1980, there were approximately 36 designated trading areas in the city and the number grew to 40 in the 1990s and 54 in 2000s (Nchito, 2010). Lusaka's streets and markets are among the most important source of self-employment (Hansen, 2010). In Lusaka, the study was conducted at Lusaka Town centre market, New Soweto market and Garden Compound market. Garden Compound market provides a lot of self-employment activities in metal fabrication such as welding.

There are also several big markets where self-employment activities are conducted. For example, the possible sites for the data collection included Luburma, Matero, Mtendere, Mandevu and Comesa markets. The figure below is the map of Lusaka city, showing where some of the markets are located.

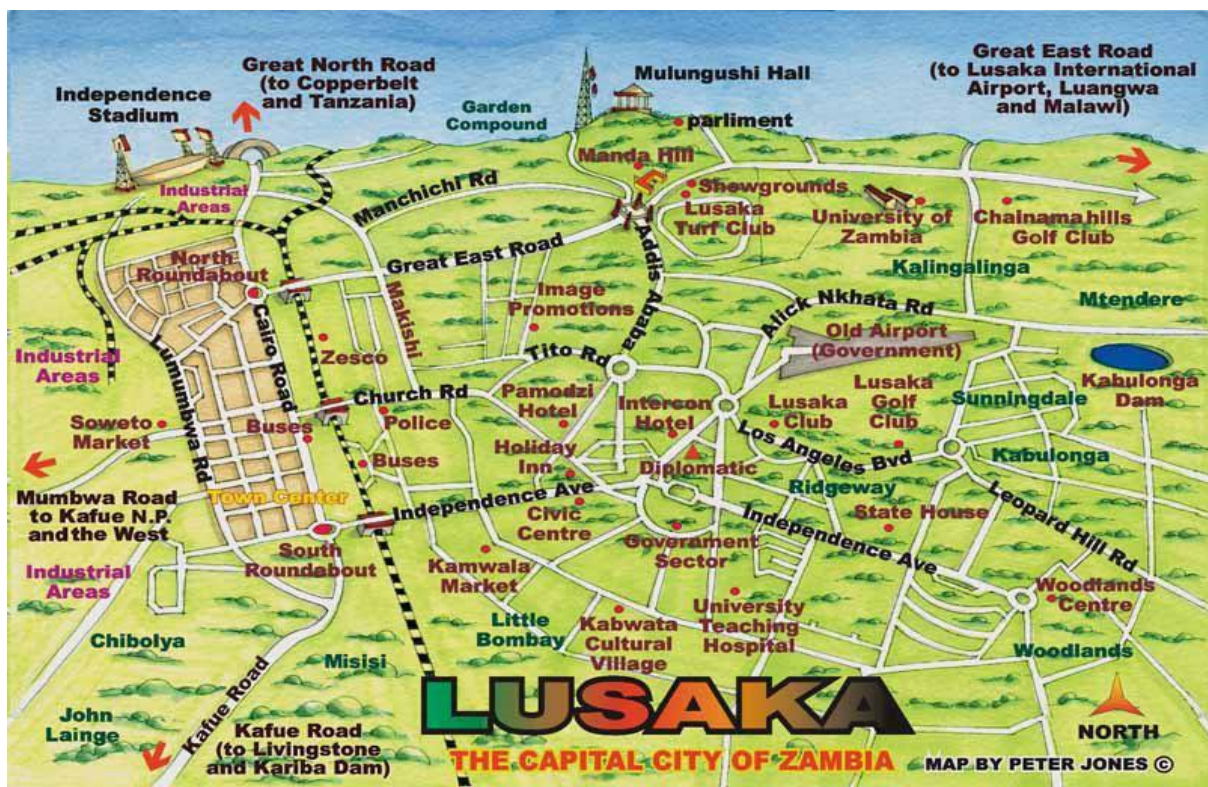


Figure 1 (Source: Google Maps)

3.3.3. Sample Size

According to Feuerstein (1986:70) ‘a study sample is a set of elements which are ideally representative of the population, a group of subjects on which information is obtained.’ Sample subjects should be selected in a way in which they will represent the larger group (population) from which they were obtained (Cohen and Marrion, 1994). The proposed sample for this study was at least 200 self-employed entrepreneurs who were both to be randomly and non-randomly selected in areas of Lusaka urban. The sample had to be both interviewed orally and using a questionnaire.

3.3.4 Sampling Procedure

Sampling technique is an important step in research because it indicates the quality of the inferences made by the researcher with regard to the research findings (Collins, Onwuegbuzie, & Jiao, 2006). Therefore, sampling technique is a process of selecting units from the population of the researcher’s interest so that by studying the sample, we may generalize the results back to the population from which they were chosen. Borg and Gall (1979:8) state that, sampling is the selection of some units to represent the entire set from which the units were drawn. The random sampling method was initially proposed as an alternative quick data collection method for this study. However, convenient sampling was also used targeting more than 75 percent of the self-employed despite being a lengthy data collection method in order to easily meet the objectives of the study. The questionnaire for collecting data was, however, kept fairly short and convenient to the respondent but comprehensive enough in content in order to obtain the required data. About 25 per cent of the respondents were randomly selected. This approach provided some room for variance for the effective use of the adopted technique (Logit/ Probit method) during the analysis of the collected data. Thus, the questionnaire mainly required binary responses.

3.4.0 Data collection Instrument and procedure

Data collection refers to gathering specific information aimed at providing or refuting some facts (Kombo and Tromp, 2013). According to Parahoo (1997:52), a research instrument is “... a tool used to collect data.” It is a tool designed to measure knowledge, attitude and skills of research respondents.

The different techniques which the researcher used to gather information in this research study had to adhere to two possible approaches in order to generate data in qualitative study of which one could ask about what is going on (interview), and another could read or look for traces (document analysis) of other evidence to verify whatever needed investigating. Quantitative data was basic in nature focusing on monthly income.

Basically, there are two major sources of data used by researchers. These sources are primary and secondary sources. Primary data is said to be a set of raw information that is collected by the researcher conducting the research. Secondary data refers to a set of second hand information initially collected and compiled by someone else apart from the current user. In this study, the researcher used both primary data through questionnaires and individual interviews which were conducted using one-to-one interaction and focus group discussions. Secondary data was collected through documents review.

3.5.0 Data Collection Instruments

As defined above, (in 3.4.0), according to Parahoo (1997:52), a research instrument is "... a tool used to collect data." It is a tool designed to measure knowledge, attitude and skills of research respondents. The major instruments that this study employed are semi-structured individual interviews and focus group guides, as well as documents review. Both qualitative and quantitative data were collected. The Data were specifically collected through questionnaires. The questionnaires were used because of the likelihood of bringing out unbiased responses, that is, responses without due influence from the surrounding environment. The questionnaires were mainly open to dichotomous responses across the selected age groups. Thus, the interviews were both oral and written. The questions in the interviews or questionnaire were also both structured and unstructured. The structured questions were used mostly to bring out the underlying motivations for making a decision to become self-employed. Only one set of questionnaires was used across the sample that was identified. A structured interview schedule was not used because of the limited time factor availed by the respondents.

3.6.0 Data analysis

Data analysis is the process of reducing large amounts of collected data to make sense of them (Kombo and Tromp, 2013). It involves uncovering underlying structures, extracting important

variables, detecting any anomalies and testing any underlying assumptions. It involves scrutinizing the acquired information and making inferences.

For this research study, statistical techniques were used to analyze data. The available options included the use of Gratl, Excel, stata and Eviews. However, the econometric analytical tools employed in the analysis of data were Excel and the Eviews techniques.

The responses to the structured questions and open-ended questions were analyzed normally in order to bring out frequencies to the responses on the variables that guided the research study towards the outcomes. Since no panel data were employed, the study used primary data collected from the field within a short single period mainly from the self-employed, a simple a simple Probit or multinomial Logit model (model ii) in many variables or a Multinomial Pobit model (Logistic regression) was employed for data analysis based on the binary responses arising from dummy variables and thereafter followed by interpretation.

The Probit model is one of the known models used to analyze dummy variables. A dummy variable or qualitative variable is one that takes the value 0 or 1 to indicate the absence or presence of some categorical effect that may be expected.

3.7. 0 Variables classification

Classification of variables defines clarity in the arrangement and easiness of analysis of data (Heckman 1979). The employment status was explained by the various responses from the respondents. The independent variables included educational attainment, expected earnings, better conditions of work, family commitments, arising opportunities, market demand, nature of the occupation and other factors that could be responsible for choosing self-employment as outlined later in the model. These variables were examined across a block age group from a minimum of 22 to a maximum of 54. Above 55 years of age, the individuals are expected to have at least retired from the active job-market and hence not included. Below 22 years of age, a good number of young citizens in Zambia are either still at school/college/university or are still living with their parents or guardians and as such the responses from this category could have been biased, and hence, not included in the analysis.

The block age group was considered because the assumption was that individuals conduct their business activities under similar economic conditions. The consideration was taken despite the many underlying factors that affect the respondents which we assumed irrelevant in this study.

However, in order to determine representation in self-employment by age group, the age group block was subdivided into three groups, from 22 to 35, 36 to 45 and 46 to 54 years. The subdivisions helped to show the age group of the economically active individuals that have the biggest share of the market in self-employment. The intervals were widened in order to capture the assumed economically active age- group of the youths to determine common responses.

Since the majority of the self-employed workers were non-randomly selected from the identified self-entrepreneurs and traders across Lusaka urban to be part of the sample, the purposive research method which was used easily took into account the level of literacy and gender. Thus, the research knowledge which was used on this background information was explanation.

The second group of respondents comprised both the self-employed and the employed workers since all individuals are potential self-employed workers. In this case, the selection equation in the Heckman model was employed to isolate the respondents to be observed.

3.8.0 Heckman Model

The Heckman model outlines three main features. These features are that, the sample being inferred firstly is not entirely randomly gathered, the binary or dichotomous explanatory variables are endogenous rather than exogenous and thirdly, the sample selection is considered in the evaluation of a dummy variable (Heckman 1979). However, only the required outcome variables may need to be considered. In a case of for example, women in the labour force, only women who participate in management may be observed. Those women who do not participate are not observed since their outcome variable is zero. The dichotomous variables only take two values, 1 (one) as the observed value and 0 (zero) as the unobserved value.

The research study considered a sample of at least 200 respondents. The sample of the size of about 200 respondents is considered to be large enough to bring out unbiased findings, not affected by Heteroskedastic or co groupings of similar factors. According to Heckman's (1979) findings, the Logit or Probit model is most appropriate for a large sample data that comprises dichotomous variables. In small sample data, the differences in variances are more pronounced

3.8.1.2 Empirical model

From model (i), the study employed the following explicit equation;

$$U = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \dots + \beta_{13} x_{13} + \beta_{14} x_{14} + \mu \dots \dots \dots \text{(Aii)}$$

In the equation above, the dependent variable ‘U’ denotes employment status which is explained by the variables x_1 to x_{14} . The parameters $\beta_0, \beta_1, \beta_2, \beta_3 \dots$ stand for different coefficient vectors in the model with each of them containing normally distributed mean zero error terms.

The variable x_1 stands for marriage status, x_2 for sex or gender, x_3 for the level of education attained, x_4 represents the decisions made on the basis of either wanting to be independent or looking for a change and x_5 for no jobs available locally.

All the responses from the respondents who were made redundant as a reason for choosing self-employment were represented by the variable x_6 , for family commitments/wanted to work at home by x_7 , for the arising opportunity denoted by x_8 and the variable x_9 standing for a response to a high market demand.

The variable x_{10} represents the responses for better conditions of work and x_{11} standing for wanted more money. The other variables are x_{12} and x_{13} representing, joined family business and nature of occupation respectively. The last variable is x_{14} standing for other alternatives.

The model (Aii) is redefined into the model below.

$$U = \beta_0 + \beta_{1mar} + \beta_{2gen} + \beta_{3edu} + \dots + \beta_{13noc} + \beta_{14alt} + \mu \dots \dots \dots \text{(Bii)}$$

The error term μ tends to influence the outcomes of other variables not directly linked to it. Therefore, as in other studies done before, the error term was left out as it was expected to be normally distributed with zero mean in this research study. Dawson et al (2009), explains that normally distributed data with zero mean have no error terms.

The study also took into consideration the fact that each respondent could have various reasons for becoming self-employed. Therefore, the model attempted to determine the factor(s) that had the largest influence on the option to become self-employed regardless of the number of respondents. The isolation of such factors was meant to help formulate policies that are target oriented.

The variables that were not associated with self-employment were not considered for final analysis despite appearing in the questionnaire or being included in the oral interviews and in the questionnaire.

3.8.2 Model trial

The model was tried on a small sample of similar data in order determine the explanatory variables that are not associated with self-employment in Zambia. When observed, such variables brought out a negative relationship with the dependent variable. The factors that influence self-employment are those factors that exhibit a positive relationship through their coefficients. The degree or size of the parameters or coefficient gives suggestions as to which factor(s) has the largest influence on self-employment according to the model.

3.8.3 Model Data selection procedure

The Heckman's sample selection method was employed in this research study in the sense that the study recognized the fact that it is based on incidental truncation of a dummy variable (Heckman 1979). Out of the entire economically active group, the study tried to only observe a limited sample of the self-employed individuals who were non-randomly selected and some respondents isolated by the selection equation. The individuals who are employed and expect a wage were, however, were not observed despite being included in the model.

Generally, a survey was undertaken on the available labour force but targeting and analyzing the responses of the self-employed using the outcome equation (ii). The selection equation (regression model) which is similar to equation (i) is not used in isolation but works simultaneously with outcome equation (ii) through the Logit or Probit method. The sample obtained by way of the Logit or Probit model employs dichotomous values of the dependent variable through the responses in order to simultaneously determine employment status.

The Heckman's sample selection model was developed using an econometric framework that is able handle limited dependent variables. This framework provides for the modeling of the dummy endogenous variable. Therefore, the model is focused on the incidental truncation of a dependent variable. This sample selection or incidental truncation simply refers to a sample that is not randomly selected (Heckman 1979). Sample data are gathered from a large population of interest such as panel data. Many developed countries obtain such data from secondary panel

data by using the selection equation to isolate or obtain a sample to be observed. Thereafter, the gathered data are observed simultaneously by employing the outcome equation. In other words, in such a survey, the dependent variable is observed for a limited subset of the whole distribution (Heckman, 1979).

3.9.0 Practical Variables management

As outlined above in model (ii), a finite number of different possible independent variables were investigated to determine the specific factor(s) which has the highest influence across the given age groups on self-employment. In this respect, the dependent variable was determined by the employment status (Self-employed worker =1, employed worker =0). The status with Zero value is not included (not observed) in the model and hence not analyzed.

The independent variables that were investigated as outlined above included such standard demographic status as marital (Marry=1 if married and 0 otherwise); sex (Male =1 and Female=0); and educational attainment (Secondary/College/University=1 if a respondent reached that level and 0 otherwise).

The factors related to self-employment which were included in the model for investigations are, independent/wanted a change (Yes=1 if wanted change/freedom and 0 otherwise); no jobs available (locally) with responses Yes=1 to affirm and 0 otherwise, and a response Yes=1 if made redundant and 0 otherwise.

The study also investigated, wanted more money (Yes=1 if wanted high remuneration and, 0 otherwise), Joined family business (Yes=1 to affirm and 0 otherwise) and nature of occupation with Yes=1 for agreeing and 0 otherwise.

The other variables that were investigated include, family commitments/wanted to work at home with Yes=1 to affirm and 0 otherwise; opportunity arose such as capital, space or equipment available (Yes=1 to affirm and No=0 to reject); and saw the demand/ market with Yes=1 to affirm and 0 otherwise.

The last two independent variables that were examined are the factors, better conditions of work with Yes=1 if any condition was given and 0 otherwise, and finally, other alternatives (Yes=1 if any other reason was given and 0 for no reason given).

The assignment of binary values on background information was changed so that all the variables that fall under this category could be observed. For example, in order to observe the reasons for women's participation in self-employment, women were later assigned the value 1 (Female = 1) and the males were assigned the value zero (Male = 0) under gender status.

The responses that came from the respondents that do not understand who a self-employed person were not included for analysis. The responses or information from such a group of people who do not understand self-employment could give a biased report.

3.10.0 Data interpretation

After carefully assessing and analyzing the data using Economic user software specifically the Eviews software and Excel, the results were displayed in the forms such as tables and graphs to draw necessary conclusions.

3.11. 0 Summary of the Chapter

The chapter has dealt with the methodology that was used in this research study. It has presented the research designs, the population and sample, sampling procedures, research instruments used procedures in data collection, processing models and presentation as well as providing the justification for each of them.

CHAPTER FOUR: EMPIRICAL RESULTS PRESENTATION

4.0.0 Results Interpretation

The coefficients in *appendix 1* shows the motivations or factors in order of effect on self-employment; made redundant, no available jobs, market demand, family commitment, to become independent and better conditions to have an influence of about 2.73, 2.62, 1.34 0.94, 0.24 and 0.03 units respectively on individuals to decide to become self-employed. In respect of the P Values of motivations on individuals being influenced to be become self-employed, 1.05%, 0.08%, 10.3%, 20.4%, 70.5%, and 96.7% of them are likely to be influenced by the respective factors; made redundant, no available jobs, market demand, wanted to be independent and better economic conditions.

The most important point to note, however, is that the factors with lower P Values (probability values) have greater influences on making individuals to choose self-employment. Therefore, the major influences come from three factors, no local jobs (NOLJ), made redundant (REDU) and Education (EDUC) with P Values of 1.05%, 0.08% and 0.16% respectively. The third reason or determinant (education) that has been reported for the choice of self-employment is basically a background matter.

Some of the key terms from *appendix 1* have the following meanings;

- a) Coefficients: The coefficients of the independent variables indicate how much the dependent variable increase by one unit for any change that occurs in any of the explanatory variables.
- b) P Value: The P value is simply a probability value. We reject the null hypothesis if the P Value is less than 0.05 (95%). In such a case, we say that the factor or variable has a significant influence on the dependent variable.
- c) R-squared: This is a proportion in the regression model of the total sample variation in the dependent variable that is explained by the independent variables. The R-Squared value of at least 60% or 0.6 represents a good model.

In *appendix 2*, it was observed that quite a number of variables had negative coefficients which implied that they affected self-employment negatively. Therefore, such factors were not included

for the final analysis of data. The factors that were observed are those appearing in *appendix 1* with positive effects on self-employment.

4.2.0 Outcome Model

The information in *appendix 1* is outlined in a model form in *model 3* to explicitly explain the effect of each independent variable on self-employment. There are six variables and one background information variable that have been examined. In this case, *model 3*, shows the coefficients of the variables that explain the effects of each independent variable on self-employment with positive coefficients.

Estimation Command:

```
=====  
BINARY (D=L) SELFEMP C EDUC BCOC FCOM INDE MADD NOLJ REDU
```

Estimation Equation:

```
=====  
SELFEMP = 1-@LOGIT(-(C(1) + C(2)*EDUC + C(3)*BCON + C(4)*FCOM + C(5)*INDE +  
C(6)*MADD + C(7)*NOLJ + C(8)*REDU))
```

Substituted Coefficients:

```
=====  
SELFEMP = 1-@LOGIT(-(-1.508453374 + 2.418811641*EDUC + 0.02500524317*BCON +  
0.9433373209*FCOM + 0.2435140183*INDE + 1.338561573*MADD + 2.624770024*NOLJ +  
2.726033772*REDU))
```

Model 3

Figure 2 below is a correlation matrix. This figure, however, shows some level of correlation. Made redundant is the only factor that positively affects self-employment which mainly negatively correlated with other variables. The correlation coefficient measures the strength of linear association between two variables. The matrix of correlation below shows that most of the variables are either negatively correlated or have negligible level of association (less than 0.01). Thus, the small value of association implies that it is easier to conclude that there was little influence of factors on each other on self-employment.

	NOLJ	REDU	MADD	FCOM	INDE	EDUC	BCON
NOLJ	1	-0.29993	0.308658	-0.32924	0.050916	0.054984	0.142371
REDU	-0.29993	1	-0.18897	-0.08802	-0.36789	-0.22332	-0.09551
MADD	0.308658	-0.18897	1	-0.23214	0.058094	0.020082	0.050057
FCOM	-0.32924	-0.08802	-0.23214	1	-0.04094	0.048485	-0.15041
INDE	0.050916	-0.36789	0.058094	-0.04094	1	0.055196	0.160086
EDUC	0.054984	-0.22332	0.020082	0.048485	0.055196	1	-0.05548
BCON	0.142371	-0.09551	0.050057	-0.15041	0.160086	-0.05548	1

Figure 2

4.2.0 Normality Test

The normality test explained by *figure 3* shows that the Jarque-Bera value, 33283.8 which is large enough to assume that the data employed in the analysis was normally distributed. However, the probability value of 0 (zero per cent) is too low to conclude and confirm normal distribution. Therefore, the regression equation represented in *model 3* above at this stage was only assumed to be a good model before other tests were conducted. With such assumption, *model 3* is representative enough to be used for the generalisation of the factors that influence self-employment in Lusaka urban to the whole country of Zambia. The assumption is supported by the R Squared which is greater than 60%. Similarly, when factors not related to demographic matters are held constant or not observed as in *Figure 4*, some individuals may choose to become self-employed specifically as a result of background factors in homes and a society as a whole. Therefore, a factor such as education has an important influence in determining the choice of self-employment on an individual.

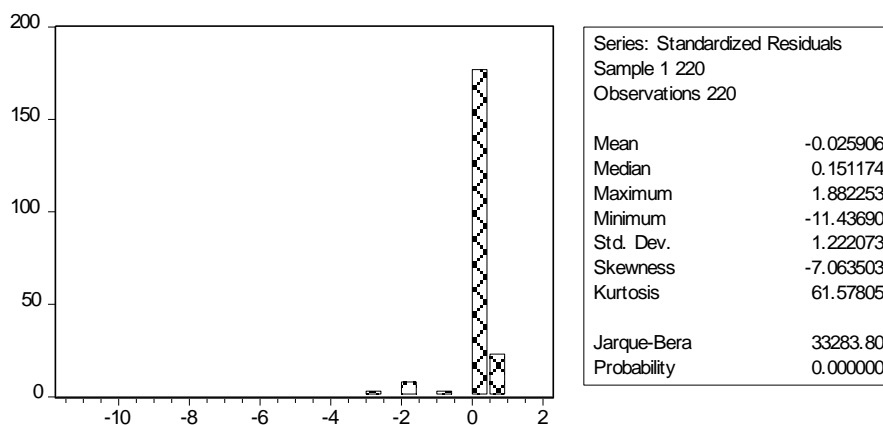


Figure 3

As outlined above, the independent variables that have negative coefficient values in *appendix 2* and in the model trial were excluded in the final analysis since they do not have any positive influence on self-employment as desired by the research objectives. The negative signs indicate that such independent variables have no influence that can significantly force people to become self-employed. The variables which include background and demographic information such as marital status, wage or monthly income, sex or gender, joining family business, arising opportunities, wanting more money and other reasons for the choice of self-employment were all excluded in the final analysis.

However, there could be various other reasons that may need to be established by other studies force individuals to make such a choice of self-employment that were not considered in this study. The preceding two types of factors indicated in *appendix 1* and Model 3 have significant positive effects on the choice of self-employment except for the constant which can take any value. For example, market demand as a pull factor is good influence especially for the growing economy as opposed to the push factors such as being declared redundant.

Similarly, when factors not related to demographic matters are held constant or not observed as in *Appendix 1*, some individuals may choose to become self-employed specifically as a result of background factors in homes and a society as a whole. Therefore, a factor such as education has an important influence in determining the choice of self-employment on an individual.

4.3.0 Level of Education

The study shows that there are more individuals who have attained Primary/Secondary education in self-employment. There are 90 per cent of the individuals in self-employment who have attained Primary/Secondary education while only 10 per cent of such individuals in self-employment have attained College/University education. However, it is interesting to observe that the empirical analysis shows that such a huge number of individuals who attained especially primary education have no effect on self-employment.

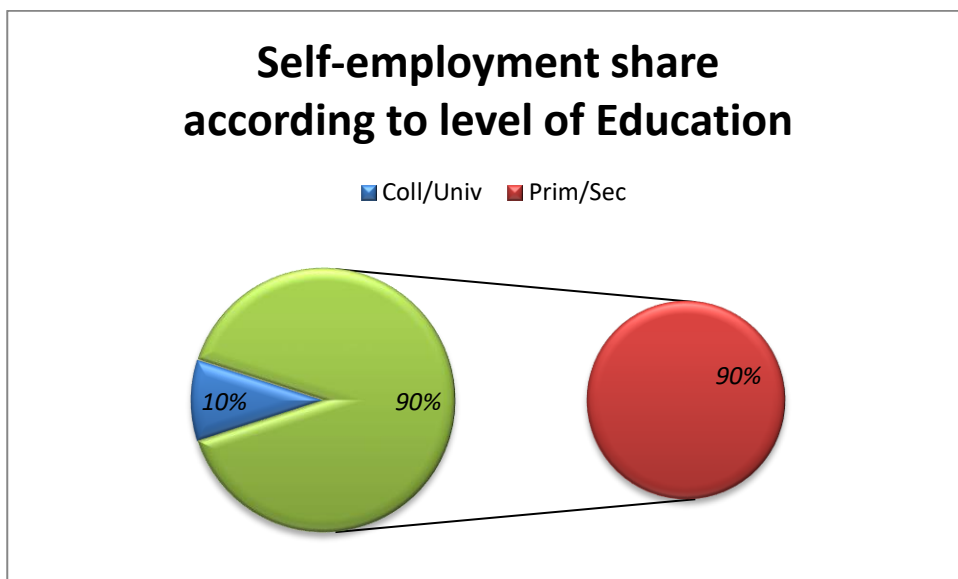


Figure 4

It is generally interesting to observe that, despite the fact that in the general picture of many minds, the motivations or reasons such as, 'wanting more money' empirically have no positive effect on the choice of self-employment by the self-employed workers. Out of 220 respondents observed, *appendix 2* shows that the other variables (factors) that do not have a positive influence on individuals to decide to become self-employed include better conditions.

4.4.0 Self-employment by Age

The majority of the self-employed individuals in Zambia are youths. As outlined by figure 6 below, in every group of about 201 self-employed people, 95 of them, representing 47%, are youths aged between 22 and 35 years. While 32.8% represents those individuals aged between 36 and 45 years, only about 19.4% of the self-employed people are aged between 46 and 54 years. Furthermore, the individuals who are aged between 22 and 36 years and those who have attained either primary or secondary education are also more likely to be self-employed as outlined in *appendix 1*.



Figure 5

4.5.0 Places of Business Activities

When the factors related to demographic matters and generally the independent variables are held constant or not observed as in figure 4, the area of operation in terms of activities brings a picture of the physical places of business activities. These areas of operation explain where the actual activities responsible for some of these factors such as, no available jobs, market demand and better conditions exist.

The operations at market places take about 71% of the activities while only about 29% of the self-employed workers conduct their businesses at home.

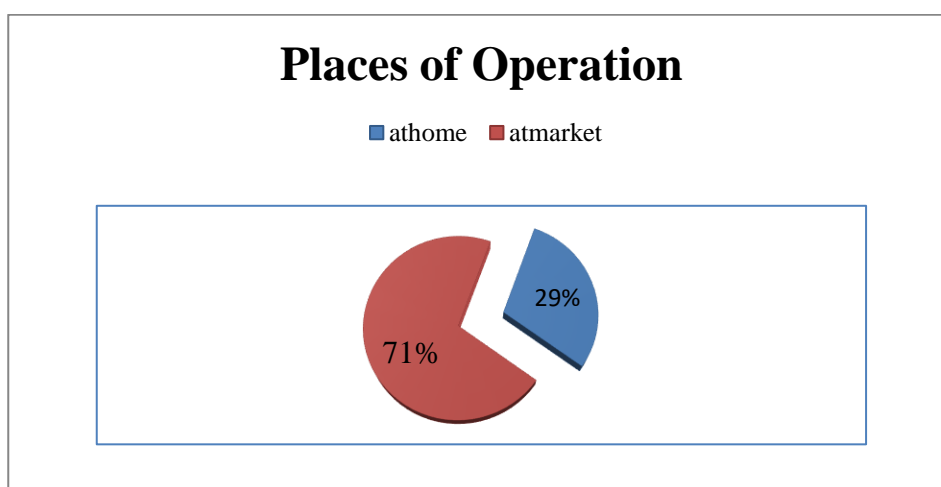


Figure 6

The market as place of operation refers Government or Lusaka City Council registered trading area found in different communities in Lusaka Urban other than the home of the self-employed individual. The newly established residential areas such as Chalala and Meanwood residential areas have provided high market demand in construction activities the self-employed. This area alone as already outlined, has taken about 71% of the activities under self-employment sector.

A home as a place of operation refers to a house where the self-employed individual lives. In this case, the house is the centre of all the business activities where, for example, a workshop is set up as a point of both production and sales. The home also provides storage for goods and provides transaction logistics. A significant number of the self-employed individuals carry out the business activities at their homes.

4.6.0 Gender and Marital status

The distribution of males and females in self-employment is evenly balanced at 50% despite the different work activities. Males are more concentrated in the construction industry such house construction and electrification of houses while many females are involved in cross-border trade and charcoal trading.

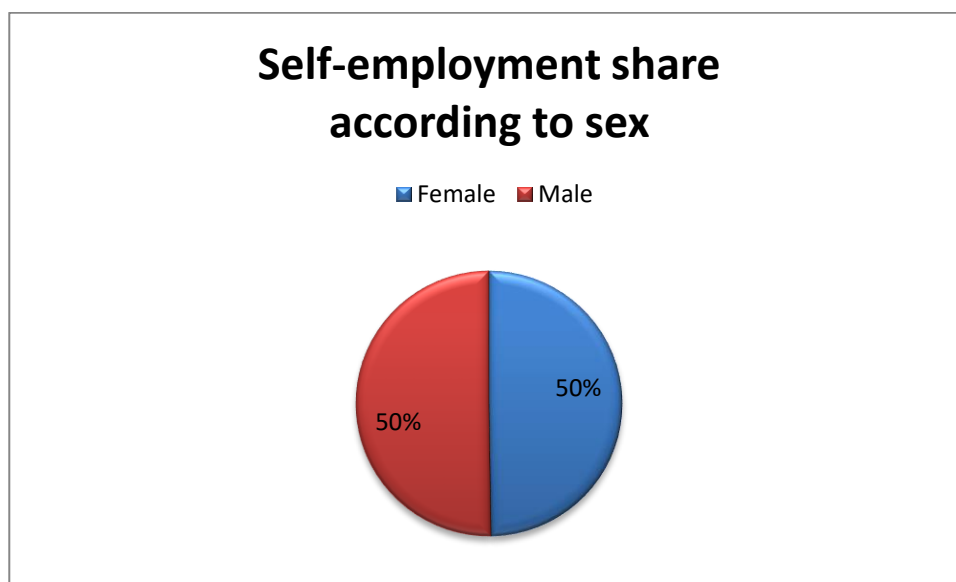


Figure 7

Despite the 50% equal distribution between males and females, there are more individuals who are married in self-employment. *Figure 8* below shows that about 56 per cent of all the individuals in self-employment are married while 44 per cent are no married.

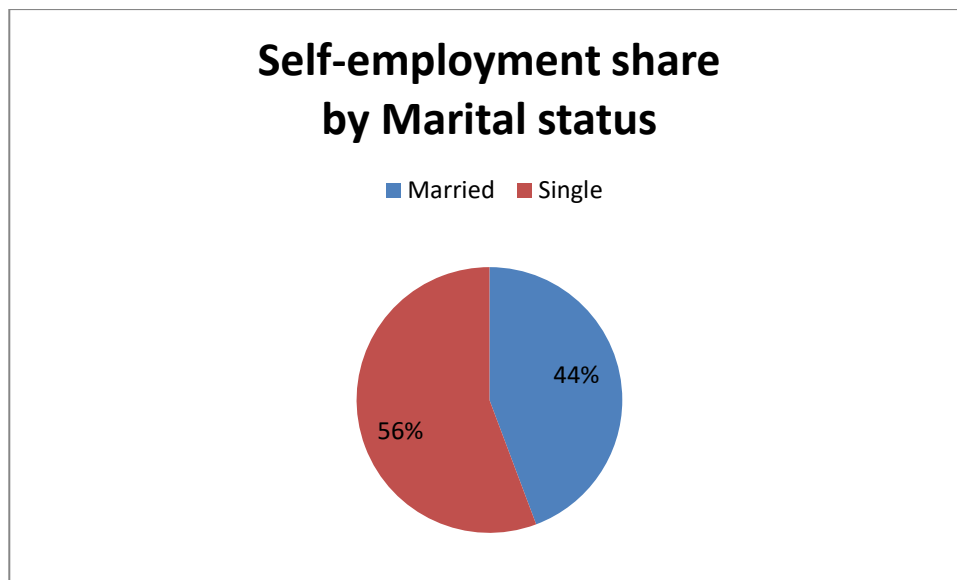


Figure 8

4.7.0 Obstacles and Representatives

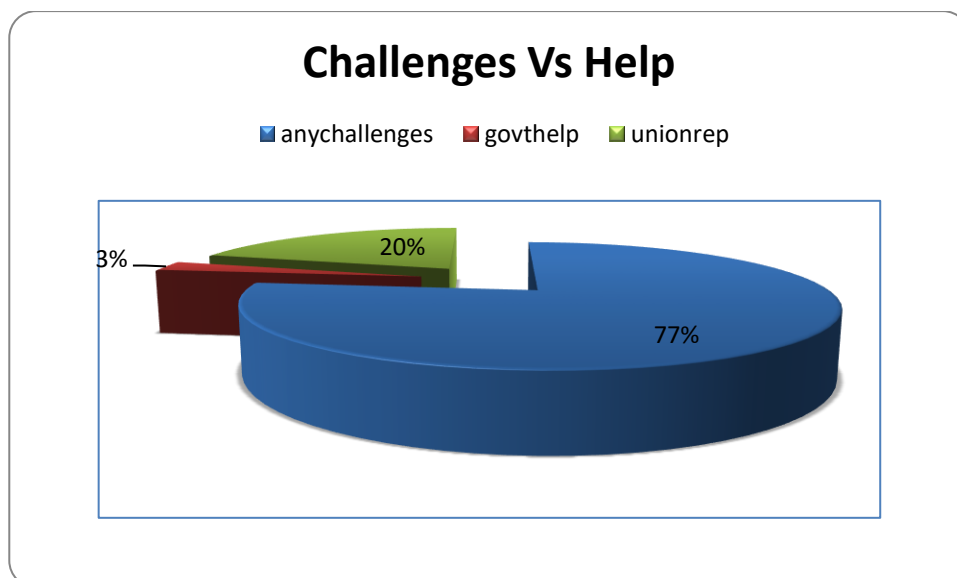


Figure 9

The self-employed individuals have a lot of different challenges. These obstacles range from high cost of doing business, not having enough trading space to lack of financial incentives such as loans. While 77% of these people have a lot of challenges, only 20% and 3% think that their interests are represented and addressed by various union groups and Government respectively

4.8.0 Conclusion

The appendices 3 and 4 are included in the study in order to further show that the method used is convenient and the data fitted in the model is not biased and therefore, brings out the required results. Excel and Eviews software were used in the analysis of data.

The total constant probability in *appendix 3* is more than 90% accurate >0.5 =success cut off C recommended for generalization (prediction evaluation). Thus, *model 3* is good for generalization of the results in Zambia under similar economic conditions.

Appendix 4 shows the goodness-of-fit or how the data fits in model 3 with an average H-L value of 22.9 and a probability value of less than 5% (0.35%). The less than 5% probability value implies that *model 3* is a good model. The Logit and Probit models guarantee that the estimated probabilities lie between 0 and 1. Thus, *equation 1* or specifically *model 3* is a good model since the data fits well in it.

CHAPTER FIVE: DISCUSSION AND CONCLUSION

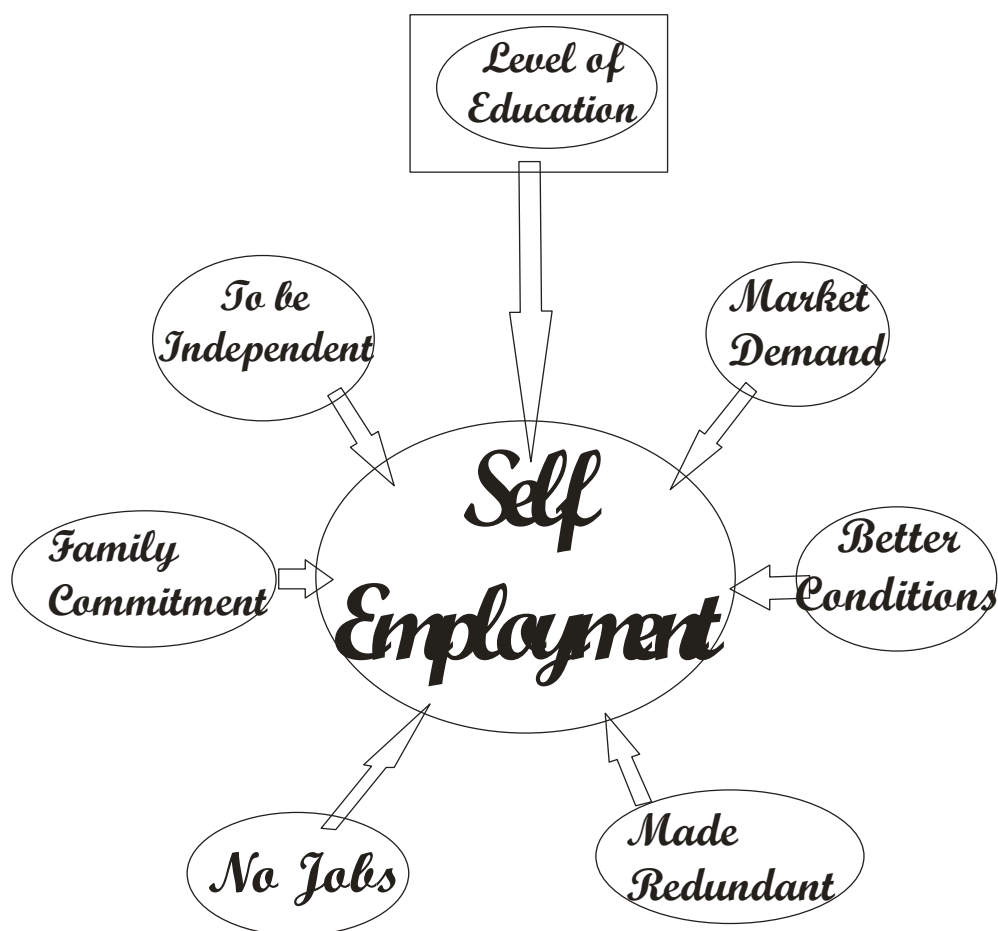
5.1.0 Discussion

There is hardly any literature that supports any decisions or empirical evidence why some Zambians choose self-employment. We currently know a good deal about the proportion of the individuals in self-employment in Zambia through the Zambia Labour Force Survey Report. However, not very much is known about the specific underlying factors responsible for making such a choice of self-employment. This paper has analyzed data collected from different markets in Lusaka Urban where respondents were allowed to indicate any number of choices from a list of about eleven possible choices. The respondents were also asked to give reasons for some of their choices, to mention the places of business operation, and explain if they had any challenges and interest group representation.

5.2.0 Pull and Push Factors

This research study has established that the revealed factors or motivations for deciding to become self-employed are, to a large extent multi-dimensional. The analysis revealed some level of heterogeneity in motivations within a group of the self-employed individuals. Unlike in the developed world where individuals become self-employed mainly because of pull factors such as better opportunities and good market or high demand for output, which are brought about by windfall gains and good economic performance, in Lusaka Urban-Zambia, the results show that, the decisions to become self-employed are predominantly made out of the effects of undesirable push factors. The individuals are pushed into self-employment mainly as a result of no available jobs locally and for being declared redundant. The desire for a particular lifestyle such as to be independent or family commitment and for supporting a new business venture, considerably have also an important influence on self-employment in this country.

The diagram below outlines the specific factors that have some direct influence on individuals who choose to become self-employed.



PULL/PUSH FACTORS ○
BACKGROUND INFORMATION □

5.2.1 Background Information Related Factors

There are no significant differences in the pattern of responses from the groups of people that come from different backgrounds. It has been observed in Figure 2 that both males and females whether married or otherwise are all not likely to report either the negative (push) factors or positive factors as the main reasons for becoming self-employed. The individuals with lower levels of education (primary/ secondary), however, are more likely become self-employed because of the push factors. Primary and secondary education is not sufficient enough to enable

individuals to acquire decent jobs in the paid-job market. The average monthly income for this group of people with low level of education is ZMK700.

Primary/Secondary Education	ZMK300<x<ZMK2000
College/University Education	x>ZMK2000

Table 3

5.3.0 Business Places

The majority of the self-employed people conduct their business activities at market places and at places where contractual jobs are available. The recent opening up of streets by the Patriotic Front (PF) Government and new residential areas helped to create more business areas. The easy availability and affordability of transport and communication almost 24 hours daily expanded the business networks in terms of markets. The three major mobile phones communication networks, Airtel, Mtn and Zamtel offer services at affordable rates.

The individuals that conduct their activities at home mainly have workshops at the backyard of their houses. The main activities conducted include block-making, metal fabrication, carpentry and chicken rearing. The business activities of the self-employed workers conducted at home are supported by the communities in which they live through the purchasing of their merchandise or products.



Figure 10: A self-employed selling carrots and other vegetables at New Soweto market



Figure11: Self-employed at a shop attached to his house in Garden Compound

5.4. 0 Challenges

In Lusaka urban, self-employment is associated with a lot of challenges. The biggest challenge is the government's inadequacy or inability to provide conducive and enough trading space. The government has not done enough in opening up many more trading areas and empowering the self-employed individuals by protecting them from unfair competition practiced by foreign nationals who have good capital. The presence street vendors on the streets of many towns in Zambia are a signal of the dire need to open up as many markets as possible.

The second major problem is that self-employment lacks group representation. Only about 20% of the individuals indicated the existence of union representatives. However, the existence a good union is only seen and appreciated by the availability of quality services. Many respondents indicated that, on the ground, there are no services being offered.

The other serious challenges include the following;

- Lack of capital. It is extremely difficult to acquire financial resources such as loans.
- Not enough storage for materials in homes

- Lack of security in markets.
- Presence of unruly political cadres in the markets.
- Not enough trading space in markets.
- Lack of political will by government and stakeholders to expand the sector.
- Not enough education and skills to manage businesses among the self-employed workers.

5.5.0 Zambia's Employment Situation

The general picture in the Lusaka Urban-Zambian society shows that there is definitely lack of employment. However, this paper has observed that individuals are not motivated to become self-employed by only lack of paid-employment.

The desire to be independent and family commitment as observed in Figure 2, are some of the salient factors that pull and push individuals respectively into self-employment. These factors are generally experienced by individuals at the lower level of educational attainment (primary/secondary). The individuals with this level of education are likely to be in self-employment, not as a result of lack of jobs available locally as already referred to, but because of work conditions that exist in the paid-job markets such as abuse by employers, lack of leave days and slave conditions. Thus, individuals, who lack high formal academic qualifications, do have the highest probability of reporting the choice of self-employment interestingly as arising from the push factors. If such people are otherwise able to see some opportunities, the policy makers can possibly intervene and provide the necessary needed resources.

A reasonable number of the self-employed individuals (1.34 percentage points) are also likely to report that the reason for making a decision of choosing self-employment is 'a result of market demand and better conditions' as outlined in Figure 2. This observation reveals that market demand and better conditions associated with an influx of construction projects and high demand for materials in the housing sector could possibly force individuals into self-employment. This is indeed encouraging because it would reflect that individuals do not become self-employed out of dejection but out of necessity. The most affected individuals, however, likely to be self-employed due to positive factors as observed in Figure 2 are those with secondary/primary education and this is followed by market demand and better conditions.

However, businesses managed by such groups with low education may perform poorly because such groups could be driven into self-employment without adequate training and management skills. These research findings are supported by Van Reenen and Bloom's (2007) revelations on the relationships between management practices and business performance in a modern society. Some research studies observe that the individuals who have no paid-jobs and made redundant are out of paid-employment into self-employment in order to improve their standard of living. Further, such workers as opposed those who pulled into self-employment hardly seek guidance in their businesses. Parker S. C (2003) also observes that most individuals who become self-employed due to pull factors are likely to seek good management practices and later on succeed if they are guided in their businesses.

The research study has found a lot of evidence in Lusaka urban that a significant number of individuals are forced into entrepreneurship by mainly push factors. The majority of individuals choose self-employment because of mainly negative factors. Self-employment which exists among individuals who have low education but seek better conditions across Lusaka Urban is considerably huge which if managed properly can create a lot of employment in the country. For example, individuals with low education may be forced into self-employment by lack of jobs but somehow are able to sustain their lives and families by venturing into a sector that does not promises to remunerate them a good income.

Self-employment can indeed represent the only alternative to economic inactivity. Therefore, it is important to understand that positive choices can build a good base for well-resourced and indeed successful businesses with constructive government intervention.

5.6.0 Some Possible Policy Interventions

The policy interventions aimed at raising the earnings of the self-employed can be firstly, to raise the returns for the self-employed in the activities and sectors where they now are, and secondly to help get the self-employed out of where they now are (Fields 2012).

The possible options for helping to raise the returns for the self-employed workers in the activities and sectors where they now include the following:

1. Designing products to help raise the productivity of the self-employed,
2. Adopting a positive policy stance towards the self-employed workers and avoiding hassling them,
3. making capital available to such workers and the poor at affordable rates,
4. Building skills and business know-how,
5. Stimulating micro financing.

The options for helping to increase wage-employment so that the self-employed can get out of where they now include a number of general measures that have a bearing on the labour market;

1. Stimulating economic growth,
2. Carefully advocating for a more open international trade environment,
3. Increasing foreign aid,
4. Harnessing the energies of private companies.

The interventions also include a number of measures within the labour market aimed specifically at generating more sustainable self-employment. These measures include the following;

- (a) Avoiding prematurely high labour costs,
- (b) Removing undue barriers to employment,
- (c) increasing workers' skills and productive abilities to the extent that skill deficiencies are eradicated,
- (d) And establishing workfare and other programs aimed at creating more work opportunities for the self-employed individuals.

The highest priority interventions vary from place to place and group to group within a city or country. This is because different cities may have different objectives or trade-offs that exist both on the policy side and budgetary side. Thus, the Government needs to design tailored programs to suit the prevailing conditions of the economic environment.

5.6.0 Conclusion

In conclusion, for public policy, the research findings of the singled out reasons for the choice of self-employment suggest that any policy formulation and implementation should focus and encourage successful entrepreneurship for individuals who are willing to become successful. Therefore, this observation from the results analysis calls for policy interventions designed to create sustainable business planning not only amongst the lowly educated in society but also among all the aspiring entrepreneurs. A good proportion of the self-employed in this study joined self-employment because there are no jobs, made redundant among other factors, a state of reality faced by many individuals who may have low skills but great desire to become successful. In order to target such individuals, the policy makers need to carefully design intervention measures to help and improve this sector of the economy. The policy makers can also target the formal or paid employment sector by offering or putting in place productive measures so that employees are not exploited by their employers by paying them low wages but empower them to also subsequently become employers. The general outcry is that people need more jobs and resource empowerment which is the common outcry the Government must never ignore.

5.4.0 Recommendations

The following recommendations can be made based on the research findings:

1. The area under study is a very important sector that requires serious attention and a further wider research. As such more resources are needed to take a more wide research so that support groups and government attention can be directed at the right recipients.
2. Self-employment can create more jobs through the eventual creation of small businesses into big and sustainable firms. People need more money into their 'pockets' and therefore, there is a need to come up with a deliberate policy that is going to encourage more people to work hard and improve their families' living standards.
3. The Government should channel as much resources as possible towards youth empowerment and take advantage their abilities to improve the economy.

REFERENCES

- [1] Aldrich, H. E. and Martinez, M.A. (2001). *'Many are called, but few are chosen: An Evolutionary Perspective for the study of Entrepreneurship.'* Entrepreneurship: Theory and Practice, 25(4):41-56.
- [2] Ashcroft, B.K and Love, J.H. (1996) *Firm Births and Employment Change in British Counties*,
- [3] Borg, W.R. & Gall, M.D. (1979). *Education Research: An Introduction*. London; Longman.
- [4] Bruton, G.D., Ahlstrom, D. and Li, H. L, (2010). *'Institutional Theory and Entrepreneurship: Where Are We Now and Where Do We Need to Move in the Future?'* In Entrepreneurship Theory and Practice, Special Issue on Institutional Theory & Entrepreneurship, 34 (Special Issue):421-440.
- [5] Burger et al (2004), *A Note on Trends in the Zambian Labour Market Between 1991 and 1998*. Matieland, SA.
- [6] Casson, M.C., Guista, M.D. and Kambhampati, U.S. (2010). *'Formal and Informal Institutions and Development.'* World Development, 38 (2): 137-141.
- [7] Chigunta, F. (2007). *An Investigation into Youth Livelihoods and Entrepreneurship in the Urban Informal Sector in Zambia*. PhD Thesis. Oxford: University of Oxford.
- [8] CSO (2007). *Labour Force Survey Report (2008)*, Labour Statistics Branch CSO, Lusaka.
- [9] CSO (2011). *Labour Force Survey Report (2008)*, Labour Statistics Branch CSO, Lusaka.
- [10] CSO (2015). *Labour Force Survey Report (2014)*, Labour Statistics Branch CSO, Lusaka.
- [11] Cui, Y. (2009). *Self-Employment: Opportunity Pursuit for the Haves or Survival Strategy for*
- [12] Dallago, B. (2005) *Institutions and Entrepreneurship: A comparative Evaluation of SouthEastern Europe*.
- [13] Davis, J. (1989). *A Guide to Writing a Topic Analysis, Management Group*. Grisborne: Victoria University Wellington press.
- [14] Dawson, C. E. T. (2009). *Why do Individuals choose Self-Employment?* Germany.
- [15] De Vos, A.S. (Ed.) (1988). *Research at Grassroots: A Primer for the Caring Professions*. Pretoria: J.L. Van Schaik Publishers.
- [16] Fairlie, R.W and Meyer, D. B. (1990). *Trends in Self-Employment among the White and Black people in the Twentieth Century*, A Journal of Human Resources, Vol. 76.
- [17] Feuerstein, M.T. (1986). *Partners in Evaluation*. Evaluating Development Studies with participants. London: Mac Millan Ltd.

- [18] Fields S. G. (2014). *Self-employment and Poverty in developing countries: IZA World Labour*, Cornell University.
- [19] Grieco, D. (2007) '*The Entrepreneurial Decision: Theories, Determinants and Constraints.*' Liuc Papers no. 207, Serie Economia e Impresa, 54, Ottobre, 2007.
- [20] Hansen, K.T. (2010). '*Changing Youth Dynamics in Lusaka's Informal Economy in the Context of Economic Liberalization.*' *African Studies Quarterly*, 11 (2&3):13-27.
- [21] Heckman, J. (1979). *Sample selection bias as a specification, Econometric*. Great Britain.
- [22] Hollingsworth, J. R. (2000) 'Doing Institutional Analysis: Implications for the Study of Innovations.' *Review of International Political Economy*, 7(4):595-644.
- [23] Hughes, K. (2003). *Pushed or Pulled? Women's entry into self-employment and small business ownership*. *Journal of Small Business and Entrepreneurship*. USA.
- [24] International Labour Organization, (2011) *Global Employment Trends*. Geneva: International Labour Office, 2011.
- [25] Klaveren V. M. (2009), *An Overview of Women's Work and Employment in Zambia*. Decision for life MDG3 Project Country Report No. 4, Amsterdam, Netherlands.
- [26] Kombo D. K & Troop D. L. A. (2013). *Proposal and Thesis Writing*. Nairobi: Paulines Publications Africa.
- [27] Kuada, J. (2009). '*Gender, Social Networks, and Entrepreneurship.*' In: *Journal of Langevang, T. and Gough, K.V. (2012). 'Divergent Pathways: Young Female Employment and Entrepreneurship in Sub-Saharan Africa.'* *The Geographical Journal*, 178(3):242-252 *African Business* 10: 85-103.
- [28] Leftwich, A. and Sen, K. (2009). *Improving Institutions for Pro-Poor Growth (IPPG) (2010). Beyond Institutions. Institutions and organizations in the politics and economics of poverty reduction - A thematic synthesis of research evidence*. Manchester: DFID.
- [29] Labour Statistics Branch of Zambia. (2010). *Labour Force Survey Report: Lusaka Central Statistical Office*.
- [30] Mair, J. and Marti, I. (2009) '*Entrepreneurship in and around Institutional Voids: A Case Study of Bangladesh.*' In: *Journal of Business Venturing* 24(2009):419-435. March (2010). *Perspectives 8 Statistics Canada*. Catalogue no. 75-001-X.
- [31] Manser E. M. and Picot G. (1997): *Self-employment in Canada and the United States*. Bureau of Labour Statistics.

- [32] Moono H. and Rankin N. (2013). Education and Employment in Zambia. Experience from scoping exercise. International Growth centre, Stellenbosch University.
- [33] Naude, W. (2008). *'Entrepreneurship in Economic Development.'* Research Paper, No. 2008/20. Helsinki: United Nations University World Institute for Economic Development Research – UNU-WIDER, March 2008.
- [34] Ndubani P. et al (2009): 'Female sex workers in border and transportation routes with trend analysis 2000-2009.' Behavioral surveillance Survey Zambia 2009: Round 4. Zambia corridors of Hope HIV/AIDS prevention Initiative (COH II) with consultants.
- [35] Nkya, E.J. (2002). *Entrepreneurial Response to Reform of Institutional Framework: The Case of Small-Scale Enterprises in Tanzania.* Morogoro: Mzumbe University.
- [36] North, D. (1991). *'Institutions.'* *Journal of Economic Perspectives*, 5(1):97-112.
- [37] Olomi, D.R. (2009) *'Influence of Entrepreneurial Behaviour and Business Success.'* In: D.R. Olomi (ed.), *African Entrepreneurship and Small Business Development: Context and Process.* Dar es Salaam: Otme Company.
- [38] PACRA, (2014). *Patents and Companies Registry Agency Press Release.*
- [39] Parahoo, A.K. (1997). *Nursing Research: Principles, Processes & Issues.* London: Macmillan Press.
- [40] Parker S. C. (1993): *The factors of Self-employment: A journal of small businesses in Ethiopia.*
- [41] Perspectives 8 Statistics. Canada., (2010). *Perspectives on Labour and Income: Canada Statistics- Catalogue no. 75-001-X.*
- [42] Philipsen, K. (1998). *Entrepreneurship as Organizing: A Literature Study of Entrepreneurship.* Paper presented at the DRUID Summer Conference, 9-11 June, Bornholm, Denmark.
- [43] Rissman, E. R. (2003), *Self-employment as an Alternative to Unemployment: Federal Reserve Bank of Chicago, USA.*
- [44] Rosa, P., Kodithuwakku, S. and W. Balunywa (2006). *'Reassessing Necessity Entrepreneurship in Developing Countries'* *Institute for Small Business and Entrepreneurship.* 31st October – 2nd November, Cardiff-Caedydd. Statistics Canada (2010), *Labour Force Survey, 1976 to 2009.* Storey, D.J. (1982). *Entrepreneurship and the New Firm, Westport CT: Praeger Publishers.*
- [45] Schueltze J. H. (2005): *The Self-employment Experience of Immigrants to Canada.* University of Victoria.
- [46] Scott, W.R. (2001). *Institutions and Organizations*, (2nd ed.). Oaks: Sage Publishing Company.

- [47] Shane, S.A. (2003). *A General Theory of Entrepreneurship: The Individual- Opportunity Nexus*. Cheltenham: Edward Elgar.
- [48] Startiene, G., Remeikiene, R. and Dumciuviene, D. (2010). 'Concept of Self-Employment.' In: *Economics and Management* 15.
- [49] Tang, J. (2009). 'How entrepreneurs discover opportunities in China: An institutional view.' In: *Asia Pacific Journal of Management* 27:461-479.
- [50] Taylor, M. (1996), *Earnings, independence or unemployment: why become self-employed?* Oxford Bulletin of Economics and Statistics: Great Britain.
- [51] The Have-Nots, MA Thesis. University of Cincinnati.
- [52] The World Bank (2013) *Zambia's Jobs Challenge: Realities on the ground*.
- [53] Turner, S. and Nguyen, P. A. (2005). 'Young Entrepreneurs, Social Capital and Doi Moi in Hanoi, Vietnam.' *Urban Studies* 42(10):1693-1710.
- [54] Zambia Business Survey (2010). *The Business Landscape for MSMEs and Large Enterprises in Zambia*. Lusaka: Zambia Business Forum.
- [55] Zikmund, W. E. (2000). *Business Research Methods*. Orlando: Harcourt College Publishers.

APPENDICIES

APPENDIX 1

Method: ML - Binary Logit

Date: 01/13/18 Time: 15:51

Sample: 1 220

Included observations: 220

Convergence achieved after 5 iterations

Covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-1.508453	0.951488	-1.585363	0.1129
EDUC	2.418812	0.767300	3.152368	0.0016
BCON	0.025005	0.602489	0.041503	0.9669
FCOM	0.943337	0.743272	1.269168	0.2044
INDE	0.243514	0.643000	0.378716	0.7049
MADD	1.338562	0.821197	1.630013	0.1031
NOLJ	2.624770	0.785420	3.341870	0.0008
REDU	2.726034	1.065661	2.558068	0.0105
Mean dependent var	0.913636	S.D. dependent var		0.281541
S.E. of regression	0.246876	Akaike info criterion		0.502336
Sum squared resid	12.92095	Schwarz criterion		0.625741
Log likelihood	-47.25696	Hannan-Quinn criter.		0.552170
Restr. log likelihood	-64.68943	Avg. log likelihood		-0.214804
LR statistic (7 df)	34.86494	McFadden R-squared		0.769479
Probability(LR stat)	1.19E-05			
Obs with Dep=0	19	Total obs		220
Obs with Dep=1	201			

APPENDIX 2

Dependent Variable: SELFEMP

Method: ML - Binary Logit

Date: 01/21/18 Time: 13:53

Sample: 1 220

Included observations: 220

Convergence achieved after 6 iterations

Covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-0.732786	1.273370	-0.575470	0.5650
WAG	-7.73E-05	0.000423	-0.182804	0.8550
EDU	2.458442	0.931405	2.639500	0.0083
SEX	-1.017829	0.670421	-1.518194	0.1290
MAR	-0.075480	0.630517	0.119712	0.9047
BCO	0.048205	0.645752	0.074649	0.9405
FBU	-0.410862	1.326452	0.309745	0.7568
FCO	0.592657	0.791791	0.748501	0.4542
MDD	1.505968	0.905293	1.663515	0.0962
MMO	-0.151703	0.707298	-0.214483	0.8302
NJB	2.803800	0.862696	3.250043	0.0012
OPP	-0.824241	0.833230	-0.989213	0.3226
RED	3.418566	1.313866	2.601913	0.0093
IND	0.246751	0.679200	0.363296	0.7164
ALT	-1.707578	1.021933	-1.670929	0.0947
Mean dependent var	0.913636	S.D. dependent var		0.281541
S.E. of regression	0.238106	Akaike info criterion		0.526387
Sum squared resid	11.62241	Schwarz criterion		0.757770
Log likelihood	-42.90254	Hannan-Quinn criter.		0.619826
Restr. log likelihood	-64.68943	Avg. log likelihood		-0.195012
LR statistic (14 df)	43.57378	McFadden R-squared		0.336792
Probability(LR stat)	6.93E-05			
Obs with Dep=0	19	Total obs		220
Obs with Dep=1	201			

APPENDIX 3: Generalization (Prediction Evaluation)

Dependent Variable: SELFEMP

Method: ML - Binary Logit

Date: 01/13/18 Time: 15:51

Sample: 1 220

Included observations: 220

Prediction Evaluation (success cut off C = 0.5)

	Estimated Equation			Constant Probability		
	Dep=0	Dep=1	Total	Dep=0	Dep=1	Total
P(Dep=1)<C	4	1	5	0	0	0
P(Dep=1)>C	15	200	215	19	201	220
Total	19	201	220	19	201	220
Correct	4	200	204	0	201	201
% Correct	21.05	99.50	92.72	0	100	91.36
	26315	24875	72727			36363
	789	622	273			636
% Incorrect	78.94	0.497	7.272	100	0	8.636
	73684	51243	72727			36363
	211	7811	273			636
Total Gain*	21.05	-	1.363			
	26315	0.497	63636			
	789	51243	364			
		7811				
Percent	21.05		15.78			
Gain**	26315		94736			
	789		842			

	Estimated Equation			Constant Probability		
	Dep=0	Dep=1	Total	Dep=0	Dep=1	Total
E(# of Dep=0)	5.830	13.16	19	1.640	17.35	19
	57181	94281		90909	90909	
	884	812		091	091	
E(# of Dep=1)	13.16	187.8	201	17.35	183.6	201
	94281	30571		90909	40909	
	812	819		091	091	
Total	19	201	220	19	201	220
Correct	5.830	187.8	193.6	1.640	183.6	185.2
	57181	30571	61143	90909	40909	81818
	884	819	638	091	091	182
% Correct	30.68	93.44	88.02	8.636	91.36	84.21
	72200	80456	77925	36363	36363	90082
	992	81	626	636	636	645
% Incorrect	69.31	6.551	11.97	91.36	8.636	15.78
	27799	95431	22074	36363	36363	09917
	008	898	374	636	636	355
Total Gain*	22.05	2.084	3.808			
	08564	40931	78429			
	628	738	812			
Percent	24.13	24.13	24.13			
Gain**	52657	52657	52657			
	802	802	802			

APPENDIX 4: Goodness-Of-Fit Tests

Dependent variable: SELFEMP
 Method: ML – Binary Logit
 Date: 01/13/18 Time: 15:51
 Included observations: 220

Andrews and Hosmer-Lemeshow
 Goodness-of-Fit Tests

Grouping based upon predicted risk (randomize ties)

	Quantile of Risk		Dep=0		Dep=1		Total Obs	H-L Value
	Low	High	Actual	Expect	Actual	Expect		
1	0.1812	0.7647	10	8.18681	12	13.8132	22	0.63959
2	0.7647	0.8646	4	4.34733	18	17.6527	22	0.03458
3	0.8646	0.8930	1	2.68838	21	19.3116	22	1.20797
4	0.8967	0.9384	1	1.70556	21	20.2944	22	0.31641
5	0.9384	0.9743	1	0.64932	21	21.3507	22	0.19515
6	0.9743	0.9777	0	0.53406	22	21.4659	22	0.54735
7	0.9777	0.9888	0	0.47287	22	21.5271	22	0.48326
8	0.9898	0.9924	2	0.17439	20	21.8256	22	19.2644
9	0.9924	0.9940	0	0.14912	22	21.8509	22	0.15014
10	0.9940	0.9995	0	0.09216	22	21.9078	22	0.09254
	Total		19	19.0000	201	201.000	220	22.9314
H-L Statistic:			22.9314		Prob[Chi-Sq(8 df)]:		0.0035	
Andrews Statistic:			99.8192		Prob[Chi-Sq(10 df)]:		0.0000	

APPENDIX 5: QUESTIONNAIRE

EMPIRICAL ANALYSIS OF THE DETERMINANTS OF SELF-EMPLOYMENT IN LUSAKA URBAN-ZAMBIA

This survey to be conducted in Lusaka Urban is on the empirical analysis of the determinants of self-employment in Lusaka Urban - Zambia.

Your responses to these questions will be confidentially treated and are purely for academic purposes only.

Fill in the blank spaces, tick or circle where necessary.

Questionnaire Serial Number

A. BACKGROUND INFORMATION

1. Age

Below 22 years _____

22 - 54 years _____

Above 54 years _____

2. Sex; Male _____

Female _____

3. Marital status; Married _____

Single _____

4. What level of education did you attain?

Primary and below _____

Secondary _____

Tertiary (College/ University) _____

5. Indicate your monthly income (approximately) in the space provided below;

Zambian Kwacha (ZMK) _____

B. QUESTIONS RELATED TO SELF-EMPLOYMENT

1. Do you understand who a self-employed person is?

Yes _____

No _____

If the answer is YES, briefly explain who a self-employed person is; ___

2. Where do you do your business/ work from?

At home _____

At a market _____

3. If the answer to question 2 above is none of the two options given,

Please specify;

4. Do you encounter problems/challenges as a self-employed individual?

Yes _____

No _____

5. If the answer is yes to question 4 above specify the challenges:

6. Do you receive any help from Government or other sectors of the economy (e.g., Grants, loans, orientation programs, or other incentives) if or when you have challenges?

1. Yes

2. No

7. If YES to Question 6, outline the types of incentives.

8. Do you have a union or representative group that helps you on any business matters that (may) affect you?

Yes _____

No _____

9. If YES to question 8, what kind of help or incentives does the membership receive?

10 What specific factors do you think would have made you to become self-employed in Lusaka? Was it because of;

(Circle answer)

(i) Wanted to be independent/ wanted change? Yes / No

(ii) No jobs available (locally)? Yes / No

(iii) Was made redundant? Yes / No

(iv) Had family commitments/wanted to work at home? Yes / No

If yes, explain the kind of family commitment _____

(v) Better opportunity arose- capital, space, equipment? Yes / No

If yes, explain the kind of opportunity _____

(vi) Wanted to take advantage of high demand/ market for goods and/or
Services? Yes / No

If yes, explain the kind of market demand _____

(vii) Better conditions of work when self-employed? Yes / No

If yes, outline the better conditions _____

(viii) Wanted more money? Yes / No

(ix) Joined family business? Yes / No

11 Apart from the factors mentioned in question 10 above, are there any other conditions/factors that made you to become self-employed? Yes / No

12 If the answer to question 11 above is YES, please specify the condition(s);

THANK YOU