The role of food MSMEs in providing employment for women and youth in Ethiopia

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Motivation

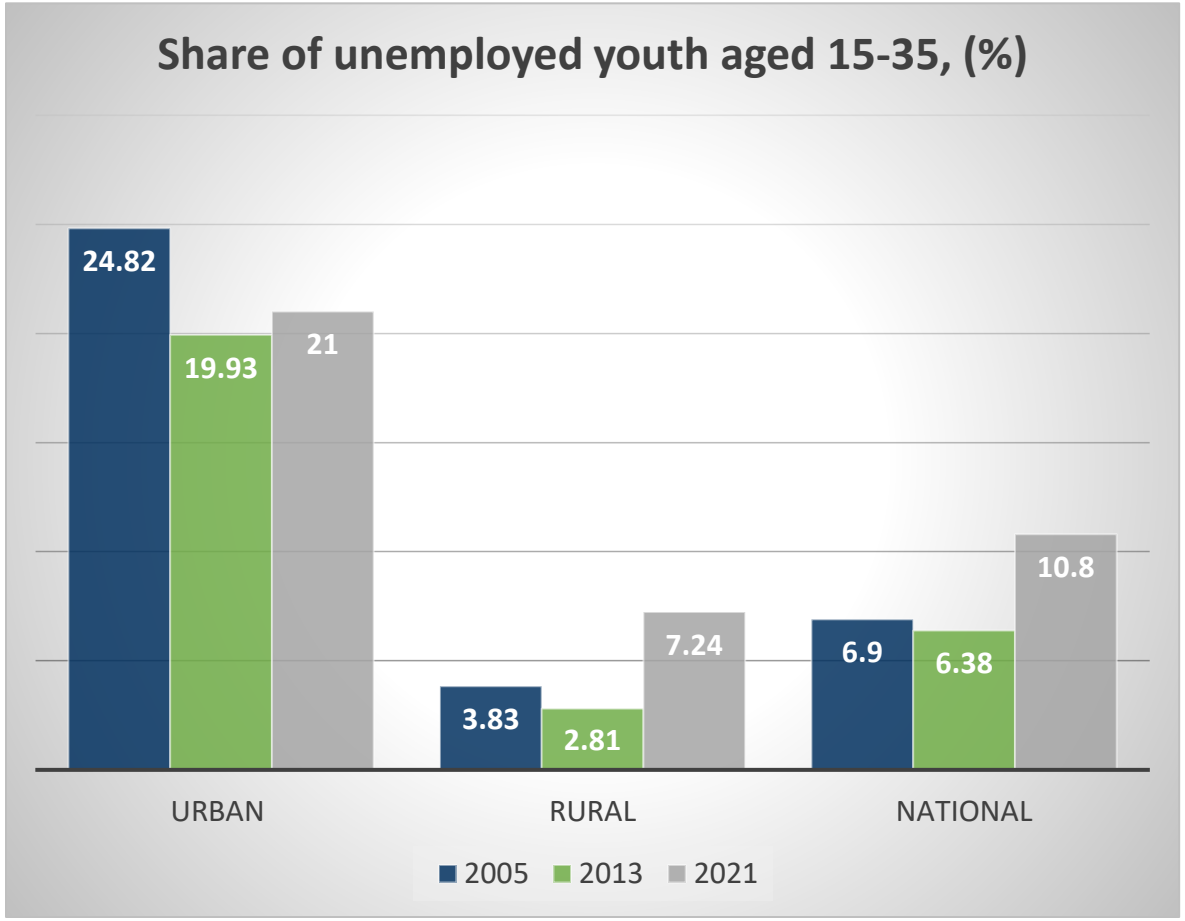
- **Challenges:**
  - Lack of well-paying jobs
  - Unemployment especially in urban areas

    - The level of unemployment in 2021 was 8% (Ethiopia Statistical Service)
    - The share of unemployed youth was relatively higher (~11%)

Motivation (cont'd)

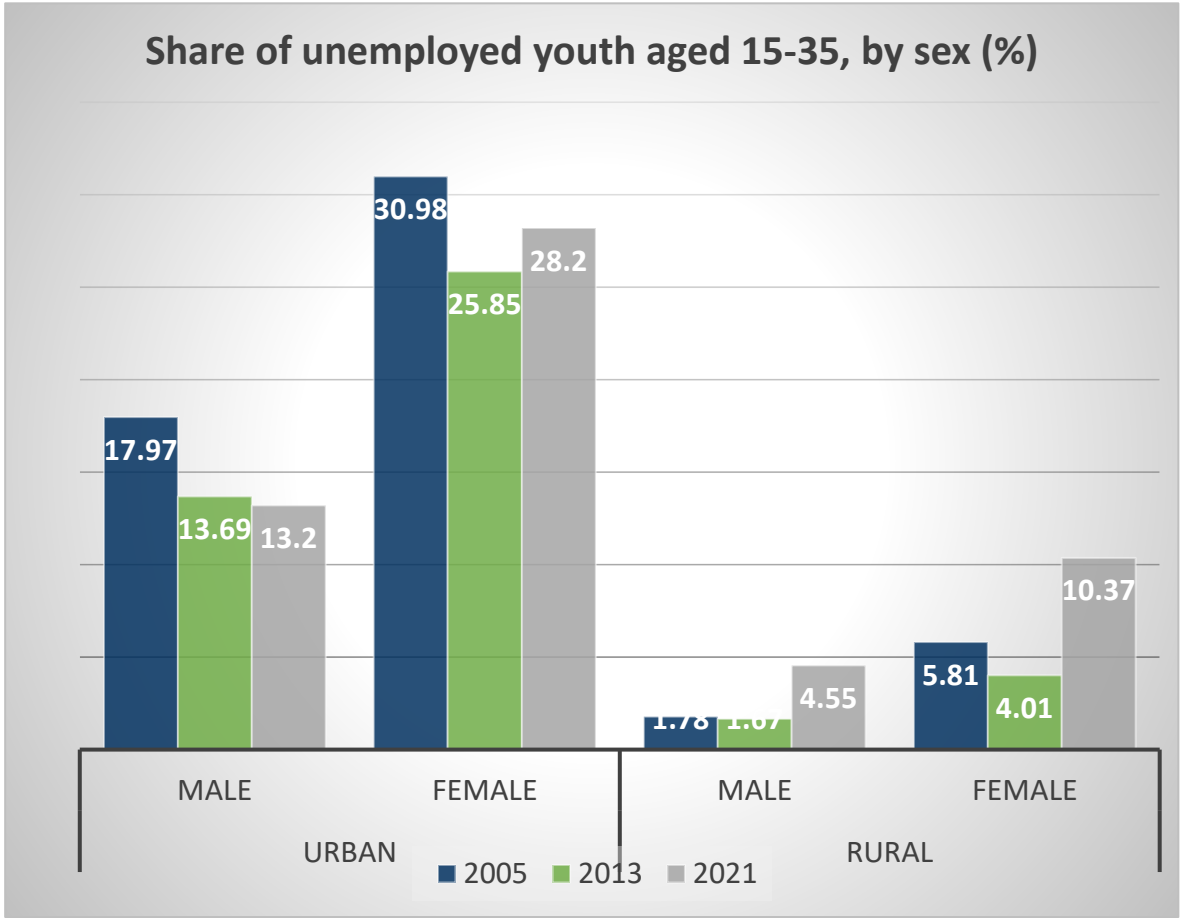
- **The share of unemployed youth in urban areas remained higher than that of rural**
- **The share of unemployed youth increased from ~7% (2005) to ~11% (2021)**
  - The increase was observed especially in rural areas (~4% to 7%)

Source: Mezgebo et al. 2025



Motivation (cont'd)

- **The share of unemployed female youth is higher in both urban and rural areas compared to male youth**



Source: Mezgebo et al. 2025

Motivation (cont'd)

- **Opportunities:**
  - Youth and women unemployment on the policy agenda → MSMEs
  - Strategies that have been attempted to promote MSMEs and active labor market programs include:
    - Skills training, entrepreneurship support, land or working premise provision, revolving fund, urban safety net and job creation, etc

  - However, evidence to date shows limited long-term impact
    - Some of these programs were hastily implemented in response to political instability (Kefale et al., 2023; Mezgebo et al., 2025)

Objective

- **To draw potential policy lessons for job creation based on the lived experiences of MSMEs involved in food retail**

  - We examine differences in employment by business characteristics:
    - Gender of the business owner
    - Type of food outlet
    - Size of revenue and profitability
    - Supply challenges
    - Access to loans and infrastructure

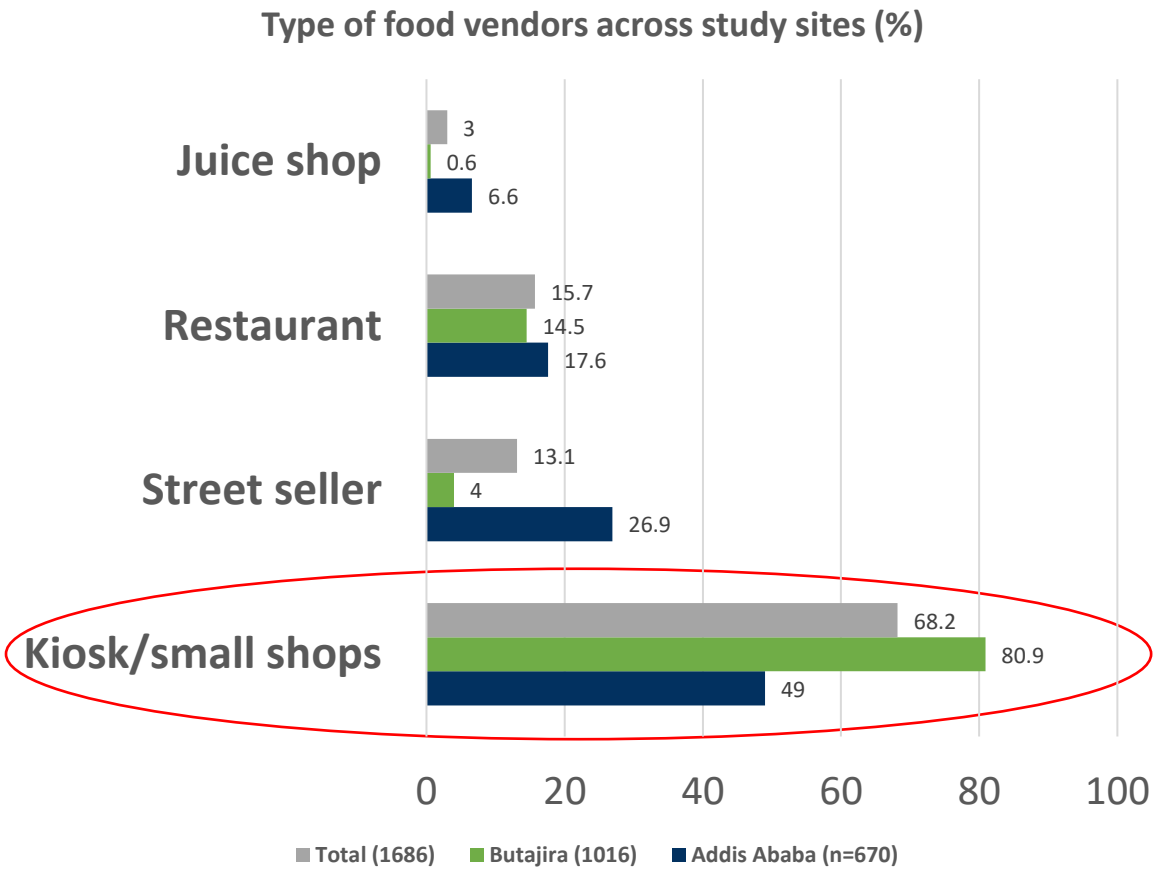
Data

- **Survey of MSMEs in two districts in Ethiopia (between October and November 2023)**
  - Woreda 8 in Kolfe Keranyo within Addis Ababa and Butajira town of the Central Ethiopia Regional State
    - Full listing of MSMEs selling food and food commodities to local consumers was conducted
    - MSMEs were randomly selected to be included in the sample, targeting 900 vendors in each district
    - The final number of MSMEs interviewed was 1,806*
    - Final sample included in the analysis was 1686 MSMEs**

Descriptive statistics

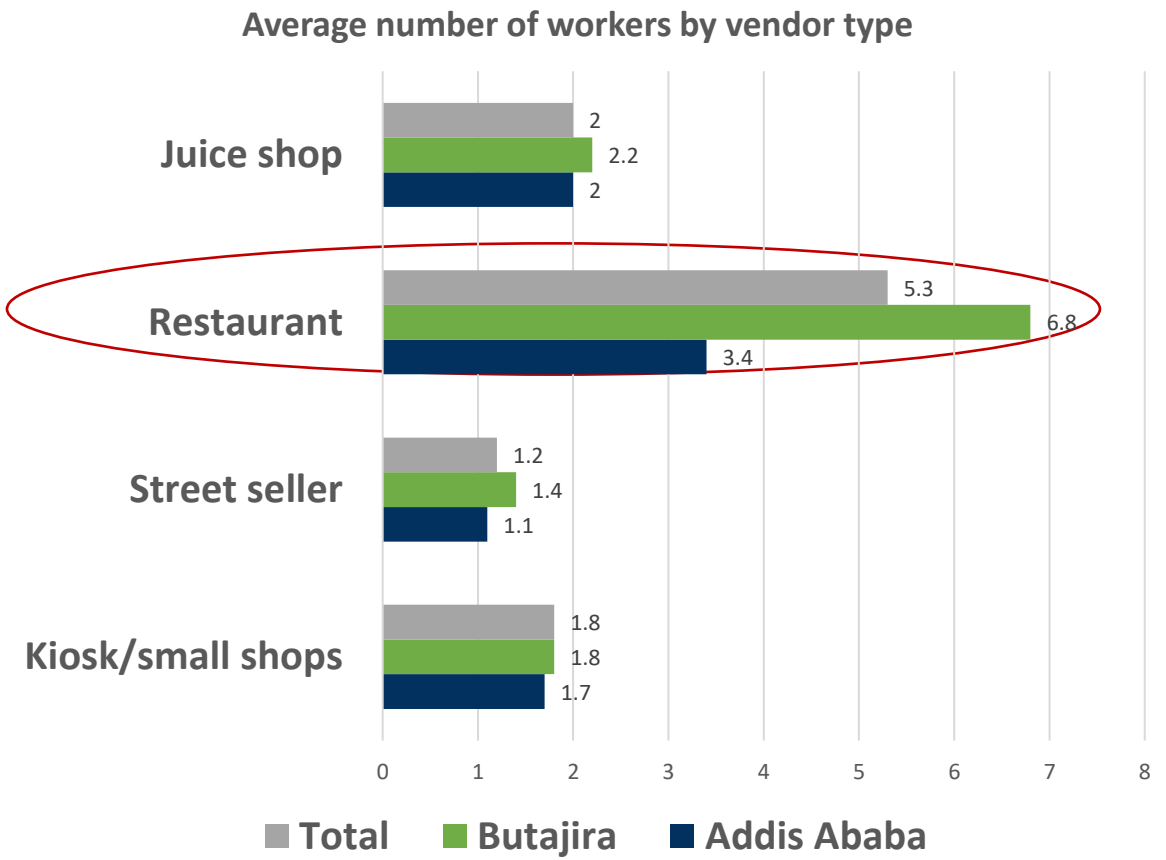
- **Over 10 types of businesses: organized into 4 main categories** (by type of commodities they sale or their place of operations → see Fig)

- **Over 68% of the businesses were small retail shops**



Descriptive statistics (cont'd)

- **The average number of workers was <3 people**
  - **45% of the enterprises were one-person enterprises** and most of them (about 65 %) were female owned and operated
  - **Enterprises that add value before retailing, such as restaurants and juice shops, tend to have more workers**



Descriptive statistics (cont'd)

- **>53% of the enterprises were owned and operated by women**
- **~54% of managers had primary level education or no education**
- **The average size of revenue or profits per worker was quite low to provide decent and sustainable livelihoods**
  - E.g. the cost of a healthy diet (per day) during the survey period was already greater than the average profit of street sellers
- **The number of workers does not increase with profitability of enterprises**

Correlates of employment (Dep. variable: 1 if the enterprise has any employees, 0 otherwise; or the number of workers)
Key variables of interest include: gender, revenue/profitability, and loan access.
Controls include indicator variables for different outlet types, location of the enterprise, and age and education status of the enterprise manager

	Odds Ratio	Coef.	Odds Ratio	Coef.	Odds Ratio	Coef.	Odds Ratio	Coef.	Odds Ratio	Coef.
	1	2	3	4	5	6	7	8	9	10
Female owned	0.59***	-1.01***	0.62***	-0.82***	0.59***	-1.00***	0.53***	-1.05***	0.59***	-1.00***
	(0.07)	(0.19)	(0.07)	(0.16)	(0.07)	(0.19)	(0.06)	(0.19)	(0.07)	(0.19)
Revenue in ETB[1] (Tercile 1, up to 1700, ref.)										
Tercile 2 (1750 – 5000)			0.92	-0.22***						
			(0.12)	(0.08)						
Tercile 3 (5062- 63000)			1.34	0.97***						
			(0.21)	(0.22)						
Profitable (0/1)					0.80	-0.08				
					(0.11)	(0.11)				
Profits/worker in ETB (Tercile 1, up to 500, ref.)										
Tercile 2 (600 – 2000)							0.79	0.13		
							(0.11)	(0.22)		
Tercile 3 (>2058)							0.32***	-0.49***		
							(0.05)	(0.14)		
Has outstanding loan (0/1)									0.79	0.00
									(0.12)	(0.26)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Correlations…

- **The relationship between employment and women enterprise ownership is negative and statistically significant in all the specifications**
  - Women-owned enterprises are **38 to 47 percent** less likely to employ anyone
- **Enterprises in the higher revenue tercile are more likely to create jobs than those with smallest revenues**
- **No strong relationship between enterprise profitability and employment**
- **No strong relationship between loan uptake and employment**

Summary and conclusions

- **Only 17 percent of the enterprises had outstanding loans**
  - Lack of collateral, high interest rates, lack of loan availability for their business type, and lack of knowledge on how to obtain loans
    - Improving capital availability along with informational interventions could help MSMEs become more aware of opportunities and use them

Summary and conclusions

- **Targeted supports to food MSMEs, especially to those run by women and less educated persons, could potentially be justified:**
  1. Due to social inclusion goals
  2. They have the potential to deliver foods at lower cost especially for lower income people
  3. They are likely to remain in the business, given survival, since they have less opportunity in more formal wage sectors.

Thank you for your attention!