

## **Propositions**

Attached to the thesis

### **Determinants of Microenterprise Success in the Urban Informal Sector of Addis Ababa: A Multidimensional Analysis**

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1. Even for micro and small enterprises there is evidence for a systematic relationship between size-age and growth. (Chapters 4 and 6)
2. In Addis Ababa formality/informality does not matter for microenterprise success because the institutional environment is weak and excludes informal enterprises from obtaining services provided by the government, while discourages firms from striving for formality. (Chapter 5)
3. Analysis of microenterprise success across various growth-categories using a quantile regression approach yields a better insight than a mere analysis of the determinants of the average firm. (Chapter 6)
4. Success is a complex process and a combination of both internal and external factors such as ethnicity, gender, location and social networks together would explain better the success or failure of microenterprises in the urban informal sector than just a single perspective. (Chapter 6)
5. In Addis Ababa the impact of entrepreneurial orientation on business success is more pronounced indirectly though its influence on informal social networks. (Chapter 6)
6. The number of jobs created for Ethiopians by the Chinese investors is meager compared to the volume of China's investment because Chinese do not want to export jobs linked to foreign investment in Ethiopia.
7. The number of Ethiopian Diaspora living in Washington DC is comparable to half the size of the population of Addis Ababa.
8. A lower Gini-coefficient (less inequality) in Ethiopia is a reflection of the fact that the economy is dominated by subsistence agriculture where farmers have low and more or less similar income.
9. In Ethiopia money demand and supply do not respond to changes in interest rate because the economy is agrarian and the financial system is poorly developed.
10. Despite a number of incentives and efforts to attract foreign investors Ethiopia receives a very small FDI inflow because of investors' perception that Ethiopia is better known for poverty than as an investment opportunity.
11. Ethiopians are less enthusiastic for petroleum discovery because they have seen a "resource curse" in their neighboring and other African nations.