Livelihoods Assessment of Micro Businesses

Assessment of home-based businesses and other self-employment

July 2020
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About REACH
REACH Initiative

REACH initiative facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery and development contexts.

The methodologies used by REACH include primary data collection and in-depth analysis, and all activities are conducted through inter-agency aid coordination mechanisms.

REACH is a joint initiative of IMPACT initiatives, ACTED and the UNITED Nations Institute for Training and Research- Operational Satellite Applications Programs (UNITAR-UNOSAT)
Outline

- Objectives
- Methodology
- Findings
3 | Objectives
Objectives

Overall Objective

Inform livelihoods’ response and programming with better understanding of the challenges, needs, impact and long term potential of micro businesses
Specific Objectives

• Demographic characteristics of the owners
• Motivations to start and continue
• Key characteristics of the businesses
• Needs to start and continue
• Challenges in establishing and operating
• Long-term potential
• Impact on the owners
• Impact of the COVID-19 outbreak
Methodology
Primary data collection

- Geographic coverage: Aqaba, Amman, Irbid, Karak, Ma’an, Madaba and Mafraq.

- Population of interest: Syrian refugees and Jordanians who have micro businesses in Jordan
  - A subset using sampling frame from partners

- Two types of micro businesses
  - Home-based businesses including gardens
  - Other self-employed work

- Dates of data collection: November 2019, February 2020, May 2020
Methodology

Research tools

- Individual interviews with micro business owners
- Key informant (KI) interviews with partners implementing micro business programmes
- Focus group discussions with micro business owners
## Sample per sector

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Total population of interest</th>
<th>Total sample size</th>
<th>Total surveyed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>582</td>
<td>232</td>
<td>232</td>
</tr>
<tr>
<td>Construction</td>
<td>97</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>195</td>
<td>129</td>
<td>129</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>44</td>
<td>40</td>
<td>37</td>
</tr>
<tr>
<td>Other Services</td>
<td>16</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>934</strong></td>
<td><strong>494</strong></td>
<td><strong>487</strong></td>
</tr>
</tbody>
</table>
5 Findings
Demographic information
Demographic information

Micro business owners by nationality

- 76% Syrian
- 24% Jordanian

Gender breakdown

- 38% Male
- 62% Female
## Demographic information

### Micro business owners by nationality and gender

<table>
<thead>
<tr>
<th>Gender / Nationality</th>
<th>Jordanian</th>
<th>Syrian</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>92</td>
<td>209</td>
<td>301</td>
</tr>
<tr>
<td>Male</td>
<td>23</td>
<td>163</td>
<td>186</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115</strong></td>
<td><strong>372</strong></td>
<td><strong>487</strong></td>
</tr>
</tbody>
</table>

- **43%** were female, Syrian micro business owners.
- **5%** were male, Jordanian micro business owners.
Demographic information

Distribution of micro business owners across governorates

- Mafraq: 19% (HBB), 21% (Others)
- Irbid: 9% (HBB), 23% (Others)
- Amman: 5% (HBB), 6% (Others)
- Karak: 1% (HBB), 5% (Others)
- Madaba: 2% (HBB), 2% (Others)
- Ma'an: 2% (HBB), 2% (Others)
- Aqaba: 1% (HBB), 2% (Others)
Demographic information

Reported age distribution, by gender

- **Aged 50+**: 6% Male, 13% Female
- **Aged 41-50**: 9% Male, 21% Female
- **Aged 31-40**: 13% Male, 16% Female
- **Aged 18-30**: 10% Male, 12% Female
Characteristics of micro businesses
HBBs and other self-employment

Reported distribution of micro business owners across sectors, by business type

- **40%** of HBB owners were female
- **60%** of other self-employment were male / female
- **77%** of HBB owners were Syrian

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Reported distribution of micro business owners across sectors, by business type

- Agriculture: 14% (HBB), 34% (Others)
- Manufacturing: 20% (HBB), 7% (Others)
- Construction: 15% (HBB), 0% (Others)
- Retail Trade: 4% (HBB), 3% (Others)
- Other Services: 2% (HBB), 1% (Others)
Reported reasons for not registering (among HBBs)

1. HBB owner was registered

12% of other self-employment were registered

- Don't know about the process: 3%
- High cost: 15%
- Not necessary / not useful: 32%
- Not possible / not relevant: 73%
Reported customer types, disaggregated by business type

- Individual consumers: 89%
- Retailers/shops: 34% (47% Others)
- Wholesalers: 7% (14% Others)
- Contractors: 4% (10% Others)
- No customers: 2% (2% Others)
Sales

Reported average monthly profits (in JOD), disaggregated by business type

- 0: 5% HBB, 6% Others
- 1 to 50: 41% HBB, 9% Others
- 51 to 100: 32% HBB, 26% Others
- 101 to 200: 27% HBB, 18% Others
- 201 to 300: 2% HBB, 18% Others
- 301+: 3% HBB, 13% Others

HBB: Heads of Business Bodies
Others: All other businesses
Sales

Reported average monthly profits (JOD), disaggregated by sector and business type

- Construction: 65 (HBB) 149 (Others) | Total: 243
- Agriculture: 94 (HBB) 149 (Others) | Total: 179
- Retail Trade: 70 (HBB) 143 (Others) | Total: 179
- Manufacturing: 70 (HBB) 143 (Others) | Total: 173
- Other Services: 63 (HBB) 173 (Others) | Total: 173
Reported customer locations, disaggregated by business type

- Others: 5% Other governorate, 11% Within governorate, 75% Only within neighborhood
- HBB: 4% Other governorate, 29% Within governorate, 62% Only within neighborhood
Reported sales methods, disaggregated by business type

- Friend circle: 74% HBB, 80% Others
- Word-of-mouth: 67% HBB, 81% Others
- Social media: 33% HBB, 32% Others
- Through shops: 21% HBB, 37% Others
- Online platforms: 6% HBB, 3% Others
- No method: 2% HBB, 2% Others
Motivations related to micro businesses
Motivations

- Generate income for HH: 74% HBB, 75% Others
- Relevant experience: 55% HBB, 59% Others
- Own a business: 28% HBB, 29% Others
- An NGO's support: 22% HBB, 30% Others
- Shift from cash assistance: 10% HBB, 26% Others
- Work in a particular industry: 11% HBB, 7% Others
- Work close to HH: 2% HBB, 9% Others
Input for micro businesses
Funding

- >1500: 8% Others, 12% HBB
- 1001-1500: 8% Others, 23% HBB
- 701-1000: 5% Others, 10% HBB
- 501-700: 5% Others, 6% HBB
- 401-500: 5% Others, 9% HBB
- 301-400: 7% Others, 7% HBB
- 201-300: 7% Others, 15% HBB
- 101-200: 7% Others, 20% HBB
- 1-100: 4% Others, 5% HBB

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Support

Reported sources of support, disaggregated by business type

<table>
<thead>
<tr>
<th>Business Type</th>
<th>HH members</th>
<th>Relatives</th>
<th>Friends</th>
<th>Neighbors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>93%</td>
<td>7%</td>
<td>13%</td>
<td>7%</td>
</tr>
</tbody>
</table>

- 35% of micro business owners reported regularly receiving help from others.
- 53% of micro business owners reported collaborating with other business owners.
Support

- Produce the product/service: 52% (HBB) vs 54% (Others)
- Teammates / Co-owners: 48% (HBB) vs 61% (Others)
- Marketing or sales: 17% (HBB) vs 14% (Others)
- Find raw materials: 9% (HBB) vs 14% (Others)
- Find customers: 9% (HBB) vs 11% (Others)
- Transportation of goods: 9% (HBB) vs 15% (Others)
- Find equipment/tools: 6% (HBB) vs 15% (Others)
Challenges
Challenges

- Unexpected costs: 40% (HBB), 54% (Others)
- Competition: 37% (HBB), 47% (Others)
- Lack of equipment: 32% (HBB), 44% (Others)
- Reaching more customers: 29% (HBB), 33% (Others)
- Transportation costs: 16% (HBB), 38% (Others)
- Seasonal production: 22% (HBB), 33% (Others)
- Finding suppliers: 14% (HBB), 19% (Others)
- Making little or no profit: 9% (HBB), 12% (Others)
Unexpected costs

Reported unexpected costs, disaggregated by business type

Assets: 71% (HBB), 78% (Others)
Raw materials: 58% (HBB), 59% (Others)
Transportation: 36% (HBB), 38% (Others)
Rent: 6% (HBB), 12% (Others)
Health/safety standards: 8% (HBB), 5% (Others)
Wages: 1% (HBB), 7% (Others)
Registration/licensing: 6% (HBB)

10% Reported considering at one point to end their businesses
Needs
Reported types of needs, disaggregated by business type

- **Funding**: 85% (HBB), 86% (Others)
- **Assets**: 33% (HBB), 22% (Others)
- **Trainings/skills**: 9% (HBB), 9% (Others)
- **Support from individuals**: 8% (HBB), 9% (Others)
- **Information/guidance**: 5% (HBB), 2% (Others)
Reported reasons for funding needs

- Equipment/tools: 81%
- Input for production: 45%
- Marketing: 27%
- Transportation: 26%
- Hire employees: 15%
- Legal standards: 11%
- Registration/licensing: 8%
- Packaging: 7%
- Open a shop: 6%
- Training: 5%
### Reported types of skills / trainings needed

<table>
<thead>
<tr>
<th>Skill Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocational/technical</td>
<td>79%</td>
</tr>
<tr>
<td>Marketing and sales (Including social-media)</td>
<td>49%</td>
</tr>
<tr>
<td>Product/service development</td>
<td>42%</td>
</tr>
<tr>
<td>Business plan writing</td>
<td>21%</td>
</tr>
<tr>
<td>Access to finance/financial management/accounting</td>
<td>19%</td>
</tr>
<tr>
<td>Project cycle management</td>
<td>19%</td>
</tr>
<tr>
<td>Human resources management</td>
<td>7%</td>
</tr>
</tbody>
</table>
### Reported types of missing information

<table>
<thead>
<tr>
<th>Information Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing and registration</td>
<td>38%</td>
</tr>
<tr>
<td>Requirements due to COVID-19</td>
<td>23%</td>
</tr>
<tr>
<td>Taxation</td>
<td>18%</td>
</tr>
<tr>
<td>Health/safety procedures</td>
<td>15%</td>
</tr>
<tr>
<td>Social security</td>
<td>15%</td>
</tr>
<tr>
<td>Companies that can be established</td>
<td>13%</td>
</tr>
<tr>
<td>Sectors open for registration</td>
<td>13%</td>
</tr>
<tr>
<td>Requirements about investment amount</td>
<td>12%</td>
</tr>
<tr>
<td>Chamber of commerce membership</td>
<td>12%</td>
</tr>
<tr>
<td>Documents required by regulations</td>
<td>11%</td>
</tr>
<tr>
<td>Food safety standards</td>
<td>10%</td>
</tr>
</tbody>
</table>
Impact of micro businesses
## Reported proportions of profits regarding HH income, disaggregated by business type

<table>
<thead>
<tr>
<th>Business Type</th>
<th>HHB</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entire HH income</td>
<td>13%</td>
<td>26%</td>
</tr>
<tr>
<td>Around 3/4</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Around half</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Around 1/4</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Less than 1/4</td>
<td></td>
<td>26%</td>
</tr>
<tr>
<td>No business profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative affect /Business loss</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Recommendations

• Focusing trainings on product quality and diversity
• Addressing information needs
• Preparing for unexpected costs
• Alleviating the financial effect of the outbreak / economic downturn
• (Further) developing collaboration systems for business activities
• Encouraging the expansion of customer types + locations
• Conducing specific case studies
  • Understanding the success (i.e. high profits)
  • Understanding the problems (i.e. ending businesses, negative financial results)
• Conducing further research
  • Wider sampling frame
  • RCT
  • Monitoring
  • Market demand / customer view
THANK YOU FOR YOUR ATTENTION

Ahmet Ilker Damar
+ 9627 9802 1461
ahmet.damar@reach-initiative.org
ahmet_damar
www.reach-initiative.org
IMPACT Initiatives
@REACH_info