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**Are women less entrepreneurial?
A study of female micro-entrepreneurs in
Khartoum, Sudan.**

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1. Introduction

Since the late 1970s there has been a growing interest in strategies to enhance the economic status of third world women through the promotion of micro and small enterprises both in the formal and informal sectors. Nevertheless, while such developing countries became interested in the development of small enterprises in the last fifteen years, issues and questions relating to the promotion of women entrepreneurs, engaged in micro and small enterprises were raised only in the late 1980s¹. An example of this was the new focus of the ILO and member countries to adopt strategies that ensure that gender issues and equality concerns are integrated across the board within its programmes, project objectives and activities. This strategy was based on the recognition that women's equal participation is essential to the achievement of all major development objectives, such as, sustainable development, eradication of poverty, human rights and democracy².

However, this late recognition of women's important role in production and their potential contribution to economic growth and development has up to now not satisfactorily covered issues on women's entrepreneurial capabilities and appropriate interventions to promote women's entrepreneurship development. This is due to several reasons: (1) The recognition of the need to introduce concrete policies and programmes to integrate women into socio-economic development processes was very slow and up to today in many LDCs negligible. (2) The interests and needs of women were largely bypassed due to the under-valuation of women's labour and a lack of understanding of the significance of women's production activities. (3) When in the early 1970s, development agencies became aware of the economic significance of women's production activities, assistance came mainly in the form of women's income generation activities. In rural areas, these efforts were often developed with a social and welfare orientation, which were seldom market-oriented and had relatively little impact on increasing women's income.

Thus, the accumulation of various factors has led to a comparative gap between programmes meant to promote women's micro-enterprise development and actual national policies and legislation meant to promote private sector development. This gap in supporting female entrepreneurs effectively has often been identified in various studies (Tinker, 1995; Carr, 1995) under the claim that women do actually lack entrepreneurial capabilities. Some researchers justified this as being the difference in motivation between female and male entrepreneurs, where the former is engaged in more human-oriented entrepreneurship and the latter being involved in more individual-pursuit entrepreneurship (Tinker, 1995). Others, however, have related this phenomenon to women's social and cultural restrictions which hinders their effective access to resources.

This paper seeks to argue the contention that women entrepreneurs lack entrepreneurial capabilities. It will also seek to highlight female entrepreneurs' business practices which indicate the exercise of entrepreneurial qualities. I also seek to argue in this paper that the "marginal" or "survival activities" which women practice or operate in due to lack of appropriate production resources, in reality possess the entrepreneurial qualities which are characteristic to the function of an "entrepreneur"(see following section). Among female owned businesses, this is peculiar to those which do not have access to institutional support. The paper will then seek to draw some perspectives and intervention strategies which would allow business support programmes and projects to enhance these existing entrepreneurial qualities together with facilitated access to credit and other production resources.

2. Theoretical considerations

It is difficult to speak of an entrepreneur without referring to the father of this 'creative dynamic figure', J. A. Schumpeter. Schumpeter's early contribution to the theory of economic development analysed the economy as being cyclical in which a new equilibrium can be reached through a dynamic individual called an entrepreneur. The entrepreneur, according to Schumpeter, will seek to „educate consumers and teach them to want new or different things“ (Schumpeter, 1934)³. This, Schumpeter argued, was done by an entrepreneur through innovation in the form of different combinations of: (1) the introduction of a new good, (2) the introduction of a new method of production, (3) the opening of a new market, (4) the conquest of a new source of supply of raw materials, (5) the carrying out of a new organisation of any industry.

Although Schumpeter's entrepreneur has been since then criticised for being able to operate only in a recessionary economic condition, or that the entrepreneur through his innovations exercises the functions of the

¹ See Van der Wees and Romijn (1987)

² See ILO (1998)

³ Schumpeter, reprinted in 1971.

conventional research and development (R&D) department in a firm; the essence of an entrepreneur is her ability to seek new market opportunities, to become a market leader, and thereby to secure the firm's growth.

Following in Schumpeter's foot-steps, Harvey Leibenstein explains the entrepreneur to be a gap-filler. Harvey Leibenstein in his X-efficiency theory conceptualises that X-efficiency arises either because the firm's resources are used in the wrong way or they are not used at all. In this Leibenstein maintains that an entrepreneur is different from the manager of the firm where the entrepreneur has four main characteristics: (1) an entrepreneur is able to make up for market deficiencies. The entrepreneur seeks the highest level of efficiency of the firm through seeking new economic information and techniques, and manages these responsibly. (2) The entrepreneur is able to connect different markets by using the different factors of production. (3) The entrepreneur acts as an 'input completer' where in any economic activity there is a minimum quality of inputs needed and if the inputs fall below the required minimum the entrepreneur has the job of filling this input gap through innovation. (4) The entrepreneur is able to create or expand firms, where firms act as sources of information and expertise" (Nafziger, 1986, p. 9).

Leibenstein's gap filling entrepreneur depends completely on availability of information. Casson (1982, p.9) criticises this saying that with the existence of complete and free access to information in an economy, the process of decision-making bears no risk or uncertainty and becomes only a mechanical process of making a choice, this in turn makes the analysis of the role of an entrepreneur impossible - since decision making is trivialised. The second reason forwarded by Casson comes from the Austrian school of economics which claims that any person who has the complete access to information to predict the behaviour of an entrepreneur can as well become an entrepreneur himself, instead of theorising, and by so doing will create a behavioural response thus falsifying his own prediction. In addition Eggertson (1997, p. 1187) deals with the issue of scarce or incomplete information in the formation of economic policy and its prediction of economic behaviours in that there is „a mixture of, often inconsistent, explicit and implicit assumptions concerning the information environment of the actors..... including (exogenous) technological change that periodically expands the information set of the actors“ making the job of an entrepreneur basically a monitor of information.

McClelland (1961; 1963) argued in his Needs Achievement Theory that an entrepreneur is not someone who is only driven by the challenge of reaching a new equilibrium or filling a gap, but that she is driven by a high need for profit maximisation.

McClelland's entrepreneur sought to work energetically to increase production well above what was needed for personal consumption and is driven to continue producing long after her own needs are met. That is, the greater the profit the better one is doing and the greater will be the inner satisfaction that one derives from the sense of a job well done. McClelland introduced in his theory a significant characteristic of an entrepreneur: the rational risk-taker. That is an individual who decides on a new combination of product or production technique, does so based on a calculated risk for future profit maximisation. Thus McClelland's entrepreneur measures her success and achievements through her increased profits, where risk-taking is an integral part of profit maximisation.

Thus the discussion on what an entrepreneur will do and why she might do that led to further studies on trying to identify entrepreneurial traits. In other words, how would an entrepreneur behave and what are her behavioural indicators. The following were identified⁴:

- Opportunity seeking: the entrepreneur sees and acts on new business opportunities; or seizes unusual opportunities to obtain financing, equipment, land, work space, or assistance.
- Risk taking: the entrepreneur is inclined to take calculated, moderate intelligent risks.
- Goal setting: the entrepreneur sets clear and specific short term and/ or long-term objectives.
- Self-confidence: the entrepreneur has a strong belief in self and own abilities, and expresses confidence in own ability to complete a difficult task or meet a challenge.
- Need to achieve: the entrepreneur has a high desire to achieve success in his performance.
- Initiative and independence: the entrepreneur shows not only initiative but will also show independence in their behaviour.
- Hopeful about the future: the entrepreneur maintains optimism, despite dissatisfaction with their present working condition.

⁴ McBer and Company (1989); Patel (1985); Management Systems Institute (1986); Van der Wees and Romijn (1987).

Therefore, the above discussion shows the creation and evolution of the central figure in an economy, as Schumpeter called her, the entrepreneur. The entrepreneur is driven by the aim to do something new/ different/ better for increased profits. Her role in the economy is to manage scarce resources efficiently, using the entrepreneurial traits, and contributing to economic growth through innovation at her individual business and personal level.

3. Personal features

3.1. Sample of the study (see map for location)

This paper draws its primary data from interviews conducted during the period October 1996 to March 1997 and the second phase during the period February to May 1998. Interviews were conducted with two sets of entrepreneurs: the market women located in Souk⁵ El Naga, and home-workers located in the Al Thowra area.

The Souk El Naga entrepreneurs are located in the north-western fringes of Omdurman city⁶. This area is basically inhabited by migrants from western and north western Sudan who came to the capital during the drought and famine periods. Up to about ten years ago this geographical area was sparsely inhabited and was considered of no real importance and was classified by the Local Council as a shanty town. Since then it has grown through better infrastructure, housing, small to medium sized markets and lies on the road out of Omdurman to the northern part of the country which is frequently used by buses, lorries, and private cars travelling to this part of the country. As a result of this growth the shanty towns themselves have been pushed further away into the desert with an average travelling distance from the shanty towns to the Souk El Naga area of thirty minutes by car and approximately two hours walking.

The second study group, the Al Thowra⁷ entrepreneurs are located in a middle class residential area north of Omdurman city. This residential area has been developed in the last twenty years. Most of the inhabitants of this area are the so-called migrant settlers. That is, they are not the original inhabitants of Omdurman city. Omdurman was the original capital city of Sudan before the British transferred the capital city to be Khartoum. Thus, the original Omdurmanians reside in the older central part of the city, whereas Al Thowra and other similar residential areas being developed away from the central part of the city are occupied by those families originally from other regions of the country. This area is inhabited by a cross-section of the community from families of merchants and traders, civil sector and private sector employees and other professionals.

3.2. Age and marital status of entrepreneurs

The findings of this study show that the majority in both responding groups were at the time of the interview married. The second majority in the marital status showed that the women had at one time been married (now divorced, widowed, or separated), indicating the existence of children. The Al Thowra respondents had an average of 5.5 children per female, and the Souk el Naga respondents had an average of 3.5 children per female. In addition, being married would also indicate the existence of extended families from both sides, the husband's and the wife's. The Souk el Naga respondents reported that the house in which the entrepreneurs lived was shared with, on the average 6 members of the extended family; and the Al Thowra respondents shared the house with an average of 3.7 members of the extended family.

Children are considered an important resource, specially among the low income groups since they can contribute towards family income generation, directly or indirectly. That is, either through direct employment for income generation or in the case of female children who take care of the home in the absence of the mother and thus indirectly support income generation. However, the results of this study showed that the low income group of Souk el Naga had fewer children as the middle income entrepreneurs. This difference can be explained by the respective entrepreneurs' life cycle stage during the time of the study. Most Souk el Naga women were younger and may still have more children whereas the Al Thowra women were older and had probably ended the child-bearing role. In Sudan children are considered very important both for social and

⁵ Souk means market in Arabic, and el Naga means a camel. This geographical location started as an area where the nomads coming into Central Sudan positioned themselves to sell their camels and sheep; thus the name.

⁶ The capital of Sudan is made up of three towns: Khartoum, Omdurman, and Khartoum North lying along the rivers Blue and White Nile.

⁷ Al Thowra developed as a residential area on the fringes of Omdurman due to the increased influx of migrants and new settlers in the capital city. It has since developed into a large area ranging from block 1 to block 75 and still increasing over an approximate area of more than 15 kilometres.

economic reasons. Economically they represent security for the parents in the future. However, amongst low-income groups children are considered an important resource after the age of seven. They share in direct income earning activities or support it indirectly. This would lead one to assume that the low-income groups have more children than the middle income groups. The findings, however, show that the opposite is true. This can be attributed to the low socio-economic situation of the low-income groups which results in a high child mortality rate, due to malnourishment and/ or inability to afford medical services. Thus the number of children become an important factor in sustaining livelihood systems and in the case of the Souk El Naga entrepreneurs, may contribute to their poverty status. Nevertheless, it cannot be denied that for low-income groups, increasing number of children may also constitute a threat to their livelihood in terms of sharing limited survival resources.

Half of the Al Thowra respondents were in the age range 40-49 years; among the Souk el Naga entrepreneurs the majority was equally distributed between the age range 20-29 and 30-39 years old. This is in agreement with Malhotra and DeGraff's findings (1997, p. 231) in Sri Lanka where the study of micro-entrepreneurs concluded that the higher the income of the women, the later they will enter into entrepreneurship. The Al Thowra entrepreneurs who enjoy a middle income status⁸ waited until they had raised their children and then entered into the informal sector, unlike the low income women.

Traditionally in Sudan it was unacceptable that a young woman or a young unmarried woman work outside the home, specially in market selling activities. This was considered unacceptable because it was seen to damage the reputation of women who sat in public places and interacted with men who are not part of the family. However, the findings of this study show that this attitude has changed due to increasing need for income, specially among the poor population⁹.

3.3. Educational status of the entrepreneurs

The level of education is taken as a measure of existing skills and entrepreneurial capabilities, such as management, book-keeping, and simple marketing techniques. Table 1 shows the majority of Al Thowra respondents to have had formal schooling up to university education; and the majority of the Souk el Naga responding group to have had no education. Nevertheless, a second majority was observed among the Souk el Naga entrepreneurs to have had at least primary schooling.

Table 1: Education level of respondents

	Al Thowra	Souk el Naga
	%	%
None	10.0	45.1
Khalwa ¹⁰	3.3	9.7
Primary	23.3	35.5
Intermediate	20.0	9.7
Secondary	20.0	--
University	23.4	--
TOTAL	100.0	100

Source: Own field data, 1997/ 1998.

However, the quality of education offered during their childhood and up to today in rural areas is weak and does not allow us to assume that it has the same importance and meaning as in the urban areas. Specially, since the women themselves reported that although they had attained a certain level of formal schooling they had forgotten how to read and write. This finding among the Souk el Naga responding group is in agreement with the definition of Mazumdar (1975) that individuals in informal sector activities would have limited or no formal schooling, while the educational levels of the Al Thowra entrepreneurs refutes this definition. In addition the concept of 'feminisation of poverty'¹¹ claims that women entrepreneurs tend to be economically

⁸ Al Thowra residents are classified as being middle class families by the Ministry of Land and Housing which allocates land for ownership according to the family income.

⁹ El Nagar (1988) found this pattern to change in 1988 and argued that it was due to the change in socio-economic structures of the Sudanese society which was passing through severe economic stress since the mid 1970s. One should not forget here that during this time the World Bank and IMF restructuring policies were designed and implemented in the form of structural adjustment programmes (SAPs).

¹⁰ Khalwa is the Qoranic school which at one time was the only form of schooling available to children, and up to today remains an important form of education in the rural areas.

¹¹ de Suremain (1990)

poorer than, say, male entrepreneurs due to their gender gap in education, which, however, is not absolutely applicable to the women across the informal sector in Khartoum, rather that the variations in educational levels reinforces the concept of segmentation of this sector.

3.4. Motivation for starting an informal sector business

Table 2 summarises the findings with regard to motivation or the reasons why women work in the respective business activity.

Table 2: Need for engaging in work for income

	Al Thowra	Souk el Naga
Reasons Given	%	%
To help my family	60.0	52.0
To help my husband	6.7	--
For myself to have some money	6.7	32.0
To get money for my children	6.7	13.0
Mother and grandmothers work	--	3.0
To be active	--	--
Free time	13.4	--
Hobby	6.7	--
TOTAL	100.0	100.0

Source: Own field data, 1997/ 1998.

The findings of this study have shown that most of the time the Souk el Naga entrepreneurs enter into economic activities due to an external factor¹², such as death of the husband, divorce, or husband's re-marriage, or husband's long-term sickness, and those who enter into economic activities not due to any of these reasons will do so only under extreme economic need, that is, when the husband's income will not cover household expenses. The decision to set up one's own business is determined by push and pull factors. Among the incentives pulling women into the informal sector is the anticipated earnings, as defined by the women to 'help the family and to have money for themselves'.

Table 2 demonstrates that 'helping the family' had been the major reason for the interviewed entrepreneurs to start informal sector businesses. The economic crises that Sudan has been undergoing in the last 15 to 20 years requires and justifies a second income per household. Increased costs of living and services such as health and education has put more pressure on women to take up income earning activities. The second majority found among the Souk el Naga entrepreneurs was that they 'wanted to have money for themselves'. Although the initial motive was to help the family, increased awareness to earning and owning the income among female entrepreneurs has important entrepreneurship implications.

In the 70s and the 80s the informal sector was categorised as that sector where individuals found work outside the formal sector. The sector was given various names such as the parallel economy, the underground economy, the illegal sector, etc. and the participants of this sector were even called the reserve army (Gore, 1998; Kitching, 1980; Elliott, 1975). However, Jamal and Weeks (1993) argue that this view must be changed since some of the activities in the informal sector are more profitable compared to the formal sector. Thus, House (1984; 1987) argues that the informal sector consists of a 'reservoir of dynamic entrepreneurs and the community of the poor'. This depends on the entrepreneurs' skills, education level and access to sufficient resources. In this regard a distinction can be made between the 'reason' and the 'motivation' in entering the informal sector, whereby 'reason' would imply conditions under which the 'community of poor' operate and 'motivation' the condition under which some entrepreneurs consciously decide to enter this sector and who possess or have access to income producing attributes.

McClelland (1961) puts great importance on the need for high motivation which is an internal psychological characteristic that determines the tendency to initiate business and which contains a high need for achievement. He goes on to explain that entrepreneurial behaviour is driven by the motivation to achieve increased status and recognition through increased profits.

¹² See Koda (1995:150) for discussion on circumstances under which women enter the informal sector.

The findings of this study, as shown in table 2, identify the reasons or motivations behind women engaging in economic activities in the informal sector. The response „to have money for myself“ is used as a proxy indicator to profit maximisation and was found to be highest among the Souk el Naga entrepreneurs (32%), followed by Al Thowra entrepreneurs. The overall majority was found to indicate the motivation to support the family's financial needs. Bearing the difference in the motivation levels for profit maximisation between the respective entrepreneurial groups, together with the motivation to support the family financially (which in essence can also be interpreted as aiming for increased profits, albeit not for individual use) the following push and pull factors were identified from the entrepreneurs' responses and which may suggest specific intervention strategies.

Table 3: Push and Pull factors to women's labour in the informal sector

Entrepreneurs	PUSH	PULL
Al Thowra	Sense of support to male status within their understanding of woman's religious duty towards the husband.	Concept of 'prestige' attached to working
		Access to institutional support from the first time.
		Derived personal/ autonomous income.
		Resultant savings and relative autonomy in its use
		Later life-cycle stage
Souk el Naga	Marital status	Need for economic contribution to the family
	Number of children	
	Absence of male and male income	
	Absence of institutional support	

Source: Own field data, 1997/ 1998.

Linneman (1998, p. 15) argues that push factors have a much stronger impact, at least on female business owners, than the pull factors, i.e. women tend to enter the private sector because they have no other choice. In this regard, it would be necessary to enhance the pull factors which would encourage women to join the economy as a positive measure than to join it with a sense of 'that they have no other choice'. In this regard, it would be necessary to enhance the pull factors which would encourage women to join the economy as a positive measure than to join it with a sense of 'that they have no other choice'.

Table 3 on the findings of this study is in agreement with Linneman's argument. The Al Thowra entrepreneurs whose personal and business attributes were more positive and reinforcing than the Souk el Naga entrepreneurs tended to do better in their respective businesses. This would indicate that there is a high motivation level which attracts the entrepreneurs to carry on with their businesses. On the other hand, the Souk el Naga entrepreneurs whose push factors outweigh their pull factors did relatively less well in their businesses in terms of income (discussed later), and which also explains their classification: 'the reason why I entered the business.....' (field data, 1997).

4. Business features

4.1. Capital, income, and savings of the entrepreneurs

The above table indicates the difference between home-workers and market women in obtaining funds to establish the business, in the beginning. While the Souk el Naga entrepreneurs relied exclusively on personal sources and contacts, the Al Thowra entrepreneurs did not start a business without a bank loan from the first time¹³.

Table 4: Source of investment money.

	Al Thowra	Souk el Naga
Source	%	%
Friends	--	6.5
Relatives	3.0	13.0
Local Merchant	3.0	32.3
Husband	6.3	3.0
Father/ brother	6.3	9.7
My own savings	19.0	35.5
Bank Loan	56.0	--
Other	6.4	--
TOTAL	100	100

¹³ One can argue that this result may be biased since the Al Thowra sample reflects entrepreneurs involved in credit programs. However, the question during the interview was „what funding source was used for first time financing“?. This was meant in order to find out that although they had financing from the bank at the moment, they may have other sources before they joined the bank credit program.

Source: Own field data, 1997/ 1998.

An inquiry into the use of local merchants as financiers by the informal sector business women revealed that majority of the Souk el Naga women use this system. However, interviews with the women and the traders themselves showed that this may not be an informal money lending system as widely known in the villages of the South East Asian countries. The practice is that the women are given raw materials to work with at the beginning of the day and the women pay back at the end of the day (a system of supplier credit). No interest is charged or any extra moneys are paid, the amount paid is the exact total of the prices of the materials bought. This may be because the market for the merchants themselves in this area is limited. That is, the merchants themselves benefit from the women who purchase materials daily, because the other private consumers do not have the purchasing power to buy things regularly on a daily basis from their shops. Therefore, giving the material to these women without extra costs insures for the merchants daily sales and income, where otherwise their businesses would suffer from lack of sales.

Literature¹⁴ on sources of investment money has shown that for low-income women, personal savings are many times the only source for business start-up capital. The discussions sought to investigate deeper into where and how the women, specially the low-income women, saved from. The Souk el Naga women reported that they were able to save from previous economic activities. The discussion revealed that before entering into entrepreneurial activities the low-income women were involved in daily economic activities, for example as domestic servants, selling local snacks called ‘tasali’ or peanuts, or buying items for resale on a daily basis. Through these activities they were able to save an amount first without the intention of using it for business establishment, but later on using it because they did not find any other lending source. Some of these women were also involved in the ‘Sandouk’ savings system and had used the money from this group savings for business purposes when there was no immediate financial need in the family. The ‘Sandouk’ (literally meaning a box) is a form of a rotating savings fund (known as ROSCA in Bangladesh studies) where a group of women agree to save a certain amount of money on a weekly or monthly basis. Each member of this savings group takes a turn in receiving the collected savings. Among the Souk el Naga entrepreneurs the total savings of the Sandouk are between Ls¹⁵. 20,000 to Ls. 30,000. With regard to the Al Thowra women, most of the personal savings were reported to come from the ‘Sandouk’ system of group savings and/ or holding back of some of the household expenses money from the male guardian. Among this group the total savings of the Sandouk is between Ls. 250,000 to Ls. 400,000. One Al Thowra entrepreneur reported that she was a member in a Sandouk savings system which totalled Ls. 800,000 (the highest amount found among the interviewed entrepreneurs). The other important source of self-financing came from friends and relatives for the low-income women.

Table 5 shows the amount of first time investment among the two respective entrepreneurial groups. The amount of first time investments corresponds to the first time source of funding.

Table 5: First time investment (in Sudanese Pounds).

Amount	Al Thowra	Souk el Naga
	%	%
Less than 10,000	26.7	55.2
10,000 - 20,999	6.7	3.0
21,000 - 30,999	10.0	6.5
31,000 - 40,999	3.3	--
41,000 -50,999	--	9.7
51,000 - 60,999	--	3.0
61,000 +	53.3	--
Don't know	--	22.6
TOTAL	100	100

Source: Own field data, 1997/ 1998.

The majority of Al Thowra respondents having a bank loan had in turn higher investment money. In contrast, the Souk el Naga entrepreneurs who in the majority had personal sources of funds in turn had a comparatively low amount of first time investment money. Together the source and amount of first time investment money determine the kind of informal sector economic activity undertaken by the micro-

¹⁴ Parker, Riopelle and Steel (1995).

¹⁵ Ls. = Sudanese Pound. DM 1 = Ls. 1,000 (approximately)

entrepreneurs and thereby determining the percentage value added to the end product. Comparing the costs incurred in production and the selling price of the product, the following are percentage value added by each respective entrepreneurial group: Al Thowra: 85% and Souk el Naga: 50%, respectively. The high value added among the Al Thowra entrepreneurs was also reflected in the income derived from the production activity.

Table 6 shows the production activities of each entrepreneurial group, respectively. Food and beverages selling involves primary production methods and skills as opposed to clothes making, soap production, or poultry farming which involves more skills and technical production methods. Most of the Al Thowra entrepreneurs owned some sort of technical equipment, such as a sewing machine, a Trico machine, a pasta making machine, and soap making equipment. The Souk el Naga entrepreneurs used basic technology such as a coal stove. 94% of the Souk el Naga entrepreneurs owned no land or any other assets, as opposed to only 30% of the Al Thowra entrepreneurs.

Table 6: Items sold for income

	Al Thowra	Souk el Naga
Items	%	%
Tea & Coffee	--	61.0
Meals	3.3	39.0
Food Prod.	16.7	--
Clothes	60.0	--
Poultry	10.0	--
Soap	6.7	--
Handicrafts	3.3	--
Kisra	--	--
TOTAL	100	100

Source: Own field data, 1997/ 1998.

The economic activity undertaken is the result of investment and income differentials among the entrepreneurial groups (see table below). As previously mentioned the Al Thowra entrepreneurs were involved in higher value added production as opposed to Souk el Naga entrepreneurs. In turn 77.4% of the Souk el Naga entrepreneurs reported that their income was not sufficient for daily family expenses as opposed to 30% of the Al Thowra entrepreneurs.

Table 7a shows the income earned per day before any running costs are deducted. Table 7b calculates for net income per day after all costs are met. In this table one can see clearly the costs saved by the Al Thowra entrepreneurs and thus their relatively higher income.

Table 7a: Gross income earned (per day in Sudanese Pounds)

	Al Thowra (%)	Souk el Naga (%)
Less than 5,000	16.7	77.4
5,000 – 10,999	10.0	9.7
11,000 - 15,999	13.3	3.2
16,000 - 20,999	--	--
21,000 - 25,999	3.3	--
26,000 - 30,999	16.7	--
31,000 - 40,999	10.0	--
41,000 - 50,999	--	--
51,000 +	16.7	--
Don't Know	13.3	9.7
TOTAL	100.0	100

Source: Own field data, 1997/ 1998.

Table 7b: Income and costs of entrepreneurial activity (in Sudanese Pounds per day)

	Al Thowra	Souk el Naga
Item	LS. per day	LS. per day
Average daily income	25,000	8,000
Rent	---	300
Tax	---	500
Raw materials	5,000	1,500
Electricity	---	---
Water	---	---
Transportation	1,500	250
Net Income	18,500	5,450

Source: Own field data, 1997/ 1998.

Income is a function of quality of product, which is a function of the quality of raw materials. 80% of the Al Thowra entrepreneurs were given the raw materials by the bank or obtained them through contacts of the bank, from importers and wholesale merchants. All of the Souk el Naga entrepreneurs purchased the raw materials from the local retail market. Therefore, access to and kind of raw materials is a factor in determining the kind of economic activity undertaken by the respective entrepreneurs.

90% of the Al Thowra entrepreneurs carried out the production activity at home and sold the products from the house itself. All Souk el Naga women carried out the production activity and sold the items in the market. This indicates that all Souk el Naga entrepreneurs were physically located in the market. The physical location of the Al Thowra entrepreneurs' businesses was the home with little or no contact with the market. Thus, the type of marketing used among the market women is production for immediate sales and consumption of a perishable product. Among the home-workers, marketing is done through word-of-mouth advertising, production is done on an order basis, and thus the customer group is selective and exclusive, which means they have the purchasing power and can afford to pay for a product made exclusively for them.

The physical location of the business and the production activity gives an indication to costs of running the business, such as taxes, rent, electricity, and water. Among the entrepreneurs who worked in the market these costs were paid from the business income, and the Al Thowra entrepreneurs who also did not pay any business costs were supported by the male guardian since the business activity was undertaken at home and paying the bills was essentially his domain. Therefore, the business costs for the Al Thowra entrepreneurs was lower than that for the market women, which gives an indication to business income. In addition, ownership of assets and/ or land is an indication of empowerment since it is argued that involvement of females in micro-enterprise will allow their increased access to and control over market gains and assets (Chen, 1997:6; Batliwala, 1994:22).

According to the Sudanese Strategic Report (SSR, 1997:322) an income of LS. 250,000 (DM 250 approx.) per month is the dividing poverty line, that is any individual earning below this is considered to be below the poverty line. Calculating this amount for a daily income, an approximate of LS. 8,000 per day per person is needed, and for a family of 5 persons (on the average) across the three entrepreneurial group, a daily income of LS. 40,000 is needed. Thus, it was found that: 90% of the Souk el Naga micro-entrepreneurs, and 70% of the Al Thowra entrepreneurs do not meet their daily financial needs for the family even from the gross income (field data, 1997/ 1998).

Although both responding groups can not sufficiently cover family expenses from their entrepreneurial activities, including the Al Thowra entrepreneurs inspite of their access to formal credit and high value added, the entrepreneurial activity has a comparatively positive effect on savings from business income for the latter entrepreneurial group.

Table 8 shows the savings ability of each respective entrepreneurial group from income earned in the business. The difference between the two is large and may indicate towards the deteriorating economic situation of the Souk el Naga entrepreneurs given that their net income is the lowest in the first place¹⁶.

¹⁶ Grosh and Somolekae (1996:1882) recognise the importance of savings in the informal sector as a means of graduating to medium and large industries for the purpose of industrialisation. They maintain that the informal sector has the potential to become a „seedbed for industrialisation“ through savings made over the life of the entrepreneur and which can be used by the next generation to „graduate“ to the formal sector.

Table 8: Monetary savings from the business.

	Al Thowra	Souk el Naga
Response	%	%
Yes	43.3	10
No	56.7	90
TOTAL	100%	100%

Source: Own field data, 1997/ 1998.

In comparison to the Al Thowra entrepreneurs' low ability to meet family financial needs (as previously mentioned) their ability to save is relatively high. This can be explained as due to one main reason, which this group of respondents earlier mentioned: „it was the man's duty to support the family and cover their financial needs“. This would indicate that the Al Thowra entrepreneurs' income is not exclusively used for the purchase of food, water, paying rent, and other daily expenses incurred in the maintenance of the family, unlike the Souk el Naga entrepreneurs. This was found in the interviews with the Al Thowra entrepreneurs who reported that their involvement in the informal sector economic activities allows them to buy, „anything they like, for example, replacing curtains, or buying new crockery for the home“. In contrast the Souk el Naga entrepreneurs reported that their income goes directly and immediately to buying food for the family.

4.2. The legality of women's informal sector businesses

The pervasive ideology shaped in the form of policies is implemented by laws¹⁷. There exist two types of laws in the Sudanese state: those which directly affect the work of women, the so called 'laws regulating the work of women'. The other type are laws that influence the work of women, such as the Personal Family Laws, Laws of Guardianship, and Marriage Laws.

The Petty Traders Law, which is a law directly affecting female entrepreneurs, has three articles relevant to the work of women in the informal sector: the working hours, the dress code, and the behavioural code. The working hours code states that women may not work before 6:00 am and after 5:00 p.m. While on the surface it may seem that the limitations of working hours unnecessarily limits the entrepreneur's freedom, it has added nothing new to the working hours of these market women. 82% of the Souk el Naga women work up to about 4:00 p.m. and then prepare to close up shop. The women reported that, firstly, they have to attend to family and household duties for the evening, and secondly they live in squatter settlements which are far from the markets where they operate and in order to get home before sun-set (since they go on foot) they have to leave the markets around this time. It is necessary for them to get home before dark because neither the roads leading to the settlements nor the settlements themselves have any electricity. It is not only the female entrepreneurs but some of the male merchants living in such settlements close shop as well around this time, specially those operating in the Souk el Naga area, as after sun-set the area is not secure. This contradicts the argument of some criticsers who maintain that the Petty Traders Law is detrimental to women's micro-enterprise. The article on working hours does not affect the market women, although if the necessary infrastructure of transportation to and from their homes was available, it would probably have a negative effect on the enterprises.

Table 9 shows the problems facing female micro-entrepreneurs in their businesses. The Petty Traders Law forbids women market sellers from wearing cosmetics, perfumes, colourful or shiny dresses, to talk loudly and in any way chat with the male consumers. In addition to the unnecessary curbing of human freedom, these restrictions have a direct effect on the women's businesses. Businesses in general and small/micro businesses in particular depend greatly on good customer relations with the clients¹⁸. This was specially evident among the Souk el Naga women. The discussions with these women sellers revealed that there were very few customers and that each seller has her own group of customers, i.e. these customers, when they want a meal or a drink, come to a specific female seller and would not go to anyone else other than her.

¹⁷ See Battahani (1995) who argues that the Sudanese government has set up a complex net of legal and institutional structures to restrict women's movement in the economy and public life.

¹⁸ See Preston-Whyte and Rogerson, C. (1991:225).

Table 9: Work constraints

	Al Thowra	Souk el Naga
Problems faced	%	%
No customers	3.2	31.7
No capital	29.0	35.0
No raw materials	13.0	7.6
Problem of work space	9.7	2.6
Competition	6.5	5.0
Marketing	22.5	--
Many regulations	6.5	10.0
No problem	6.5	5.5
Other	3.1	2.6
TOTAL	100	100

Source: Own field data, 1997/1998.

As shown in table 9, it is mainly the Souk el Naga women who suffer from lack of enough customers. Hence it can be said even this article of the Petty Traders Law does not affect the Al Thowra women since they operate at home and their customers are all female, therefore no basis for fear of male/female interaction. Souk el Naga women reported that they try to follow this rule as much as possible, they tell men to leave their working area once the food or drink has been consumed. Nevertheless, exceptions are made when there is no threat of observation from the control authorities¹⁹. Thus, it was found that, where the pressure for survival is greater than the motivation to abide by the law, the 'definition' of what is right and what is wrong, and to what extent can the laws be followed was flexible²⁰.

It is the role of the state to create a business environment which attracts investments and encourages growth of existing businesses. It should be in the interest of the state to do so because increased investment in businesses and expansion will reduce unemployment and contribute to economic growth. The Investments Encouragement Act of 1996 was formulated with specific exemptions and grants for any investment in agriculture, animal wealth, industry, energy, transportation, tourism, storage facilities, basic services and infrastructure²¹. The two objectives of this Act, relevant to women's informal sector activities, are: (1) that the investment should contribute to national income and should be a value adding activity, (2) it is intended as a self-sufficiency activity, and has the potential to increase exports and that the state is responsible for the collection of taxes and duties. This indicates that the state is willing to support certain activities which will support economic growth. Nevertheless, women's businesses in specific, and micro-businesses in general are not mentioned in the Act. However, according to the characteristics of these businesses, that they generate income for their own economic needs, these businesses can implicitly be classified under the objective of 'self-sufficiency' activities. The research findings show that there is no flexibility in the licensing and taxation regulations concerning women's micro-businesses, although discussion later in this paper will show that women's enterprises can be categorised as being self-sufficient in the sense of the state. It was found that market women, such as the Souk el Naga entrepreneurs required a license and paid taxes, as opposed to the Al Thowra women who were exempted from trade licenses and taxes, as being categorised under a government supported development project (93% of the Al Thowra entrepreneurs did not need a license).

A third of the Souk el Naga respondents reported that obtaining a license was a difficult process, while the other two-thirds found that it was not difficult as long as one had the proper contacts with the official representatives who facilitated for them the whole process. The contacts were described by the entrepreneurs as offering free drinks or sometimes food to the officials and the police who control the area. This can be considered as a bribe for the smooth processing of documents.

Table 10 shows that the government authority issuing the license. The local popular committee is formed by a group of men selected by the Local Area Council for the management and control of a specific geographical area.

¹⁹ During one of the interviews in Souk Al Naga, a male client insisted on sitting and listening to the conversation between me and the entrepreneur. At first the entrepreneur allowed him to stay, then she asked him to leave after a little while because the female Popular Discipline Police (called Mutarabitat) may come and punish her because he was sitting in the shop after having purchased and consumed his food.

²⁰ See Zulu (1991:116).

²¹ Sudanese Strategic Report, 1997.

Table 10: Authorities issuing the license

	Al Thowra (%)	Souk el Naga (%)
Local Police	--	--
Local Popular committee	--	67.5
Ministry of health	--	6.5
Local Council	6.7	13.0
N / A	93.3	13.0
TOTAL	100	100

Source: *Own field data, 1997/ 1998.*

Under the new Sudanese Federal government system, revenues from local businesses go to the State Treasury which contributes to the National Treasury. Among the Souk el Naga entrepreneurs taxes were collected by members of the Local Popular Committee (LPC) and the license was issued by the committee as well. Therefore, the collected revenues were to be transferred to the Local Council; however, no records of these were found. This does not necessarily indicate that the Souk el Naga businesses are illegal, but the revenues from them are not transferred to the National treasury, supporting the argument of Bromley (1979) that registration occurs at different levels of the state apparatus.

I would like to highlight here the contradiction between state policies, and the real situation of women entrepreneurs in the informal sector, with regard to licensing and taxes. As previously mentioned, the Sudanese Strategic Report (SSR) indicates that „self-sufficiency and value adding economic activity should be encouraged“ (SSR, 1997:109), as well as that „the informal sector is a dynamic sector which provides employment opportunities, and cheap products for the poor and which if supported should contribute to increased exports“ (SSR, 1997:187), which shows the government’s positive position towards this sector and the informal sector’s perceived potentials. Nevertheless, the field data (1997/ 1998) show that in reality the government’s position is not so welcoming or optimistic.

When discussing government policy towards women’s informal sector economic activities through licensing and taxation, the Souk el Naga entrepreneurs found obtaining a license and keeping it, difficult for the following reasons: (1) obtaining a license needs a lot of contacts and giving of bribes, (2) the local council does not like women to work, (3) the process needs a lot of time and waiting in several government offices, (4) the behaviour code is an obstacle, (5) the license application is difficult to get and it investigates the applicant’s personal background, (6) and the general feeling that having a license means only paying taxes and no other purpose or benefit for the entrepreneur (interviews, 1997). The Al Thowra entrepreneurs did not report any difficulties since they do not need a license.

This contradiction between state policy and its lack of impact at the business level refutes the argument of Mead and Liedholm (1998:68) that the possession of a license, which carries with it the right to inputs, is the distinctive characteristic between informal and formal businesses, and would support the argument of this study that state ideology over-rules the rule of law. This would then allow us to argue that: firstly, an informal sector business is not always an officially unregistered operation as was argued in the last decade. Secondly, that having a license does not give entrepreneurs any extra privileges or recognition in the process of business operation. Nevertheless, it would be interesting to investigate whether this is also the case among informal sector male businesses. That is, whether the Sudanese state ideology is gender biased. Thirdly, it would also allow us to conclude that the Sudanese state collects ‘taxes and duties’ eagerly without offering the expected services, benefits, or even protection of basic business rights as maintained in the law.

This was seen clearly in the lack of services such as garbage disposals, cleaning of the streets, and generally keeping a hygienic environment in the Souk. The women prepared the food in their respective shops and threw the food garbage on the street; they would clean the dishes and the soap water is also disposed off on the streets; any remaining unconsumed food is similarly disposed off on the streets at the end of the day. The various fees and charges collected by the authorities does not include services to maintain a clean environment or activities to protect the environment. The health card, which is a necessary document for all food and drink vendors, screens (not guarantees) that the vendor does not have any contagious diseases. It does not in any way dealt with unhygienic operation standards which may lead to the spread of contagious diseases.

4.3. Business performance of female entrepreneurs

Evaluating the performance of the female informal sector workers in Khartoum will give indications to their entrepreneurial capabilities and potentials. Table 11 shows that the majority of the low-income women started their entrepreneurial activities by themselves.

Table 11: Person who established the business

	Al Thowra	Souk el Naga
	%	%
Self	62.3	87.7
Other	37.7	12.3
Total	100	100

Source: Own field data, 1997/ 1998.

Among those who replied negatively in both responding groups, the business was started by another family member, such as: mother or sister. 60% of the Al Thowra entrepreneurs reported that their main daily job was to take care of the house and work in the domestic activities, while all of the Souk el Naga entrepreneurs reported that their main daily job was to work in their entrepreneurial activity.

As shown in table 12, the majority of the women owned the businesses by themselves. Among the Al Thowra entrepreneurs those who replied negatively shared the business in partnership with the bank. Among the Souk el Naga entrepreneurs those who replied negatively shared the business with another female relative. In contrast only 40% of the Al Thowra entrepreneurs had operated and managed their businesses by themselves. The other 60% reported that they had hired labour who managed the business. The Souk el Naga entrepreneurs who owned their business by themselves also managed it by themselves.

Table 12: Ownership of business

	Al Thowra	Souk el Naga
	%	%
Self	63.7	88
Other	36.3	12
Total	100	100

Source: Own field data, 1997/ 1998.

Among the Al Thowra entrepreneurs the hired labour were paid a monthly wage and the profits were retained by the entrepreneurs. Among the Souk el Naga entrepreneurs who shared the management of the business with someone else had to share the profits with this person as well. In case of any physical or financial damages the Al Thowra entrepreneurs shared the losses with the bank, among the 80% who were financed by the bank, and among the 20% who had financed themselves sustained losses by themselves. Among the Souk el Naga entrepreneurs all losses were sustained by the entrepreneurs themselves.

Performance evaluation to business ownership, management and losses are indicators to risk-taking as defined to be an entrepreneur's characteristic. Thus, the above findings of this study show that the Souk el Naga entrepreneurs are the highest risk-takers, while the Al Thowra entrepreneurs either share the business risks equally with their funders or do not bear any risks on business losses due to their institutional support.

Further performance evaluation is needed to give indicators to innovation as an entrepreneurial characteristic. Indicators to innovation, for the purpose of this study, will be strategies used in: competition, for survival, savings, market targeting, and meeting seasonal fluctuations, which were identified in the interviews through indicators such as: business location, multiple locations, use of female children in separate locations, family consumption habits, usage of public transportation systems, diversification of product, product pricing, alternative production methods (i.e. part of the production process to be sustained by the consumer), and marketing techniques.

One of the informal sector characteristics is the high level of competition in the sector due to ease of entry for all individuals. Direct competition was found to be highest among the Souk el Naga entrepreneurs whose business location served to increase competition. These entrepreneurs operate in an area of about 4 km square with Souk El Naga entrepreneurs operating, literally, wall-to-wall, with about 150 entrepreneurs. They

sell the same items with no variation. Among this Souk el Naga entrepreneurial group the only strategy to face competition is the loyalty of the clientele. No product or price differentiation strategies are used.

Among the Al Thowra entrepreneurs, negligible competition was found because both their production and marketing outlet was the home and their customer group is located in the geographical area of their neighbourhood. Again no strategies were used to overcome any potential competition.

In this regard the need to survive is highest among the Souk el Naga entrepreneurs, due to their competitive environment and their resultant threat to decreasing incomes. Since the business of this respective group operates with minimum resources, the strategies used to survive on the lowest income possible are aimed at the household which is the only source from which resources can be withheld without directly disrupting the family livelihood²². Thus the strategies used are: (1) decreasing consumption of certain kinds of foods, (2) keeping only the eldest male child in school, (3) the eldest daughter (above 10 years) going into the market, selling consumer items or seeking employment as domestic workers, (4) avoiding the use of public transport by the women, (5) foregoing seeking medical advice in the event of health problems and instead using traditional herbs as cure, (6) foregoing new clothes or shoes.

The Souk El Naga entrepreneurs were able to make negligible monetary savings, however, their savings were made in kind. This entrepreneurial group bought household articles, as a savings method, for future use. The entrepreneurs reported that these items could be used for resale if at any time cash was needed or can be used in the future to support the children's marriage. This strategy makes good economic sense in the hyper-inflation Sudanese environment and is innovative because they do not belong to any savings institution where they can deposit their monetary savings.

The 1997 SSR calculated the number of people on or below poverty to be 94% of the population (SSR, 1997:322). Therefore the Souk el Naga entrepreneurs are best positioned for a growing market for low-priced products. Although the resultant income from this market is comparatively low, the guarantee that a minimum satisfactory income will be earned daily is important to their respective family survival and makes marketing sense as a strategy aimed at long-term increase in market share through low-priced products with increased sales.

Although this strategy serves the financial needs of the entrepreneurs, the entrepreneurial work of the women in this sector does not serve the earlier national economic aim of import substitution or the present-day export-oriented production strategy, and does not use local and indigenous resources in their production. Sudan, basically an agriculture economy, does not have many intermediary industries to process primary commodities into raw materials to be used in the processing of finished products.

Table 13 shows the economic activity of the female entrepreneurs in Khartoum in the informal sector, the raw material components needed for the respective activity and their source of origin.

Table 13: Raw materials used by women and their status

Activity	Components	Status
Tea seller	Sugar	Local but scarce and expensive
	Tea	Imported
	Coffee	Imported
Food seller	Meat	Local but expensive
	Bread	Imported flour
Clothes maker	Cloth, threads and other decorative items	Imported
Soap maker	Chemicals	Imported
Handicrafts	Leather	Local but scarce and expensive

Source: Own field data, 1997/ 1998.

N.B. Only those components are mentioned which are relevant to the discussion

Thus, not only do these activities not use local resources, they increase the demand for imported products. Here innovation is not possible because of the lack of necessary substitute raw materials. In addition, no innovation is practised for alternative economic activities using local resources. This kind of an innovation is constrained by demand for these alternative economic activities or products, such as handicrafts using local leather or dried palm leaves. For example, local leather is expensive and the time needed to finish a product by hand using leather may take up to two weeks, and the suitable selling price is too expensive for the market.

²² Livelihood here is used to mean the ability of the family members to stay alive and avoid death due to lack of resources.

Handicrafts made out of dried palm leaves are cheap because the raw material is quite cheap. However, the time factor is again high and the resultant income from selling this product is too low to be considered a stable permanent income earning activity (interviews, 1997).

Due to the isolation to specific activities without satisfactory alternate income earning options, the Souk el Naga entrepreneurs experience seasonal fluctuations in their sales and income, while the Al Thowra entrepreneurs do not because the latter work on an order basis. Seasonal fluctuations, leading to a decrease in demand, was reported by the Souk el Naga entrepreneurs to be during the summer season, between the months of April to July. Strategies to counter the decreased demand and income, used by this entrepreneurial group were: (1) selling smaller food items, such as biscuits and cakes, (2) selling meals without meat which is priced cheaper, (3) working longer hours, (4) and placing one of the elder daughters as a tea and coffee seller in another location. These strategies represent diversification in product and location in order to maintain a stable income by targeting the changed market needs.

The type of materials used for production, together with the production process and the commodity consumption pattern, the findings indicate some ecologically negative practices, specifically amongst the Souk El Naga entrepreneurs. The location of these entrepreneurs is an open market with a space of 4 metres square in which they prepare the, cook and serve the food. The women use local wood charcoal as cooking energy. The charcoal is processed by felling down trees in the remote regions of the country, which were at one time dense forests. In this aspect neither the women themselves are aware of alternative energy sources, nor do the authorities who monitor the market and the women's activities have at any time attempted to introduce or facilitate alternative energy sources for these women. Moreover, the issue of the cost of alternative energy sources is an important factor for the women since charcoal is the cheapest and most widely available source in Sudan. The resulting smoke from burning charcoal also contributes to air pollution and to a general deterioration of the environment in the area. Thus this environmental degradation needs direct attention, not only among the Souk El Naga entrepreneurs but in the small business operations in general since most of them operate on a very low-cost budgets and which in itself is a strategy for survival. The needed attention to environmental protection would also simultaneously serve the economic growth aim of the Sudanese state (as mentioned in the SSR, 1997), as some studies (Prokopenko, 1997; Stevens, 1993) have found that through more environmentally friendly production methods an overall optimal efficiency in production and thus in income/ profits can be achieved.

4.4. Crowding out through access to resources:

I have already discussed the problem of funding and how it affects the female entrepreneur's business. Here I would like to discuss funding further to identify the obstacles to institutional credit for low-income female entrepreneurs.

None of the Souk el Naga entrepreneurs had ever had a bank account or approached a bank for a loan, as opposed to 97% of the Al Thowra entrepreneurs who had a bank account, had approached the bank for a loan and received it. When asked why they had not approached a bank for a loan, the Souk el Naga entrepreneurs replied that „bank's do not support tea and food selling activities“, and that „they could not satisfy the bank's requirements (guarantee, collateral)“. When the same Souk el Naga entrepreneurs were asked if they would want a loan from a bank, 70% of the respondents replied that they would not want a loan from a bank, for the following reasons, as shown in table 14:

Table 14: Reasons for rejecting a bank loan

Souk el Naga entrepreneurs	
RESPONSE	%
Not enough money to repay the loan	7
The bank is not interested in my skills	28
I have no collateral or guarantor	31
I do not want to have any extra debt	12
The bank is too difficult to deal with	22
TOTAL	100%

Source: Own field data, 1997/ 1998.

When asked, hypothetically, if they were to receive a bank loan, what they would do with it: the majority of the Souk el Naga entrepreneurs replied that „they would invest it in their existing business or use it

to start a new business, and that they would return it from their business profits“. This indicates their entrepreneurial thinking although the extra money would have been useful in meeting other costs such as: clothing, medicine, school fees, or maintenance and repair of the house, they would nonetheless use it for business purposes. However, the field data suggests that the low-income women experience a “fear” from interacting with the banks.

The fear that the low-income entrepreneurs have of bank loans, and the relatively high acceptance of Al Thowra entrepreneurs to receiving bank loans, reflects the discriminatory requirements of the banks in Khartoum towards female entrepreneurs. Taking Sudanese Islamic Bank as an example which manages and promotes the Productive Families Project for female entrepreneurs, loan requirements are: collateral, a third party guarantee, a certified cheque to the amount of the loan; in addition about 40% of the loan amount is charged as administrative costs at the end of the lending period.

Thus, it can be concluded that formal credit institutions are not aware of low-income entrepreneurs’ needs and to a certain extent ignore them for the sake of bank security and profits. Although Souk el Naga entrepreneurs are capable of raising funds informally, this is not taken as a measure of security towards being potential credit beneficiaries. Informal sector entrepreneurs who enjoy formal credit are those who already have a stable source of income from family and/ or husband. For example, one of the Al Thowra entrepreneurs who was funded by the bank to start a poultry project, asked her husband to pay back the loan that she had taken, when all her chicks died of disease, although she herself was a trained veterinarian. Therefore, formal credit requirements segregate some entrepreneurs in the informal sector to low-income activities and support others to increased profits, thereby increasing the gap between the female entrepreneurs in the informal sector. As a result an upward spiral for the middle income entrepreneurs and a downward spiral for the low income entrepreneurs is created. This spiral is initiated by the type of funding and eventually affecting access to raw materials, business location and marketing, and ownership of assets, which also affects the empowerment process for the entrepreneurial groups.

4.5. Demand and supply of female labour in the informal sector

Experience, as shown in table 15, in informal sector was almost similar among both entrepreneurial groups, although some of the Al Thowra entrepreneurs had been working in the business longer than the others. In addition, the Al Thowra entrepreneurs had a second income earning activity, other than the entrepreneurial work, such as: school teacher, making henna, printing clothes, children’s day care centre, tailoring, food technician.

Table 15: Years of operation in the business

	Al Thowra	Souk el Naga
	%	%
0-6	66.7	61
7-12	6.7	39
13-19	10	--
20-24	6.7	--
25 +	10	--
TOTAL	100	100

Source: Own field data, 1997/ 1998.

Considering the differences between the respective entrepreneurial groups with regard to factors affecting supply of female entrepreneurs in the informal sector, it would be reasonable to conclude that the relatively weaker these characteristics, the higher their probability that they will be engaged in the lower income earning activities in the informal sector, resulting in comparatively lower income. Nevertheless, it can be argued that this weak position of the individual entrepreneur can be enhanced by strengthening the business through institutional support and business development services, for example: small business training programmes carried out by some of the local and international NGOs, United Nations bodies. Other business development training packages are offered at a more formal level for more ‘formal’ small businesses by the Management Development Centre (MDC), Sudan Academy of Administrative Sciences (SAAS), the Development and Social Research Council (DSRC), and on a project basis by the Ahfad University for Women.

Demand for female entrepreneurs in the informal sector can only exist under two situations: (1) if there is a strong and growing vertical linkage between the formal and informal sectors, such as the practice of

sub-contracting. This would increase demand for female labour in the informal sector, specially as home-workers and may create an intermediate informal sector, which would be between the lower and higher informal sector entrepreneurial incomes. (2) The second situation where demand for female labour in the informal sector is when the income differential between wages earned in the formal sector by an unskilled female labour is lower than the informal sector income. While there is virtually no link between the formal sector and women's informal sector, the wage differential for unskilled female labour between the formal and informal sector exists. The minimum wage for an unskilled, illiterate formal sector employee is Ls. 75,000 (DM 75 approximately), which is about Ls. 2,500 per day. In the informal sector activity the minimum earnings per day were reported to vary between Ls. 3,000 to 5,000 per day. This means that calculated on a daily basis, the informal sector activity is more profitable than a formal sector job. Nevertheless, the women would prefer formal sector jobs because the cost of starting a business is higher and there are social and economic barriers to entry. Therefore, the wage differential does not increase the demand for female entrepreneurs in the informal sector considerably because of the costs of establishing a business and the social stigma attached to market work.

5. Conclusion and Perspectives towards an Entrepreneurship Development Model

The discussion in this paper has revealed great differences in the entrepreneurial capabilities of market women and home-workers in Khartoum. Market women are higher risk-takers than the home-workers. They are, therefore, more confident and are able to innovate to meet competition and seasonal fluctuations, and they are driven by the need to achieve.

Entrepreneurial capabilities were measured through risk-taking and innovation initiatives. It was found that the Souk el Naga entrepreneurs have the highest entrepreneurial capabilities, followed by the Al Thowra entrepreneurs whose entrepreneurial capabilities are negligible. Ability to use diverse strategies to innovate for a sustainable income indicates that there is an entrepreneurship process occurring as measured by the woman's ability to undertake different forms of employment. Here the concept of employment is broadened to mean undertaking the different variations of an income earning economic activity.

The findings of this study indicate that the aim of survival can be classified as a high need for achievement trait and is a strong motivational drive, more than the drive of profit maximisation. This is probably the reason why many of the women's development projects failed in the 70s and 80s, as mentioned earlier in the paper. These programmes which sought to support women through income generation activities did not view the survival aim as an important entrepreneurial trait, but rather held the view that 'the poor women must be taken out of their misery'. This approach is still used by the micro-entrepreneurship development programmes in Sudan, such as the Productive Families Project (PFP). This project, under the supervision of the Sudanese Islamic Bank, provides home-workers with credit, technical assistance, and marketing, thus the women are mere labour who generate income. Very few of the entrepreneurial capabilities are exercised by the women under this project and this was evident among the women who were no more under the project. These one-time PFP beneficiaries had stopped their income generation activities or operated only on an order basis.

Therefore, the definition of an entrepreneur, specially female entrepreneurs in LDCs, must include the survival trait as a reactionary process to deteriorating standards of living and income. Nevertheless, this recognition still does not in any way serve to relieve or eradicate the poverty conditions of most of the LDC informal sector entrepreneurs. This would bring us back to the debate of what is the right approach or intervention strategy for women's entrepreneurial activities so that it becomes a poverty alleviation vehicle.

When Schumpeter coined the term 'entrepreneur' whose essential characteristic was the ability to innovate, he was talking about economic growth. That is, through the entrepreneurial innovations new demand levels could be reached and thus production would be boosted. However, today in economic crisis countries, and specially among women's enterprises, innovation is initiated by the need to survive and to maintain a certain minimum level of income for family expenses. This was shown by the Souk El Naga entrepreneurs who used various strategies to maintain the minimum income level, and in the process they unknowingly innovate. On the other hand, the Al Thowra entrepreneurs maintained a stereo-typed business of one selling location, one production method and location, and one product.

Leibenstein's gap filling role of the entrepreneur was also practised more by the Souk El Naga entrepreneurs than the Al Thowra entrepreneurs. This obviously was the result of their extremely demanding and harsh working environment which enabled the Souk El Naga entrepreneurs to fill gaps in their entrepreneurial activity. This was shown in their ability, for example, to seek alternative sources at the lowest

possible price, and to combine the household (and its members) with the business in order to maintain the flow of production and selling.

McClelland's Needs Achievement entrepreneur with the aim of profit maximisation is a more complex issue. Profit maximisation per se was practised by both entrepreneurial groups, and profit maximisation as in high net profits was practised by the Al Thowra group. However, the differentiating factor in McClelland's theory is the issue of 'rational risk-taking'. McClelland emphasises that in reaching the aim of maximised profits, risk-taking is an essential requirement, without which the act of profit maximisation is a mere routine decision-making process. This then indicated towards the Souk El Naga entrepreneurs whose risk level was higher compared to the Al Thowra women in terms of threat from the authorities, the risk of losing the initial capital invested, the inability to pay-back debts, and the threat of not earning survival income on a daily basis.

This then would allow us to conclude that the Souk El Naga entrepreneurs' profit maximisation aim is an entrepreneurial characteristic as defined by McClelland and that of the Al Thowra entrepreneurs is a managerial aim²³ resulting from routine decision-making without risk-taking. This differentiation between the entrepreneur and a manager allows us also to conclude that an entrepreneurial business such as that of Souk El Naga women was more sustainable than that of the Al Thowra women who stopped their economic activity once the institutional support ended.

These perspectives allow us to question: what about poverty and poverty alleviation? If the Souk El Naga women are entrepreneurs, they are still unable to combat poverty, and vice versa the Al Thowra women who do not possess all of the entrepreneurial characteristics are relatively 'getting richer' from their economic activity. Should entrepreneurship development be dropped as a poverty alleviation vehicle? Will the Souk El Naga women ever be able to do more than just survive through their entrepreneurial activities?

Up to now some studies (Tokman, 1989, p. 19) have glorified the offer of credit to such entrepreneurs as the most efficient means to support female entrepreneurs. Other intervention strategies emphasise the need for skills training and/ or appropriate technology for efficient production (Gansmar and Almond, 1989, p. 191). However, recent evaluations of such interventions have concluded that this is not always the case, that is they do not always succeed in supporting female entrepreneurship (Kabeer, 1998; Ackerley, 1996).

Thus, there is a need to identify an entrepreneurship development model which maintains and enhances the women's existing entrepreneurial capabilities and at the same time is able to direct these capabilities for increased financial and economic wellbeing and security.

One can argue that what the entrepreneurial women lack is sufficient resources and inputs (as was claimed in the missing input strategy) and that by giving them these, the women will achieve financial security. However, studies have shown (Pitamber, 1998; Okelo, 1989; Kabeer, 1998; Schuler, Hashemi, and Riley, 1997) that women experience social and cultural restrictions which do not allow them to use these resources efficiently.

Nevertheless, an entrepreneurship development programme must first of all focus on creating, maintaining and enhancing positive motivational levels. It would be more feasible to include female business entrepreneurs in a packaged programme which includes some literacy training, general awareness raising within the frame of gender roles and relationships, discussions on the value of their economic work to themselves and their families, seeking to induce a more positive perception of themselves, and last but not least support at the policy and legal level. Having embarked on this phase, a simultaneous phase should then seek to provide resources and inputs albeit at a slow tempo in order that the entrepreneurs do not reach a level of 'fear of pay-back'. The role of the outside intervention would be to prepare them psychologically and physically to take on the entrepreneurial role with a motivation for entrepreneurship rather than being satisfied with survival income. This outline would be more appropriate in the case of entrepreneurs with personal and business features as that of Souk El Naga entrepreneurs.

In the case of the entrepreneurs with backgrounds similar to Al Thowra entrepreneurs, it would seem unnecessary to intervene since they can easily maintain high rates of income. Nevertheless, it is still important to induce in this group a sense of entrepreneurship so that whatever material and immaterial costs may have been incurred in supporting them lay a foundation for effective participation in the economy. Here an effective entrepreneurship development model would suggest a programme which includes the offer of resources without the guarantee of subsidised raw materials, or marketing outlet. This should separate those women who are

²³ Both Schumpeter and McClelland sought to differentiate between a manager and an entrepreneur where each had respective qualities and where a manager's role in the business was less influential in directing firm sustainability and growth.

motivated to develop entrepreneurship qualities from those who may be involved in economic activities 'to fill their spare time'.

The approach using motivation as the focus would be more successful than standardised training programmes which include management training, book-keeping, etc. given the specific social and entrepreneurial backgrounds of female business owners. By trying to fit these women's businesses in the standard business frame will probably lose the women's and the businesses' indigenous and self-learned strategies, techniques, and methods which have up to now kept them 'above water-level'. Not only do such standard programmes seek to dis-learn what the women have up to now built through experience, it also assumes that all women's businesses have the same needs and that these businesses form a homogeneous group which of course has also been challenged by some studies (Mezzera, 1989).

When Schumpeter created his dynamic figure, the entrepreneur, he described him as someone who had foresight and took up the challenge of discovering new demands. Thus, this figure was driven by the motivation of reaching newer, better levels - whether economically, socially, psychologically, or financially. Thus the core of any entrepreneurship development programmes should be the focus on motivation, which is specially necessary in the case of women's businesses in the third world countries where socialisation and gender roles expect that women be low achievers as opposed to their male counterparts.

Seeking to develop women's entrepreneurial thinking is important in emphasising the true value of female enterprises both to the individual entrepreneurs and to the socio-economic environment.

There is, however, a greater need to stabilise the policy environment. In a country like Sudan, which bases its policies on a specific ideology, women seem to be the focus of most social, economic, political, and environment policy and legal structures. Thus, a few words on the role of policy in supporting female micro-enterprise development are deemed necessary.

Awareness raising at the political level: By now it is no secret that the Sudanese government which took over power in 1989 follows an Islamist ideology and which its leaders claim has a 'modern face'. Nevertheless, laws such as the Petty Traders Law, the National Moral Codes, and the Code of Combatting Vice and Promoting Virtue are some of the legal structures which hinder the performance of female entrepreneurs, specially the market women. These various laws and codes focus on women in general to control their moral and physical behaviour in public, and to some extent in private. Although these codes do not contain any direct economic obstructions, the social control and monitoring makes it difficult for female entrepreneurs to carry out their economic activities. Through these laws women's mobility, access to information, resources and markets is greatly negatively affected. Thus, it is necessary to raise the awareness of the policy/ decision makers at the national level that through such codes the economic well-being of a major part of the population is affected. Since market women serve a big group of poor consumers, such codes will not only affect the capability of providing services to a majority of the population. This would suggest that in the long-term the government will be faced with the burden of providing services to this group of consumers if women are not allowed to interact freely in the economy.

The role of NGOs: Over the last decade, NGOs have played an important role in Africa, filling the gaps left by political instability and economic crises. In this regard, NGOs should be able to play the role of an intermediary speaking on behalf of the female entrepreneurs and negotiating for flexible policy and legal environment. Until now most of the NGOs in Sudan in the area of micro-enterprise development have attempted to work closely with the entrepreneurs within the existing policy environment. However, it is my opinion that NGOs are capable of doing more than finding temporary solutions.

Skills and technology transfer: The concept of economic dualism which was used to characterise the informal sector in the 70s is to be clearly seen in Khartoum among female micro-entrepreneurs. Women's businesses are if not ignored, at best tolerated by the policy makers. Training both in skills and technology is focused on 'formal' businesses. Vocational and out-of-school training are done on a project basis by various NGOs and then too seem not to be able to initiate any positive change in the female-owned businesses. While space does not permit, it would suffice to say that this negligible impact on the part of such projects is due to a variety of reasons, including a mis-match between project objectives and market needs. Thus, there is a need for a skills and technology training programme under a micro-enterprise development policy which focuses on poor female entrepreneurs (market women); unlike the PFP which focuses on middle-income women.

Demand side policy issues: In Sudan demand is severely constrained as a result of increased poverty among a major part of the population (94%). Thus, market women are positioned relatively well in a situation where the need for cheap direct-consumption items is on the rise. Nevertheless, although food and beverages

businesses imply a continuous demand due to the nature of the product and the nature of the need for such a product, the poverty situation of the consumers has created new coping strategies, such as reducing food intake for monetary savings.

Thus, a policy mix including increasing aggregate demand to increase purchasing power will affect female businesses more favourably. In addition, policies which support and promote health care, education, infrastructure, and market development are likely to have more positive results in the long term.

Supply side policy issues: Supply side interventions which directly focus on raising production and/ or productivity among female micro-enterprises may be more successful than demand side policies. I have already mentioned the importance of skills and technology training. Credit, although important, must be carefully approached. As was shown in the earlier discussion some female entrepreneurs tend to shy away from institutional lending, whereas they feel free to borrow from informal sources. Thus, supply of credit to these entrepreneurs needs to be put in a frame and structure that the women understand and feel comfortable with.

Finally, as part of supporting the supply side of female micro-enterprises, a policy of appropriate and suitable marketing, channeling, distribution, and location is needed. This would suggest a protection of women's enterprises and their products through special priority contracts, privileges in specific locations and outlets, would lead to increased outreach into new market segments and physical areas.

The various factors to be considered in a policy mix suggest that there is no simple prescription - „no short-cut to progress“²⁴. Thus, if Sudan's rendezvous with the 21st century is going to continue along the present trends, then it is highly possible that female entrepreneurship in the informal sector is going to be the only independent sector in developing the urban economy.

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²⁴ The title of Goran Hyden's book.

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