



Research Article

Effect of Street Vending on Small and Medium Enterprises Performance

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ABSTRACT

Despite the tough circumstances and competitiveness of shops with permanent structures, it is acknowledged that street enterprise could play a vital role in alleviating poverty across the globe. Formal organizations recognize this possibility and are strategically incorporating informal organizations into their selling operations. The broad objective of this study was to examine the effect of street trade on small and medium enterprises performance with a specific focus on the operators in Ilorin metropolis. Therefore, the study's specific objectives were to: determine the relationship between street entrepreneurship transformative measures and market share of SMEs and evaluate the effect of transformative measures on the transformation of street entrepreneurship into SMEs. Since the study population was large and unknown, Cochran sample size formula was used to determining the sample size of 385. A questionnaire was designed using structured questions to obtain primary data from the respondents in Ilorin metropolis, Kwara State. A total of three hundred and eighty-five (385) copies of the questionnaire were administered, out of which three hundred and sixty-eight (368) copies were properly filled and returned. The formulated hypotheses were tested using multiple regression analysis and correlation with the aid of SPSS version 21. The findings of the study revealed that; the strong positive relationship between street entrepreneurship transformative measures with socio-cultural factor as the highest correlation coefficient of .946, multiple regression analysis established that transformative measures have an effect on the transformation of street entrepreneurship with an R^2 value of .987. Hence, the study concluded that all transformative measures of street entrepreneurship have a significant effect on market share and that transformative measures have a significant positive effect on the transformation of street entrepreneurship into SMEs. It was recommended that street entrepreneurs should not underestimate the potential of relationship marketing, which may increase a company's financial performance. Moreover, street entrepreneurial ventures should concentrate on changing their enterprises into SMEs by gaining a deeper understanding, learning skills, and developing a working knowledge of all aspects that may impact their operations and thwart their transformative aims.

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INTRODUCTION

According to the International Labour Organization (ILO), street hawking contributes to the greatest share of informal labour in Africa beyond homework (ILO, 2002). As a result, street entrepreneurs have implemented various methods to compete effectively. Street entrepreneurship is universal across the world, but most common in less developed and emerging economies. Moreover, more than 60% percent of workers and 80% of enterprises in the world operate in the informal economy (ILO, 2020). This is so because many people are unable to find other jobs or start a business in the formal economy (ILO, 2015).

Bhowmik (2005) viewed street vendors or entrepreneurs as dealers who do not have permanent premises. According to Cross (2000), the informal economy includes persons who trade in products and services without a legal framework, unlawful possession of company locations, a lack of tax reports, no contracts of employment, and no legal agreements with suppliers and clients. According to Baumann and Kayser (2012), the informal sector's domination in Africa is unintentional since individuals are coaxed to compete there due to weakening economic performance. In recent times, street trading/vending in emergent countries is attracting growing attention among scholars and policymakers. Issues related to health, social, cultural and economic implications among others have contributed to the growing interest of researchers in this area. Accordingly, families who do not have enough money to pay the high cost of house rent in urban municipalities are required to live in the slums, which further expose them to health, ecological vulnerabilities and other socio-economic hardship. Bearing the above in mind, amidst the need to continually provide for their families despite the unfriendly social-economic conditions, women, men, youths and even children often resort to street vending undertakings (Ekpenyong & Nkereuwem, 2011).

Petty entrepreneurs are seen as undesirable manifestations of poor economic performance, underemployment earnings, and an increment in migrant and refugee populaces, according to migration studies (Abdulahi and Afolayan, 2013; Bosiakoh, 2019; Ndawana, 2018; Nwajiuba, 2005; Oyeniyi, 2013; Williams & Balá, 2002). These findings, unfortunately, have yet to completely illustrate why most migrants' menial trading is static and lacks the prospect for long-term development. Thousands of migrants looking for work may be found on the outskirts of their host nations' tiny commerce sectors. Notwithstanding their enormous socioeconomic advantages to their host societies, migrants are noted to be the most disadvantaged individuals in the society (Ruben, Van & David, 2009). They are subjected to a variety of injustices and unequal treatment, including job losses, lower wages for lengthier hours worked, human rights breaches (Campbell, 2003; David, 2017), and, as this study will demonstrate, very lower economic growth. According to Ogawa (2006), urban social interactions and knowledge of urban living can occasionally deepen or perpetuate precarious petty trade conditions. As a result, balancing, reconciling, or exchanging societal standards with migrants' commercial activity and economic gains is challenging. Migrant tiny merchants' fundamental social structures and customs are often incompatible with economic reasons.

'The prevalence of undernourishment globally continues outrageously high, and it is becoming obvious that the advantages of economic expansion have been distributed disproportionately across regions and countries,' says the World Bank (World Bank, 2018). Poverty alleviation has been pursued for centuries, for instance, through international assistance programs, microfinance, and the preservation of property rights, but more recently, economic expansion and its relation to eradicating poverty, via entrepreneurial activities, has been studied. It is widely acknowledged that entrepreneurship may play an important role in alleviating poverty across the globe (Si, Ahlstrom, Wei, & Cullen, 2019). The 'chronic character of unpredictability pushes people to take action,' according to the report (Viswanathan, 2016). While there is "many indications of successful initiatives in poverty contexts," according to Bridge, O'Neill, and Cromie (2003), "there is very dearth empirical evidence for the key notion that firms may financially service disadvantaged communities simultaneously lessening poverty" (Dembek, 2019). As a result, within the poverty ain, the dilemma is to "deepen our understanding of entrepreneurship's connection to alleviating poverty and how constructive entrepreneurial spirit can be stimulated" (Si et al., 2019). Therefore, the study seeks the effect of street entrepreneurship transformation on small and medium enterprises performance.

The broad objective of the study investigated the effect of street entrepreneurship transformation on SMEs' performance in Ilorin metropolis, Kwara State. The specific objectives were to:

1. Determine the relationship between street entrepreneurship transformative measures and market share of SMEs.
2. Evaluate the effect of transformative measures on the transformation of street entrepreneurship into SMEs.

METHOD

This study adopted survey research design. Primary sources of data was used and the data were collected using structured questionnaire to source for information from the respondents in Ilorin metropolis, Kwara State, Nigeria. To be fair and representative, three hundred and eighty-five (385) sample size was determined from unknown population using Cochran sample size formula. Three hundred and eighty-five (385) copies of questionnaire were distributed, however only three hundred and sixty-eight (368) copies were correctly filled and returned. The formulated hypotheses were tested using multiple regression analysis and correlation with the aid of SPSS version 21.

RESULTS AND DISCUSSION

The analysis of the result is based on the objectives and hypotheses formulated in chapter one of this research

Test of hypothesis one: Is there no significant relationship between street entrepreneurship transformative measures and market share of SMEs?

Table 1. Correlations

		Market share	Psychological and Personal factors	Socio-cultural factors	Economic factors	Political and legal factors
Market share	Pearson Correlation	1	.854**	.946**	.991**	.785**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	368	368	368	368	368
Psychological and Personal factors	Pearson Correlation	.854**	1	.931**	.853**	.879**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	368	368	368	368	368
Socio-cultural factors	Pearson Correlation	.946**	.931**	1	.952**	.882**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	368	368	368	368	368
Economic factors	Pearson Correlation	.991**	.853**	.952**	1	.806**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	368	368	368	368	368
Political and legal factors	Pearson Correlation	.785**	.879**	.882**	.806**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	368	368	368	368	368

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output, 2021

The correlation matrix presented in Table 1 shows Pearson's correlation coefficients of .854, .946, .870 and .785 for "psychological and personal factors", "socio-cultural factors", "economic factors" and "political and legal factors" respectively. These indicate a strong positive relationship between street entrepreneurship transformative measures and market shares of SMEs in Ilorin metropolis. The table further presents sig. values of .000<.05 indicating that the relationship between the dependent variable and the independent variables is statistically significant. The implication of this is that all street entrepreneurship transformative measures contribute to a significant increase in the market share of SMEs in Ilorin metropolis. Based on these, the second proposed study hypothesis which states that "There any significant relationship between street entrepreneurship transformative measures and market share of SMEs" is therefore rejected, while its alternative is accepted. Therefore, there is a significant positive relationship between street entrepreneurship transformative measures and the market share of SMEs.

Based on the result, we can further deduce that for all transformative measures, the socio-cultural factor has the highest correlation coefficient of .946, which implies that it would contribute more to the increase in market share of SMEs in Ilorin metropolis. Meanwhile, political and legal factors with the least correlation coefficient of .785 contributes less significantly to the market share of SMEs in the study area.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.994 ^a	.987	.985	1.35420

a. Predictors: (Constant), Political and legal factors, Economic factors, Psychological and Personal factors, Socio-cultural factors

Source: SPSS Output, 2021

The model summary presented in table 2 shows a multiple correlation coefficient of .994 indicating a strong positive relationship between street entrepreneurship transformative measures (i.e political and legal factors, economic factors, psychological and personal factors and socio-cultural factors) and transformation of street entrepreneurship into SMEs. The table further reveals an R² value of .987 indicating that 98.73% of the variance in transformation of street entrepreneurship into SMEs is as a result of transformative measures, while the remaining 1.3% could be explained by other factors not included in this model.

Table 3. ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	51639.788	4	12909.947	7039.805	.000 ^b
Residual	665.688	363	1.834		
Total	52305.476	367			

a. Dependent Variable: Transformation of street entrepreneurship

b. Predictors: (Constant), Political and legal factors, Economic factors, Psychological and Personal factors, Socio-cultural factors

Source: SPSS Output, 2021

The table 3 reports how well the regression model predicts the dependent variable significantly. However, looking at the ANOVA table above, Sig. = .000 which is less than 0.05 (i.e P < 0.05) is an indication that the regression model statistically significantly predicts the outcome variable (i.e. it is a good fit for the data). Hence, Transformative measures are good predictors of transformation of street entrepreneurship into SMEs.

CONCLUSION

Based on the findings, the study concludes that there is a statistically significant positive relationship between transformative measures of street entrepreneurship and market share of SMEs in Ilorin metropolis. Consequently, with improvement in transformative measures, there is high tendency for market share of SMEs to increase significantly. The study further concludes that transformative measures have significant positive effect on transformation of street entrepreneurship into SMEs. Property deviant has a significantly negative effect on organizational trust. The implication of this is that positive mindset and personal quality of the entrepreneurs as well as positive states of economic, socio-cultural, political and legal factors in the business environment would assist manifestation of transformation of street entrepreneurship into SMEs.

From the result of this study the following are recommended:

1. The business owners must increase market share through innovation, strengthen customer relationship, lower prices, increase the quality, advertise and continue to consider the culture of the business environment, take into account the acceptable norms and societal ethics. This is because, most of the times, these do not only determine how businesses operate, but also what kinds of activities must be engaged in as well as the acceptable businesses to venture into. Putting these into consideration would enable the entrepreneurship ventures to attract and retain customers and further enable them achieve desirable performance level capable of facilitating their transformation into SMEs.
2. It is important that owners of street entrepreneurship ventures focus on transforming their business ventures into SMEs through having better insight, acquiring skills and working knowledge of all factors that could affect their businesses and deter the achievement of their goal. An understanding of the business environment could be attained through proper environmental scanning for threats that could mitigate

against achievement of transformation goal and the inherent opportunities in the environment that could brighten the chance of achieving this goal.

3. Finally, the Street entrepreneurs should not underestimate the power of relationship marketing as it has the ability to enlarge a firm's market share. SMEs should value and respect customers' opinions, practice the art of giving gifts to loyal customers and take customers feedback very seriously.

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