

**FACTORS AFFECTING ENTREPRENEURSHIP DEVELOPMENT AMONG STREET VENDERS IN CHINHOYI**

**Dr Faitira Manuere**

Department of Entrepreneurship and Business Sciences-Chinhoyi University of Technology

**Maxwell Chufama**

Department of Marketing and Logistics-Namibia University of Science and Technology

**Piason Viriri**

Department of International Marketing-Chinhoyi University of Technology

**ABSTRACT**

The aim of this study is to investigate some of those factors that affect the entrepreneurship development of street venders in Chinhoyi Town. The literature on street vending shows that street venders are on the increase in most towns in developing countries, such as, Zimbabwe, Zambia, Malawi, Botswana and Mozambique. In Zimbabwe Street vending or street commerce was caused by the devastating effects of the Economic Structural Adjustment Programme (ESAP) which led to high unemployment due to massive retrenchments of labour in the public sector. Street vending in Zimbabwe shows that the demographic profiles of street venders keep on changing to the extent that single women, married women, men, the youth and educated people have joined the practice as street venders. Street vending is considered a menace by urban Municipalities and as such municipal police and street venders have developed a relationship of cat and mouse. (Gwendoline, 2016). According to Njaya (2014) street vending is an illegal business activity in Harare and other towns in Zimbabwe. Extant literature on street commerce shows that the government of Zimbabwe has not developed appropriate policies to support the activities of street venders. The study therefore adopts the quantitative approach in which a sample of 250 respondents is selected using purposive sampling methods. The data is collected using structured questionnaires and frequency tables are used to analyse the data. The findings of the study show that, lack of permanent site, lack of capital, lack of managerial skills and competition in street commerce are the main factors that affect entrepreneurship development among street venders. The study recommends that the government of Zimbabwe should consider street vending as a critical source of employment in the informal sector of the economy and therefore funds should be available for the development of entrepreneurship among street venders.

**Key Words:** Street vending, entrepreneur, entrepreneurship, entrepreneurship development, government support.

**1. INTRODUCTION**

Street vending is a self-employment and income generating activity which is considered by some people as being disruptive, dirty and noisy to the normal flow of commuters, pedestrians and traffic (Joseph, 2011; Adhikari, 2011). Several authors blame street vending for crowding sidewalks, plazas and parks, and trading too close to local business (Abbot and Sha, 2014;

Gwendoline, 2016:549). At this point in time, it is pertinent to ask two questions: “What is street vending?” “Who is a street-vendor?” Street vending has been defined as ; the retail or wholesale trading of goods or services on the streets and in other related public places such as alleyways, avenues and pavements (Gwendoline,2016; Broomley,2001;Joseph,2011). Extant literature on street vending defines street vending as “ unregulated, trading that takes place in public space such as streets, sidewalks, bridges and pavements" (Gwendoline,2016:549).

In essence, street vending activities are allowed in areas that have been designated for such business, such as thefleamarkets. However, the so called designated places do not have the most important critical business ingredient, namely the customer. A street vendor is defined as “someone who offers goods to the public at large without having a permanent built up structure from which to sell” (Bhowmik and Saha, 2012; Gwendoline, 2016:549). According to Njaya (2014) a street vender sells goods such as fresh food, medical drugs, mobile phones, mobile recharge cards, electrical gadgets, bricks and sand. However, it is important to note that two types of street vendors do exist. We do have both regulated street and unregulated street vendors who provide various products and services in urban areas.

The increase in street vending was caused by numerous economic circumstances, such as, closure of companies and poverty in rural areas that forced people to migrate to towns to seek employment (Bhowmick and Saha, 2012). Thus the increase in street vending in Latin America, Asia and Africa can be explained in terms of economic mismanagement, poverty, disease, hunger and civil wars that displaced people. Countries in sub-Sahara Africa, such as, South Africa, Zimbabwe, Malawi and Namibia have also witnessed a phenomenal increase in street vending (Jimu, 2004; Nakisani and Ongori, 2013; Joseph, 2013; Willemise, 2011; Masonganye, 2010 and Ndlovu, 2011). Street vending in Zimbabwe, started in the 1990’s, when the Economic Structural Adjustment Programme (ESAP) was introduced by government and when the economy further declined, the population adopted the informal sector as their main source of income. The Central Business Districts (CBDs) of major towns in Zimbabwe are now full of street vendors, who are found in street corners, near traffic lights, on street pavements and in parking areas of shopping centre’s. (Gwendoline, 2016).

## **2. OBJECTIVES OF THE STUDY**

The main objective of the study is to empirically investigate the factors that affect entrepreneurship development among street vendors in Chinhoyi Town and to realize this major objective,the following small objectives guided the study;

- i. To examine some of the factors that affect the performance of street vendors in Chinhoyi Town.
- ii. To investigate the level of support given to street vendors by government.

## **3. THE REVIEW OF RELATED LITERATURE**

Street vending in Africa employs a considerable number of informal sector workers (Cross and Balkin, 2000). Street vending in developing countries is not a legally welcome business activity, and it is characterized by poor skills and poor capital and it is an investment that realizes poor and unpredictable returns (Cross and Balkin, 2000). Street vending is a niche that attracts “the most disadvantaged segments of the urban population” (Macharia, 1997). In developed countries, it is the common occupation of “migrants, especially from poorer countries” (Moore and Vigil, 1993). In Zimbabwe, women are the most disadvantaged group, who are attracted to street vending activities, because they do not have the requisite education to pursue more rewarding employment in the formal sector of the economy and further analysis shows that street vending provides most women with flexible time to do household chores and childcare (Chinchilla et al, 1993; Lund, 1998; Macharia, 1997). The literature on street vending shows that, street commerce was traditionally the occupation of “less educated, poor urban women, seeking such employment, who are not likely to find alternative employment elsewhere” (Agadjanian, 2002:332).

The studies carried out by Kithae et al (2012) showed that business information, access to finance, managerial experience and appropriate infrastructure are critical factors, in the development of entrepreneurship among street vendors the world over. In a comparative study done by Onyango (2012) on factors needed for development of entrepreneurship skills among street vendors, education, training and development and a relevant business location were found to be the most ideal. The studies carried out by Wangari (2017) concluded that financial access, lack of fixed operating premises, stiff competition and access to technology were among some of the factors that hindered successful entrepreneurship development among street vendors. According to White and Kenyon (2001) street vendors face a number of challenges when starting a business and their business viability is limited by the lack of financial opportunities. Minniti (2010) concluded that success in street commerce is highly determined by economic and demographic characteristics such as age, sex, education, socio-economic status, access to networks, attitude to business, self confidence and fear of failure. Since street commerce involves risk taking, those individuals who are risk averse were likely to exploit entrepreneurship opportunities available to the external environment. Minniti and Naude (2010) argue strongly that the decision to engage in street commerce is a reflection of the choice made by individuals between self-employment and formal employment. The occupational choice is always influenced by the individual’s entrepreneurship capacity, relative returns to entrepreneurship, capital constraints, entry costs, and the opportunity cost of formal employment. The higher the returns from entrepreneurship, the higher the probability for an individual to choose street commerce employment. Minniti and Naude (2010) have noted that most women street vendors tend to select businesses activities that give them more flexibility for balancing work and family responsibilities, as reinforced by gender and cultural beliefs. According to Mansor and Mat (2010) motivational factors that determine success in street vending include, satisfaction and fulfillment of society’s wants and needs. Whereas, the involvement of women in street vending is determined by factors, such as, the need to improve one’s living standards and quality of life. Simseck and Uzay (2009) carried out a study to investigate the problems being faced by women street vendors in Turkey and the results showed that women entrepreneurs faced a number of challenges, such as, financial constraints, balancing family and business life and inexperience.

The study also revealed that women entrepreneurs suffered stress caused by time pressures, mental tiredness, physical tiredness and excessive expectations from husbands (Simsek and Uzay, 2009). Chamlee-Wright(1977)conducted a study in Ghana , to investigate the main drivers of street commerce in Africa and the study revealed that street commerce is often a way out of poverty particularly for people who have fewer opportunities in established labour markets. Street vendors face a number of challenges thathinder their entrepreneurship development, such as, lack of access to eternal finance and regulatory and tax constraints (Pissarides et al, 2003; Lin and Lin, 2001; Levy, 1993).It should be noted that street commerce plays a critical role in improving livelihoods for the economically disadvantaged people, such as, women and the youth. Unfortunately, governmentregulations are not sensitive to the unique needs of street vendors in Africa in general and in Zimbabwe in particular.

#### 4. METHODOLOGY

The study utilized a quantitative research approach and a survey design to collect data. The target population for the study consisted of street vendors in Chinhoyi Town. Chinhoyi Town is in Zimbabwe. Since the population of street vendors is not accurately known in Chinhoyi a Rao soft calculator was used to calculate the sample size. Rao soft formula uses 95% of confidence level, 5% of precision and 50% degree of variability, to calculate the sample size. The following formula was utilized to determine the sample size for the study.

$$n = \frac{Z^2 P (1-P)}{E^2} = \frac{1.962^2 \times 0.5 \times (1-0.5)}{0.05^2} = 250$$

Therefore a sample of 250 street vendors was used in this survey. The respondents were selected using a non-probability sampling methodology, that is, purposive sampling technique. The data were collected through a semi-structure questionnaire. The questionnaire had both open and closed-ended questions, which allowed the researcher to obtain both statistical and non-statistical information on the factors affecting entrepreneurship development among street vendors in Chinoyi. The questionnaire was divided into two sections; the first section covered the demographic information of the respondents while the second section covered questions on the factors affecting entrepreneurship development among street vendors in Chinhoyi. The validity of the questionnaire was tested through experts review before it was used for the actual study. Based on their comments and suggestions, changes were made to the questionnaire. The data were analysed through descriptive statistics with the help of the Statistical Package Social Science (SPSS) computer software.

#### 5. ANALYSIS AND INTERPRETATION OF DATA

**Table 1: Respondents by Gender**

SI No.	Gender of Respondents	No. of Respondents	Percentage
1	Male	74	29.6
2	Female	176	70.4
	Total	250	100

Source: Survey Data

Table 1 shows that 176(70.4%) of the respondents were women while 74(29.6%) were men. This means that more women than men are engaged in street vending in Chinhoyi town.

**Table 2: Respondents by Age**

SI No.	Age group of Respondents	No. of Respondents	Percentage
1	16-20	86	34.4
2	21-25	12	4.8
3	25-30	37	14.8
4	30 plus	115	46
	Total	250	100

Source: Survey Data

Table 2 shows that 34.4%(86) were in the age group of 16-20 years; 4.8%(12) were in the age group of 21-25 years; 14.8%(37) were in the age group of 25-30 years while 46%(115) were in the age group of 30 years and more. The data in Table 2 can be used to conclude that the majority of street vendors are mature enough people who are capable of making well informed decisions on street vending.

**Table 3: Respondents by Educational level**

SI No.	Education of Respondents	No. of Respondents	Percentage
1	Primary	17	6.8
2	Secondary	77	30.8
3	Diploma	68	27.2
4	Degree	49	19.6
5	PhD	00	00
6	Others	39	15.6
	TOTAL	250	100

Source: Survey Data

Table 3 shows that 6.8%(17) of the respondents ended at primary school level; 30.8%(77) ended at secondary school level; 27.2%(68) had a Diploma; 19.6%(49) had undergraduate degrees; whereas 15.6%(39) have some other forms of education. Thus the data in Table 3 can be used to conclude that street vendors are normally educated people whose presence in the informal sector

of the economy can be explained in terms of the lack of gainful employment in the formal sector of the economy.

**Table 4: Respondents by monthly Income (expressed in United States Dollars --\$)**

SI No	Monthly Income	No. of Respondents	Percentage
1	Below USD \$100	192	76.8
2	\$100-\$200	26	10.4
3	\$200-\$300	26	10.4
4	\$300-\$400	06	2.4
	TOTAL	250	100

Source: Survey Data

Table 4 shows that 76.8%(192) of the respondents get a monthly income of less than \$100 from their business activity; 10.4%(26) get a monthly income of between \$100 and \$200 from their business activity; 10.4%(26) get something between \$200 and \$300 from their business activity; while 2.4%(06) get something between \$300 and \$400 from their business activity. It is important to note that street vending activities in Zimbabwe are not rewarding as such.

**Table 5: Living areas of Respondents**

SI No.	Living area of Respondents	No. of Respondents	Percentage
1	Residential areas	121	48.4
2	City	38	15.2
3	Surrounding farms	91	36.4
	Total	250	100

Source: Survey Data

Table 5 shows that 48.4%(121) of the respondents live in residential areas; 15.2%(38) of the respondents live in the heart of the city; while 36.4%(91) of the respondents live in farms around Chinhoyi.

**Table 6: Most useful assistance required by street Vendors**

Respondents were asked to identify the most useful assistance they required for their business activity and the responses are given below:

SI No.	Assistance Type	No. of Respondents	Percentage
1	Permanent site	77	30.8
2	Access to loans	68	27.2
3	Marketing	00	00
4	Easing government regulation	49	19.6
5	Access to Technology	17	6.8
6	Business Training	39	15.6

	Total	250	100
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Source: Survey Data

Table 6 shows that 30.8%(77) of the respondents identified permanent site as their major requirement; 27.2%(68) identified access to loans as their most important requirement; 19.6%(49) identified easing government regulations as their useful requirements; 15.6%(39) identified Business training as their most important requirement while 6.8%(17) identified access to technology as their useful requirement.

**Table 7: Main type of training required**

The respondents were asked to identify the main type of training they required and the responses are provided below:

SI No.	Training required	No. of Respondents	Percentage
1	Technical skills	20	08
2	Book-keeping	30	12
3	Managerial skills	200	80
	Total	250	100

Source: Survey Data

Table 7 shows that 8%(20) identified technical skills as the main type of training required in the business; 12%(30) identified Book-keeping as the main type of training needed in the business while 80%(200) identified managerial as the main type of training needed in the business.

**Table 8: Enterprise formally registered**

The respondents were asked to state whether the enterprise was formally registered or not.

SI No.	Was enterprise formally registered	No. of respondents	Percentage
1	Yes	64	26.2
2	No	181	73.8
	Total	245	100

Source: Survey Data

Table 8 shows that 26.2%(64) of the respondents stated that their business activity was formally registered while 73.8%(181) stated that their business activity was categorically not formally registered.

**Table 9: Reasons for not formally registering the business**

Respondents were asked to state the factors that made it difficult for them to register the business activity and the reasons are given below:

SI No.	Main reasons for non registration of business	No. of Respondents	Percentage
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1	Registration too costly	50	20
2	Don't see any benefits	25	10
3	Do not know how to register	25	10
4	Process complicated	50	20
5	Business too small	100	40
	Total	250	100

Source: Survey Data

Table 9 shows that 20%(50) of the respondents stated that registration was too costly; 10%(25) stated that they did not see any benefits for registration of business; 10%(25) stated that they did not know how to register; 20%(50) stated that the process of registration was complicated while 40%(100) stated that the business activity was too small to warrant registration.

**Table 10: Competition as an obstacle to entrepreneurship development.**

Respondents were asked to state the extent to which competition was an obstacle to entrepreneurship development and the responses are provided below:

SI No.	Responses	No. of respondents	Percentage
1	Minor obstacle	12	4.8
2	Moderate obstacle	37	14.8
3	Major obstacle	115	46
4	Very severe obstacle	86	34.4
	Total	250	100

Source: Survey Data

Table 10 shows that 4.8%(12) of the respondents explained that competition was a minor obstacle to entrepreneurship development; 14.8%(37) explained that competition was a moderate obstacle to entrepreneurship development; 46%(115) explained that competition was a major obstacle to entrepreneurship development whereas 34.4%(86) explained that competition was a very severe obstacle to entrepreneurship development.

**5. DISCUSSION OF RESULTS**

The results of the study show that there are more women (74%) than men (29.6%) engaged in street commerce in Chinhoyi. The age groups of street vendors in Chinhoyi are interesting. The modal age group of street vendors is 30 years plus. This means that the majority of street vendors are mature people who are capable of making well informed decisions about their lives. The majority of street vendors, (30.8%) had a secondary education while a good number hold undergraduate degrees. This scenario shows the majority of people who are engaged in street commerce could not find reliable employment in the formal economy. The majority of the respondents (76.8%) were quick to point out that street commerce as a business activity registered a meagre monthly income of less than one hundred United States Dollars. Only a fraction of street vendors (2.4%) earned a monthly income between \$300 and \$400. Most of the street vendors (48.4%) live in surrounding residential areas. The respondents made it clear that



some factors, such as, lack of permanent sites, access to loans, easing of government regulations and lack of business training, were making it difficult for street vendors to register the required success in their business activities. Some of the respondents admitted that they lacked technical skills while others explained that they needed training in managerial skills and book-keeping. Unfortunately, most of the street vendors expressed that their business activities were not registered (73.8%) and the respondents said that their business activities were too small to warrant registration; hence the majority did not have a permanent site to conduct their businesses. Competition was considered a major obstacle to entrepreneurship development among street vendors who lacked both marketing and managerial skills to attract reliable customers to their businesses. Street commerce is a business activity that is made to compete with well-established business ventures in towns.

## 6. CONCLUSION

The importance of entrepreneurship development among street vendors in Zimbabwe cannot be underestimated by government. Unfortunately, a good number of street vendors continue to engage in businesses that grow today and die tomorrow. The government of Zimbabwe is indeed concerned about entrepreneurship development among women. What is important now is for the government to create and implement policies that support the business activities of street vendors. It is common wisdom that street vendors in Zimbabwe need financial support, a permanent site and managerial skills in order to engage in sustainable business activities.

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