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# Towards the Development of the Informal Economy: The Case of Street Trading in Ile-Ife, Nigeria

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## Abstract

Previously, scholars in Nigeria have argued for and against the continuing existence of street trading activity in cities but no known study had examined how street trading could be developed. This chapter seeks to provide empirical evidence for its characteristics, values and challenges in order to provide insights into how street traders could be supported to make their trading activity more productive and sustainable. Findings showed that the street traders need entrepreneurship education, financial support and favourable regulatory measures to facilitate the development of their trades. The chapter concludes that street trading could be highly productive and sustainable if adequately supported.

**Keywords:** challenges, informal economy, street trading, sustainable, values

## 1. Introduction

Street trading is a type of entrepreneurship that is prevalent in developing countries such as Nigeria. Recently some state governments in Nigeria are taking regulatory measures to prohibit entrepreneurial activities in city streets. However, previous studies have shown that the usual approach of insisting on evicting street vendors has largely been unsuccessful (e.g. with a failure rate of 79.6% in Enugu). Considering that street trading has significant economic values and that damage to it means damage to some UN sustainable development goals, it becomes imperative to seek a policy stand that will foster a win-win situation between city street entrepreneurs and the government. Therefore, the aim of this paper is to provide empirical evidence for the values and challenges of street trading in order to provide insights into how street traders could be supported to make their trading activities sustainable. The objectives of the study therefore are four: (i) to characterise street traders in Ile-Ife city; (ii) to examine the economic, health and other impacts of street trading; (iii) to investigate the challenges of street trading; and (iv) to develop strategies for sustainable street trading in cities.

### 1.1 Background

The role of entrepreneurship in national economic development cannot be over emphasised. Entrepreneurship has contributed to the economic growth of most advanced countries tremendously; especially, in the areas of overall employment generation and gross domestic product (GDP) [1, 2]. Small businesses are now recognised to be indispensable in economic development. They are the driving force

of economic growth, job creation, and poverty reduction; especially in developing countries. Through small businesses, accelerated economic growth and rapid industrialisation have been achieved [2]. In Nigeria, the potential contribution of small businesses to employment and income has been greatly appreciated.

The development of small and medium enterprises requires governmental support. In recognition of this, many nations of the world have instituted enterprise support networks and structures to enhance their development. In Nigeria, since the 1970s, the government has designed and introduced measures to promote small-and medium-enterprise development [3]. These measures have included fiscal, monetary and export incentives. For example, the Central Bank of Nigeria (CBN) has established provisions for loans for small businesses through commercial and merchant banks. Several developmental financial institutions and schemes were established to aid small businesses. The agencies mandated for this include the Nigerian Bank of Commerce and Industry (NCBI), the Nigerian Industrial Development Bank (NIDB), and the World Bank SME I and SME II initiatives. Further, export incentives are established by the Nigerian Export-Import Bank (NEXIM). This makes possible the stimulation of export loan facilities given to small businesses. Also, export duty exemptions are administered by the Nigeria Export Promotion Council (NEPC). Further, the establishment of research institutes and technology incubation centres (TICs), the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), National Directorate for Employment (NDE) including the promulgation of the Nigerian Enterprises Promotion Decree (NEPD) of 1972 which was revised in 1977, are some of the means through which the Nigerian government has encouraged entrepreneurship development in the country [4, 5]. Other small business incentive programmes such as personnel training, repair and maintenance of specialised machines, and extension services are part of the support services made available to Nigerian small and medium enterprises. Aside the efforts of the Federal Government of Nigeria, state and local governments also have established some small-business assistance programmes. All these support efforts are laudable and are needed by the SMEs but there is a group of traders who also operate microbusinesses that are of value to mankind but that are not provided for in all the support initiatives. These are street traders.

The problem of unemployment of youths has generated an informal type of trading called street trading. In urban settings in many developing countries, due to migration and industrialisation, street trading has formed an integral part of the informal sector. In many cities, street trading has become a source of livelihood for many and also, has become an important source of accessible, convenient and affordable goods for the urban poor. For example, the street food sector provides accessible food items and makes life easy for the working class. Beyond this, the socio-economic role of street trading in terms of its potential for employment and income generation has attracted many people, both male and female, single and married, into the practice. Although some people see and react to street traders as a nuisance, the forces that created their market have made them an inextricable part of the social fabric.

Street trading is currently prevalent in Nigeria. Selling items from a vehicle, a cart or a make-shift shop on a public street is allowed in the cities without a permit. Male and female traders placing their wares on their head, hand or shoulder hawking on streets or displaying their wares in front of residential buildings or in make shift shops are commonly found in Nigerian cities. Such traders take opportunities of heavy traffic and the consequent frequent hold-ups to sell their goods to drivers and passengers inside vehicles. Other of such traders display their wares in public sidewalks. Street traders may stay in the business for many years, not planning to change to any other form of business; but some may do it for some time and quit when they get a salaried job or when they are able to afford better forms of businesses.

Very recently, some state governments became worried about street traders cluttering the walkways in the capital cities, littering the area with trash and creating unfair competition for shop owners; and so, made moves to ban street trading in the cities. For example, Lagos State government, in 2016 banned buying and selling in streets. Defaulters (both buyers and sellers) would be fined. They would either pay N90,000 or serve a six-month jail term. This was said to be done in line with the Lagos State Street Trading and Illegal Markets Prohibition Law, 2003 which restricted street trading and hawking in the metropolis. Sections seven and eight of the law gave jurisdiction and power to the Special Court to order the seizure and public auction of items impounded from street traders and Section 10 of the law prescribes a N5,000 fine or three months imprisonment upon conviction. This law, for a period of about thirteen years, was not enforced until 2016 when the state government became disturbed about the unregulated activities of street traders in the city of Lagos. The government's action received reactions from both traders and buyers who were very displeased.

Evidence from previous empirical studies have suggested that the disadvantages of street trading indeed outweigh the advantages [6]. Therefore, it may seem justifiable to outlaw the practice. However, when street traders are not allowed to practice their trade and are not supported to operate any better business, they go back to joblessness which culminates in hunger and poverty. Thus, infringing on Sustainable Development Goals (SDGs) 1 and 2 (to end poverty and eradicate hunger).

This paper argues that street traders should not be sent out of business, rather they should be supported to transform their businesses to more sustainable forms. If adequately supported, street trading could be transformed into more productive sustainable technological or non-technological SMEs. This paper, based on empirical evidence, addresses four questions: (i) What are the characteristics of street traders in Ile-Ife city? (ii) What are the economic, health and other impacts of street trading? (iii) What are the challenges of street trading? and (iv) What kind of support do street traders need to make their businesses more productive and sustainable?

## **2. Literature review**

Street trading is a phenomenon that has attracted the attention of researchers for some time. Scholars from different disciplines have taken the issue in different directions. Some have argued in its favour, while some have argued against it. In favour of street trading, Brinkley et al. [7] submitted that "small, mobile retailers such as produce trucks and healthy street food vendors may offer better food environment interventions because they require little start-up, can easily target schools and neighbourhoods with poor access to healthful foods, and circumvent the need to own real estate." Their study demonstrated that kerbside produce vendors successfully supply a range of whole fruits and vegetables in a predominantly low- and middle-income African American section of Philadelphia at prices lower than conventional food outlets. Moreover, they argued that "because the majority of produce trucks have operated as stable and profitable businesses for decades and survived where neighbourhood supermarkets have closed, they may present a viable long-term solution for providing low-income neighbourhoods with fresh produce."

Street trading as a source of income and as a source of employment opportunity is established by previous authors [8]. Anetor [8] reported that the reasons for involving in street hawking include inability to secure formal jobs, constraints (including finance) in gaining admission to higher school and joblessness of the family's breadwinners. Therefore, street trading provides them a means of sourcing income for the traders and their family members. The value of street trading



has been established in the literature. For example, street food industry has been found to play an important role in supplying the food requirements of an urban population [9] and street food has been found to serve a very high percentage of travellers, industrial workers and school children. On one hand, street trading is a source of self-employment to poor men and women and on the other hand, it serves as a means of providing low-cost, as well as 'convenient' services to a majority of the urban population. Inolia [10] reported that street trading had contributed immensely to the social and economic life of Nigerians.

On the contrary, Amegah and Jaakkola [11] argued that street trading is hazardous to the health of the traders and is a substandard form of employment. Therefore, they recommended that street trading be eliminated from economically developing countries. Amoo et al. [12] assessed the health risks associated with street trading activities among selected mothers in urban centres of Nigeria and concluded that street trading is a risky type of business activity that makes women to be more vulnerable to workplace hazards. Also, Olurinola et al. [13] reported that the activities of street traders are associated with a number of health hazards. This is corroborated by the submission of Adedeji et al. [14] who examined the spatial implication of street trading in Osogbo, Nigeria. They found that street trading activity has serious negative impacts on accessibility, generated erection of illegal structures, solid waste, traffic congestion, auto-accident, and deface of urban aesthetics. Also, in support of the foregoing, Taiwo and Akinyode [6] submitted that street trading contributes to vehicular and pedestrian congestion that cause traffic accident, increase pollution and impede the flow of police, ambulance, and other emergency vehicles. He also asserted that street trading often results in the blockage of the routes of egress from crowded building such as theatres and stadia thus, increasing the scale of tragedy in the event of a major fire, explosion, or toxic gas escape. The author further submitted that street food vendors pose major public health problems because they often expose their goods to the sun, air pollution and contamination by passers-by.

Also, the issue of children hawkers has been used to argue that street trading has negative impact on even the under age. Ashimolowo et al. [15] studied the effect of child street trading activities and found that street trading has negative effects on children. Further, it was noted that there is a high tendency for the girl child to forgo her education and thereby lose all the benefits of education. Another group of researchers, Ojo and Olufemi [16] investigated the effects of child street hawking in Nigeria. They found that parents' levels of education, parents' occupations and the sizes of the family were significantly related to the problem of child hawkers in the study area. Clark and Yesufu [17] also carried out an investigation on the issue of child street trading. The results of their study showed that a greater proportion of the child street traders combined work with schooling. Whereas, in their own study, Ugochukwu et al. [18] found a contradictory result. They found that the parents of all child street traders were of low socio-economic status and that trading was taking place during school hours for financial gains of the family.

All the researchers who condemned street trading based on its negative effects failed to establish how street traders could be supported so as to improve their businesses and reduce or totally eliminate the inherent risks. Their criticism of the trading activity is only capable of sending the traders out of business and turning them into poverty and hunger. This leaves a gap in the extant literature which this paper seeks to fill.

## **2.1 Theoretical background**

Entrepreneurship consists of leading in creation of a new business to produce and deliver something innovative, in the view of customers to the marketplace. Entrepreneurship is the process of generating something new by allocating the

compulsory time and exertion, and expect to receive rewards of monetary and individual satisfaction and freedom [19].

Businesses are categorised by means of their sizes as micro, small, medium and large. Also, it is common knowledge that businesses could develop from one scale to another. For example, a micro business could grow to become a small business. Micro, small and medium enterprises (MSMEs) exist and evolve in economic systems performing active roles in reducing poverty, economic empowerment and growth [20]. The definition of micro enterprise has been expanded to include those who engage in small-scale vending, services, repair and enterprise activities [21].

## 2.2 What is street trading?

Street trading is a common phenomenon and an integral component of urban economies in many countries of the world. It has existed for hundreds of years and is considered as a cornerstone of many cities' historical and cultural heritage [22]. Street trading is also referred to as street vending, hawking or street entrepreneurship. It involves selling or offering for sale any article in any street (including all forecourts, roads, footways and other areas next to streets) or open space where the public have access without payment [23]. Street trading has been defined in many ways. According to Amoah-Mensah [24], street hawkers or vendors are sellers without permanent structures. Some street traders sell products while some provide services. From street trading came the concept of 'street food.' According to FAO [25], "Street foods are ready-to-eat foods and beverages prepared and/or sold by vendors or hawkers especially in the streets and other similar places." Some street traders are mobile, carrying their wares on their heads in pans or trays. Some hold their wares in their hands or bags; while some put their wares in wheel barrows or carts pulled by the sellers. Another group of street traders are stationary; they sell their products or provide their services in a location.

## 2.3 Street trading activity and the informal economy

More than 60 per cent of the world's employed population earn their livelihoods in the informal economy. Informality exists in all countries regardless of the level of socio-economic development although it is more prevalent in developing countries [26]. The term *informality* means different things to different people. It is often thought of in terms of things like unprotected workers, low productivity, unfair competition, evasion of the rule of law, underpayment or non-payment of taxes, and work "underground" or in the shadows. The informal economy refers to workers and enterprises that operate informally [27]. The ILO [28] indicates that informal employment includes agricultural day labourers and urban street vendors. In the informal economy, more women than men, youths and older people as well as less-educated workers are involved [27].

The informal employment is classified into two: Self-employment in informal enterprises, comprising employer/owner operators, own-account workers, and unpaid contributing family member and wage-employment in formal jobs, comprising employees of informal enterprises, casual day labourers, domestic workers, and industrial outworkers [29].

The general features that are associated with the informal sector include the following: (i) Lack of legal protection for workers concerning labour and social services, (ii) Limited access to formal/regulated markets and subsidies, (iii) High interest rates for loans leading to high capital costs, (iv) Personal and business properties are usually not separated, (v) Organisation based on family, ethnic and/or religious relationships (vi) Contracts are not written, (vii) Dominated by women

(viii) Children are also employed, and (ix) Earnings are consumed directly therefore nothing is left for reinvestment [30].

The demerits of the informal sector have been established in the extant literature. According to ILO [31], policy-makers, workers' and employers' organisations and academics increasingly acknowledge that the high incidence of informality in all its aspects is a major challenge for sustainable development. According to the report, Informality has a harmful effect on workers' rights, including fundamental principles and rights at work, social protection, decent working conditions and the rule of law. It also has a negative impact on the development of sustainable enterprises (especially in terms of low productivity and lack of access to finance), public revenues and governments' scope of action, particularly with regard to economic, social and environmental policies, the robustness of institutions, and fair competition in national and international markets.

Street trading has been frequently associated with informality. For example, in the City of Johannesburg, the term *informal* is used as a synonym of street trading [32]. However, Bénit-Gbaffou has argued that street trading is not automatically informal [32]. According to him, the notion that every street trade is informal is derived from the classic definition by Castells and Portes [33] which states that informal activities refer to ways of income generation that are 'unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated'. Bénit-Gbaffou explained that the notion of formality and informality is essentially linked to management and by-laws and how they are defined. It is the by-laws that define the boundaries of formality and informality and they often shift. Therefore, he asserted that street trading could be formal or informal. The argument of Bénit-Gbaffou is substantiated by the fact that street trading has been formalised, legalised and well managed in some countries (for example, the United States of America) and is therefore no longer informal (i.e. breaking the law).

## **2.4 Theories of street entrepreneurship**

To explain the concept of street entrepreneurship in emerging market economies, four competing theories have emerged [34]. These include: (i) the modernisation perspective which holds that such endeavour is a pre-modern traditional activity; (ii) the structuralist perspective that describes such activity as necessity-driven; (iii) the neo-liberal perspective depicting such endeavour as a rational economic choice; and (iv) the post-modern perspective portraying such activity as voluntarily pursued but more by social actors for cultural reasons. Below, each is reviewed in turn.

### *2.4.1 Modernisation perspective: a pre-modern traditional economic activity*

The modernisation perspective views and assumed that street hawkers and peddlers are a residue from an earlier pre-modern era and their persistence taken as a signal of 'under-development', 'traditionalism' and 'backwardness'. Meanwhile, emergent modern formal economy, was seen to represent 'progress', 'development' and 'advancement'. In this view, street vendors are depicted as 'a residual labour category' which some view as 'unimportant' and 'destined to disappear' [34].

From this perspective, the future is viewed in terms of modern shopping centres, supermarkets and department stores; while street entrepreneurs are seen as either parasitic or inefficient. In this view, street trading is described as 'a disorderly and superfluous activity that cluttered the urban environment, interrupted traffic flows, and competed unfairly with new, large, hygienic commercial establishments. Therefore, according to this perspective, it is something to be eradicated [35].

#### *2.4.2 Structuralist perspective: a necessity-driven activity*

The structuralist perspective depicts street trading as a survival practice conducted out of economic necessity as a last resort in the absence of alternative means of livelihood [36]. In this view, such entrepreneurship is a direct by-product of the advent of a de-regulated open world economy. Based on this view, street entrepreneurs are depicted as unwilling and unfortunate pawns in an exploitative global economic system. Therefore, for such marginalised populations, street trading 'is the only means for survival'. Street trading activities are depicted by structuralist perspective as necessity-driven endeavour which is highly insecure and unstable, composed of long hours, poor conditions, no legal or social protection, limited access to credit and very limited bargaining power.

#### *2.4.3 Neo-liberal perspective: a rational economic choice*

From the neo-liberal perspective, street entrepreneurship is more a matter of choice than due to a lack of choice. For these neo-liberals, such entrepreneurs are heroes throwing off the shackles of a burdensome state and making a rational economic decision to enter street trading so as to escape over-regulation in the formal realm. Therefore, street entrepreneurship is viewed as the people's 'spontaneous and impoverished masses.' It is a rational economic strategy pursued by entrepreneurs whose spirit is stifled by state-imposed institutional constraints and who voluntarily operate in the informal economy to avoid the costs, time and effort of formal registration.

#### *2.4.4 Post-modern perspective: entrepreneurs as cultural/social actors*

The fourth perspective, the post-modern perspective, depicts street entrepreneurship as voluntarily chosen but not a rational economic decision. It is seen more as a cultural endeavour. Thus, street entrepreneurs are viewed more as social actors. The focus of this view is on how the social relations between street entrepreneurs differ to normal market relations in that business and friendship relations blur and there is greater community solidarity and reciprocity, and also, on how exchange relations between street entrepreneurs and their customers differ to mainstream market relations in that without recourse to a legal contract, interpersonal relations and trust become more important [37]. Moreover, there has been a focus on how such entrepreneurship is pursued as a choice because of the greater personal freedom and flexibility it affords and allows them to gain control over their lives e.g., [42]. Another point of focus in this view is how street trading is often in the eyes of participants an expression of community support which allows customers to source goods they otherwise could not afford [38].

### **3. Research methods**

The study was carried out in Ile-Ife, an ancient Yoruba city in Southwestern Nigeria. Ile Ife is said to be dated back around 500 B.C. when it was founded and is the oldest Yoruba city. The city is located in present day Osun State. Geographically, Ile- Ife lies within longitudes 4° 36'E and 4° 56'E and latitudes 7° 28' N and 7° 46' N. It is about 218 kilometres northeast of Lagos. To her west lies Ibadan and to the east lies Akure, gateway to the major Yoruba towns. It is about 40 km to Osogbo, the capital of Osun State. Evidence of the urbanisation of Ile-Ife dates back to around 500 AD. Today, it is one of the prominent towns of the State [39].



Ile-Ife is a home to two universities (one private and one federal) and a private polytechnic; as well as a federal government-owned teaching hospital. Administratively, Ile-Ife has two local governments namely Ife Central and Ife East with a population of 167, 254 and 188, 027 inhabitants in 2006 respectively [40].

Data was generated for this paper from a set of primary data gathered among street traders in Ile-Ife. Interview guide was used to elicit information from traders who gave oral informed consent to participate in the study. Sixty (60) participants were selected using stratified random sampling technique. The interview questions were directed towards generating information to characterise the street traders and to understand the gains and pains of the activity so as to be able to determine the support needs of the traders.

The questions for the interview sessions captured (i) socio-demographic characteristics of the respondents (gender, age, parental background, highest educational qualification, previous entrepreneurship education experience, marital status, number of children and dependants and length of street trading experience); (ii) the characteristics of street trades [nature of business e.g. food selling, clothes selling etc.; category of street trading (e.g. mobile, stationary); pre-street trading employment status; and economic gains of the business]; (iii) achievement issues (achievements since the trader engaged in street trading e.g. buy land, build a personal house, sponsoring child(ren)'s education etc.); (iv) traders' perception of and satisfaction with street trading; (v) health and other hazards associated with street trading; (vi) growth plan of the traders for their venture; and (vii) interaction with the government.

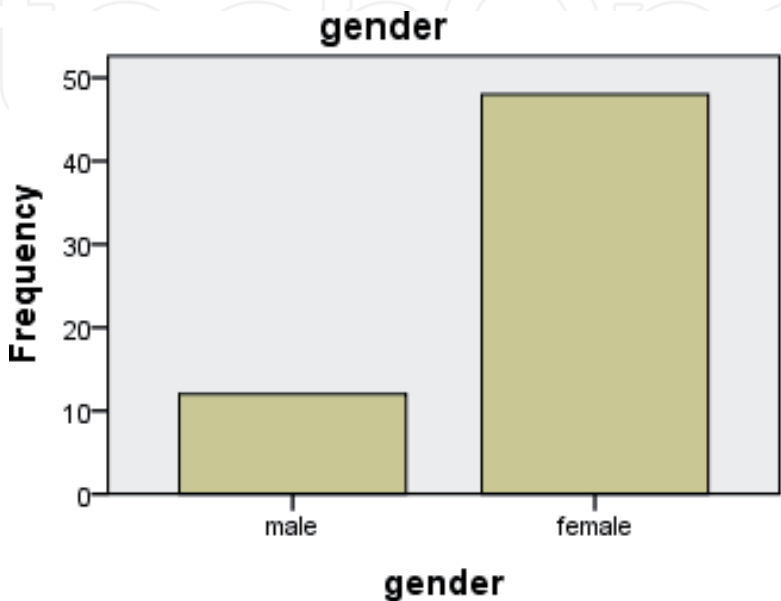
## 4. Results and discussion

### 4.1 The characteristics of the street traders

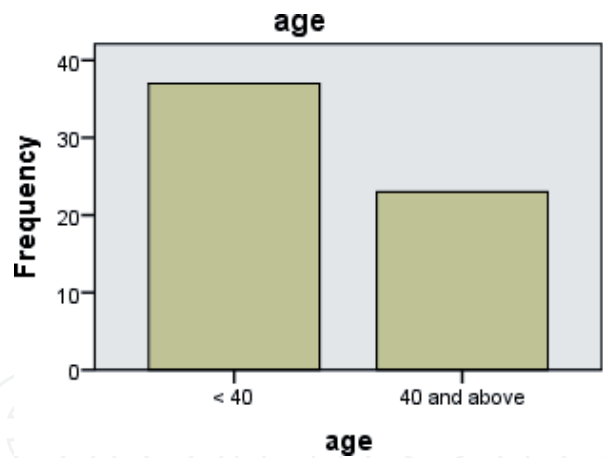
Most of the traders were female (80.0%) while just 20.0% were male (**Figure 1**).

About 62.0% were youths (less than 40 years of age) and the rest 38.0% were above 40 years (**Figure 2**).

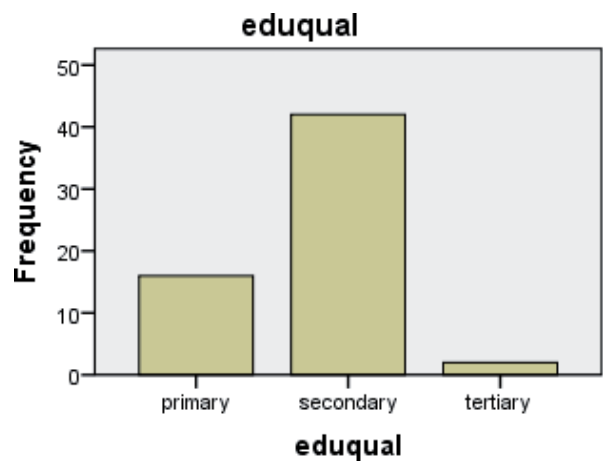
The highest percentage of the traders (70.0%) had secondary school qualification, about 27.0% did not go beyond primary school but 3.3% attended tertiary institutions of learning (**Figure 3**).



**Figure 1.**  
*Respondents' gender.*



**Figure 2.**  
*Respondents' age.*



**Figure 3.**  
*Respondents' highest educational qualification.*

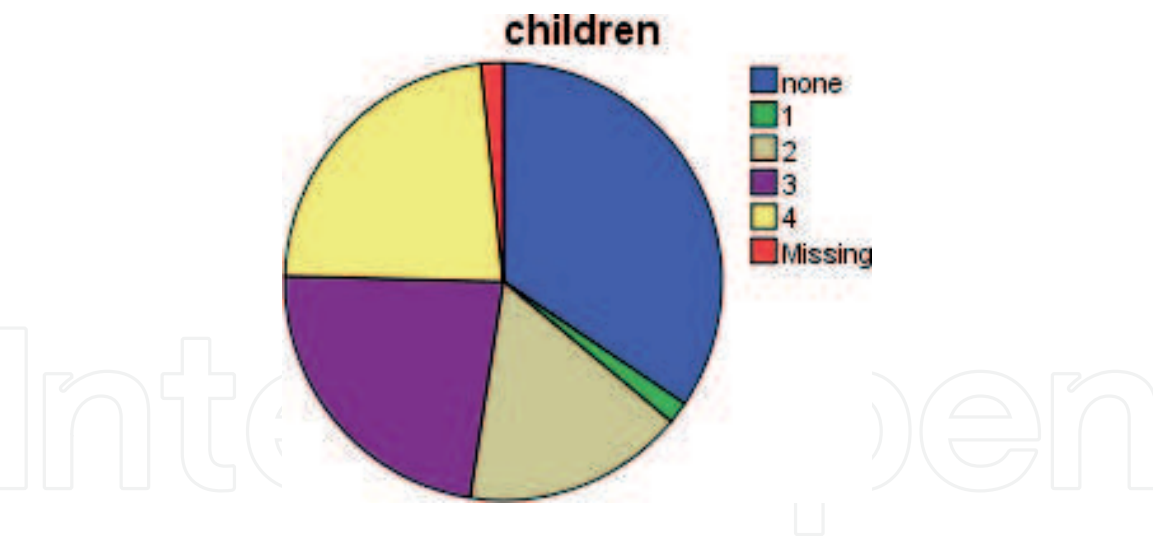
Some (32%) of the traders were single, 65% were married and 3.3% were widows (**Figure 4**).

Some 35.0% of the traders did not have any child but some 46.6%% had either 3 or 4 children (23.3% each) (**Figure 5**).

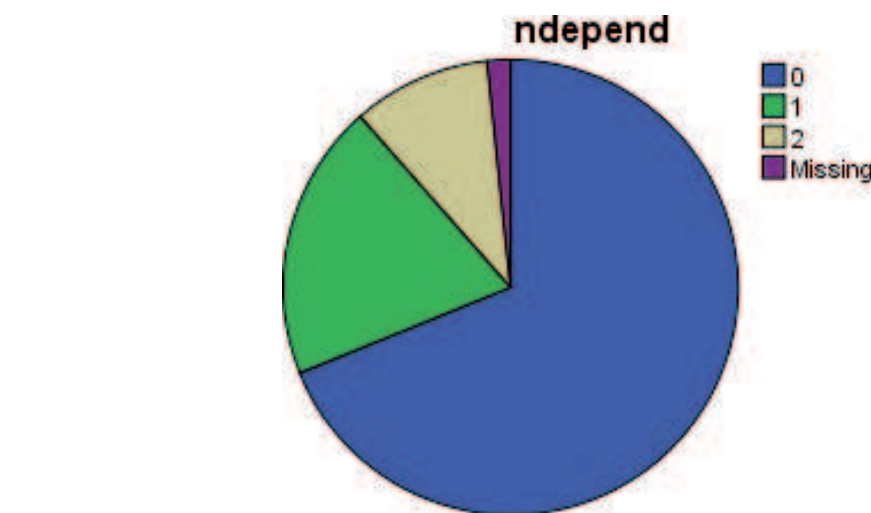
While 70.0% of the traders did not indicate that they had any dependant, some 20.0% reported that each of them had one dependant and the remaining 10.0% claimed that they had 2 dependants each (**Figure 6**).



**Figure 4.**  
*Respondents' marital status.*



**Figure 5.**  
*Respondents' number of children.*



**Figure 6.**  
*Respondents' number of dependants.*

Most (73.8%) of the fathers were self-employed, 11.5% were unemployed, just 13.1% worked for established organisations and received monthly salaries (**Figure 7**).

Most (73.8%) of the mothers of the respondents were self-employed, 16.4% were unemployed while 8.2% worked to earn salaries in established organisations (**Figure 8**).

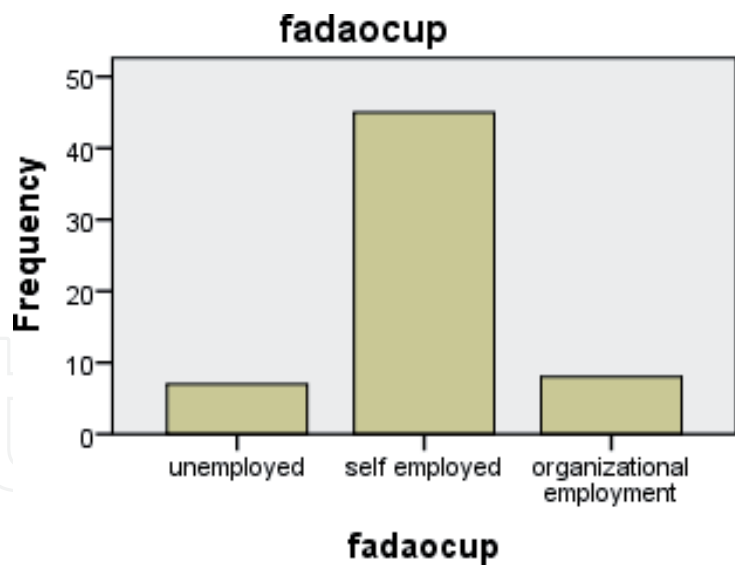
Most of the traders had poor parents. Most of the parents (93.4%) were claimed to belong to lower social class while just 3,9% were said to belong to middle class. The remaining 1.6% refused to mention the social class their parents belonged to (**Figure 9**).

**4.2 Characteristics of street trades**

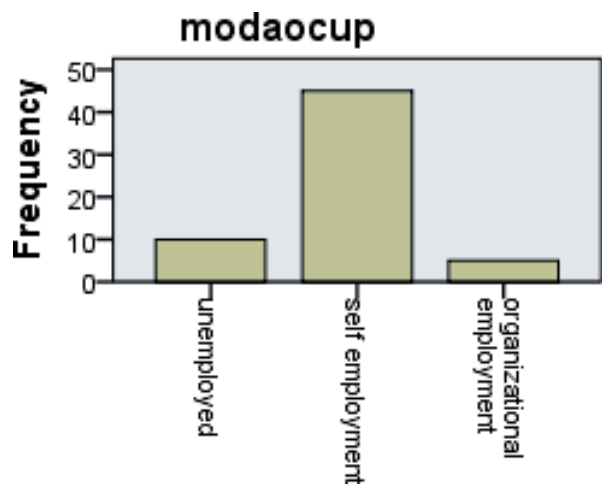
Many (65.0%) of the traders have been on street for between 1 and 5 years while the remaining 35.0% had been on street for more than 5 years.

Most (62.3%) of the traders operated mobile street trade while 36.1% operated on the stationary category (**Figure 10**).

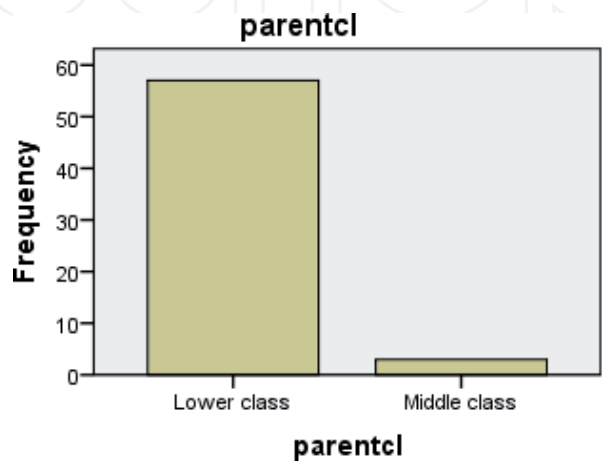
Most (88.0%) of the traders was never employed while the rest (12%) were previously employed but started street trading when they lost their jobs (**Figure 11**).



**Figure 7.**  
*Categories of respondents' fathers' occupation.*

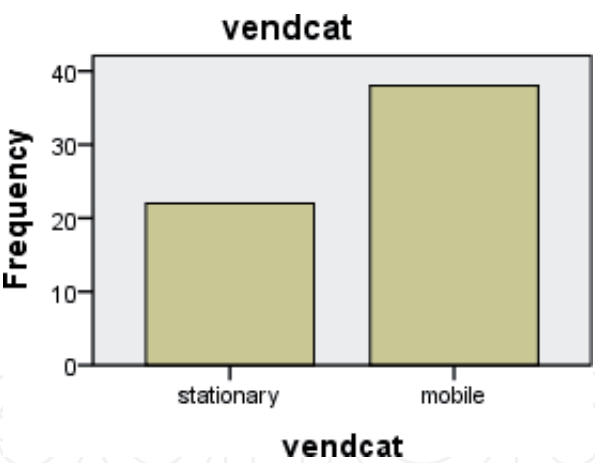


**Figure 8.**  
*Categories of respondents' mothers' occupation.*



**Figure 9.**  
*Respondents' parents social class.*





**Figure 10.**  
*Respondents' vending categories.*



**Figure 11.**  
*Respondents' employment history.*



**Figure 12.**  
*Respondents' reasons for vending.*

Their reasons for street trading include mostly personal preference (36%) and lack of capital (51%). The Figure shows that lack of money takes about half of the space and this makes it outstandingly important (**Figure 12**).

This study shows that street trading generates more profit than the salaries earned by some paid workers in Nigeria. Most (80.0%) of the traders made a profit of between 1000 Naira (about US\$3) and 2000 Naira (about US\$ 6) per day. Very few of the traders (8.3%) reported that they had less than five hundred Naira as daily profit. Some 11.7% had between five hundred Naira and one thousand Naira. However, most (98.3%) of the traders could not save more than 500 Naira per day due to their financial commitments and obligations (**Figure 13**).

4.3 Achievements of street traders

Only about 7.0% of the traders reported that they had not achieved anything beyond feeding since they started street trading but the rest 93.0% reported they had achieved some things with their trade. About 38.0% perceived the level of their achievements as low, 40.0% as average, 11.7% as high while 3.3% reported that they had very high level of achievements. Some 20.0% had built houses in which they lived from the proceeds of the trade (**Figure 14**).

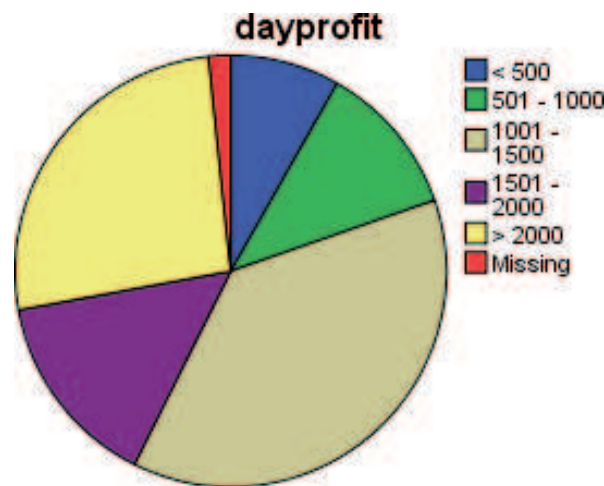


Figure 13.  
Respondents' daily profit.

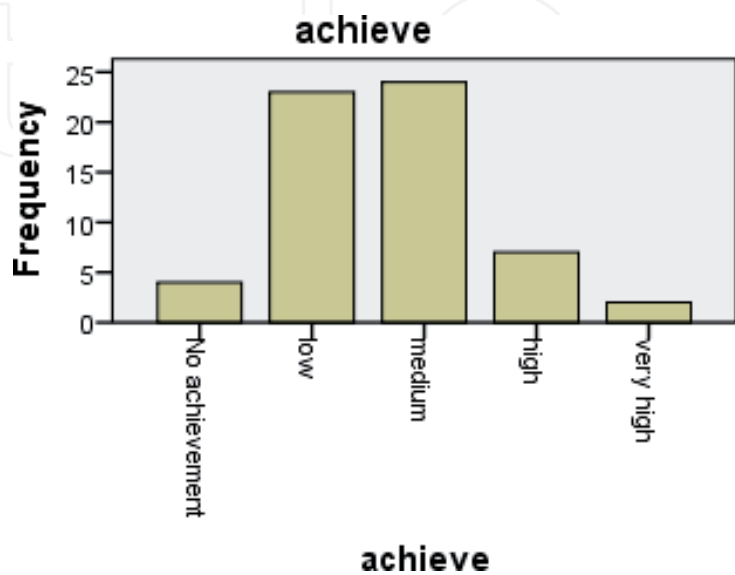


Figure 14.  
Respondents' achievements with street trading proceeds.

#### **4.4 Traders' perception of and satisfaction with street trading**

Most (72.0%) of the traders perceived street trading as yielding more income than some formal businesses. However, some 13.3% acknowledged that street trading is associated with risks. Only 13.4% reported that they were dissatisfied with street trading. The rest were either neutral or claimed to be satisfied. Most (97%) of the traders believed that street trading yielded more revenue than similar formal businesses.

#### **4.5 Health and other hazards associated with street trading**

Some health challenges were found to be associated with street trading. The ailments reported by the selected traders include headache (28.0%), body pain (47.0%) and malaria (25.0%). However, most (72.0%) of the traders perceived the health effects of street trading as not too serious. Only 13.3% had experienced motor accident and only 1.7% has experienced street fight.

#### **4.6 Plan for venture growth**

About half of the street traders have some plan for future growth for their ventures, the other half do not have any plan, they seemed to be okay with the present form of their business. Even those that claimed to have plan, the plans seemed to be like wishes because they were not doing anything specifically to show that they were planning for growth.

#### **4.7 Interaction with government**

The street traders (100.0%) reported very minimal interaction with the government. The only activity that connects them with the government is the payment of a certain amount of money, a form of daily tax which they referred to as ticket.

### **5. Discussion**

Street trading appears to be the first rung on the entrepreneurial ladder and so could be harnessed for sustainable entrepreneurship development. Based on some definitions of entrepreneurship, street trading is a form of recognised entrepreneurship. For example, Collins et al. [41] opine that an entrepreneur is someone who independently owns and actively manages a small business. Also, Timmons [42] asserts that "At the core of entrepreneurship lies the creation of new business ventures by individuals or teams". Street traders, although operates with very small quantity of goods, their trading activity fits in to this definition. They are independent, doing business and are generating income for themselves. Also, the definition of small and medium businesses (SMEs) has been expanded to include micro businesses and so the emergence of a new concept MSMEs which means micro, small and medium enterprises. From the definition of the National Council of Industry for MSMEs, the definition of Micro Enterprise was interpreted to mean "any enterprise employing between one to nine people and having a capital base from one Naira to five million Naira excluding cost of land." [43]. By this standard, the definition of micro businesses embraces street trading. This is an indication of the acceptance and importance of street trading in an economy. More so that it has been said that.

*Micro, small and medium scale enterprises (MSMEs) is accepted globally as a tool for empowering the citizenry and economic growth. They are recognised to be vital in the*

*development of developing economies like Nigeria for reasons such as income generation, social and political role in local employment creation, balanced resources utilisation, utilisation of local technology and raw materials in helping to promote change in a gradual and peaceful manner [44].*

Also, with the overall objective of reducing poverty through wealth and job creation and facilitating national economic development, the micro, small and medium enterprises are perceived as the oil required to lubricate the engine of socio-economic transformation [44]. Based on the foregoing, it is clear that while street trading might be encumbered with challenges, it could serve as a means to an end. Therefore, it will not be the best decision to rubbish, castigate and destroy it. The entrepreneurial energies of small businesses like street traders should not be imperilled by subjecting them to discrimination, frustration and persecution. It would be more beneficial to look for ways to support the street traders, to enable them resolve their challenges and thereby, improve their method of trading. This study shows that many of the traders have been operating in streets for more than five years. The entrepreneurial experience they have gathered could be a good leverage for better forms of businesses if they were adequately supported. Moreover, this study shows that most of the traders had never been formally employed. Therefore, street trading is their only hope of gaining livelihood in a responsible manner.

From this paper, it is obvious that in the study area, youths are more involved in street trading than elderly people. Therefore, any support given to street traders would be an activity supporting poor youths to reduce hunger and poverty. This in turn, might reduce the rate of crime in the society. Street traders are hard-working Nigerians just trying to make an honest living, if they are rendered jobless, they may go into crime.

Also, from **Table 1**, it is clear that most of the traders are married with children and some even have dependants. If they are sent out of business, the traders, their children and dependants will suffer and this may turn around to affect the society negatively. Such victims of the circumstance may turn to become beggars in streets, or disturbing the peace of the community.

The study shows that most of the traders operate the mobile form of street vending. This form of street trading is likely to be as hazardous to the health of the street traders. This justifies some governments' negative disposition towards street trading. However, learning from countries such as the United States of America, India and others, provision of space for street traders to erect shops not a long distance to the road will reduce hawking in traffics and will be of benefit to the traders as well as the people patronising them.

This study reveals that most of the street traders have limited level of education. This gives insight into the reason why they could not engage in better forms of employment than street trading. Also, it was found that the street traders lacked entrepreneurship education/training. This confirms the assertion of Amegah and Jaakkola [11] that the urban poor are mostly uneducated or have low educational attainment. Education is a powerful tool in any poverty alleviation programme. It is a means to provide individuals with the requisite knowledge and skills to improve their livelihoods. Nigerian governments at the three tiers (federal, state and local) should therefore extend access to entrepreneurship education to those who already are practising entrepreneurship in streets. Therefore, to support them to improve their businesses and make them more sustainable, there is need to develop suitable programmes for them to enable them acquire entrepreneurial and managerial education. Attendance at such programmes has to be free of cost because, it has been shown that the traders as well as their parents are poor.

Another important need of the traders is capital. It is common knowledge that any meaningful business requires capital. However, micro enterprises tend to lack capital to start or even expand their business, and this has affected the level of



Characteristics	Frequency	Percentage
<b>Gender</b>		
Male	12	20.0
Female	48	80.0
Total	60	100.0
<b>Age</b>		
<40	37	61.7
40 and above	23	38.3
Total	60	100.0
<b>Marital Status</b>		
Single	19	31.7
Married	39	65.0
Widowed	02	03.3
Total	60	100.0
<b>Highest Educational Qualification</b>		
Primary	16	26.7
Secondary	42	70.0
Tertiary	02	03.3
Total	60	100.0
<b>Length of Trading Experience</b>		
1–5 years	39	65.0%
>5 years	21	35.0%
Total	60	100.0%
<b>Number of Children</b>		
0	21	35.0
1	01	1.7
2	10	16.7
3	14	23.3
Total	60	100.0
<b>Traders’ Parents’ Occupation</b>		
<b>Mother’s Occupation</b>	Frequency	Percentage
Unemployed	07	11.7
Self-employed	45	75.0
Salaried employment	08	13.3
Total	60	100.0
<b>Father’s Occupation</b>		
Unemployed	10	16.7
Self-employed	45	75.0
Salaried employment	05	08.3
Total	60	100.0
<b>Respondents’ parents’ social class</b>		
Lower Class	57	95.0
Middle class	03	05.0
Total	60	100.0

Characteristics	Frequency	Percentage
<b>Number of Dependants</b>		
0	42	70.0
1	12	20.0
2	06	10.0
Total	60	100.0

**Table 1.**  
*Socio-demographic characteristics of street traders.*

Achievement	Frequency	Percentage
<b>Traders' Residence Category</b>		
Parent's house	12	20
Rented house	30	50
Living with a friend	06	10
Personal house	12	20
Total	60	100
<b>Traders' Perception of Level of Achievement</b>		
No achievement	04	06.7
Low	23	38.3
Medium	24	40.0
High	07	11.7
Very high	02	03.3
Total	60	100.0

**Table 2.**  
*Achievements of street traders.*

success of a lot of such enterprises in Nigeria. To start micro enterprises, entrepreneurs tend to depend upon their personal or family savings. Such is the case of the street traders whose family members are poor and hence, could not support them. Further, this study shows that the daily savings of a large proportion of them were very small, below five hundred Naira. This could never be sufficient to be relied upon for business development and growth, knowing full well that other commitments and obligations will take away part of the savings from time to time. Obviously, there is a need for external support. The matter is worse because most of them cannot meet the requirements for commercial loans from banks [45].

**Table 2** shows that some of the traders have gotten some levels of achievement. Some claimed they sponsor their children in school and some, even though not many, claimed they had built houses of their own. This means that, if supported, street trading could be a meaningful and sustainable source of livelihood to some people. This supports Inolia's [10] assertion that street trading had contributed immensely to the social and economic life of Nigerians.

Actually, most of the street traders believed that "street trading yields more income than some formal trades." This may explain why about 88.0% did not feel dissatisfied with street trading. This is corroborated by the notion that street trading is a source of income and employment opportunity [12].

In support of Olurinola et al.'s [13] report that the activities of street traders are associated with a number of health hazards, this study shows that street trading

is challenged by some health and other hazards. However, most of the traders did not consider the hazards and health issues to be too serious for them to cope with. This may be because they consider ability to generate income to be of more weight than the health problems they might have.

Lastly, this study reveals that some of the traders were thinking of growth. This is an indication that any effort to assist the growth of their businesses would be embraced. It is clear from this study that government at any level, did not have the street traders in their plan. They collected daily levy from them but did not include them in national development and are not positively regulated. This indeed is unfortunate because it shows that the importance of the activities of the street traders to the economy was not appreciated.

## **6. Conclusion**

Street trading has benefits to traders and others. The major needs identified from this study were capital and entrepreneurship education/training. Most of the respondents had poor parents that could not support them with funds for entrepreneurship development. Also, they had low level of education and no formal entrepreneurship education. Thus, they were not trained for enterprise development.

Four points are established in this paper: First, the value of street trading in poverty alleviation has to be publicly recognised and appreciated. Second, the activity has to be officially regulated in favour of the traders and the community as a whole. Third, street traders need to be supported by giving free entrepreneurship education to the traders. This will enable them to grow and expand their businesses. When this occurs, more benefits will be derived from the businesses. More people may be employed and poverty may thereby be completely eradicated. Fourth, supporting street traders with capital will go a long way to improve on the nature of their trading activity. This may make them more responsible and make their businesses more valuable to their communities and to the nation as a whole.

Based on these findings, we offer some policy recommendations. Though they are context-specific to Ile-Ife, we believe that the model, and thus the recommendations, may hold relevance beyond the current study area.

### **6.1 Policy recommendations**

1. Street and informal traders require laws that recognise their economic activities as an important component of the urban economy, and ensure their right to trading space.
2. Street trading is a means of livelihood for some people and therefore, should be considered for inclusive physical planning for economic sustainability of the urban poor. Policy measures that incorporate design of trading space for the street traders may be of assistance to solve the problems of street trading activities.
3. Street traders are to be involved in the plan for youth entrepreneurship education.
4. Organised street traders are to be included in loan schemes which are directed towards supporting small businesses.

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