

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,
COLLEGE OF AGRICULTURE AND NATURAL RESOURCES**

FACULTY OF AGRICULTURE

DEPARTMENT OF AGRICULTURAL ECONOMICS, AGRIBUSINESS

AND EXTENSION

**DYNAMICS AND GROWTH OF STREET FOOD ENTERPRISES IN
KUMASI METROPOLIS**

BY

SAMUEL DARKO-KOOMSON
(*BSc. Agriculture*)

MASTER OF PHILOSOPHY:
(**AGRICULTURAL ECONOMICS**)

November, 2016

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,
KUMASI, GHANA**

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SAMUEL DARKO-KOOMSON
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**A Dissertation submitted to the Department of Agricultural Economics, Agribusiness and
Extension in the Faculty of Agriculture,
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partial fulfilment of the requirements for the award**

**MASTER OF PHILOSOPHY:
(AGRICULTURAL ECONOMICS)**

November, 2016

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DECLARATION

I, Samuel Darko-Koomson, declare that this submission is my own work towards the MPhil and that to the best of my knowledge, it contains no material published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

Samuel Darko-Koomson

(PG 9001613)

(Student)

Signature

Date

Certified by:

Dr. K. Ohene-Yankyera
(Supervisor)

Signature

Date

Dr. Fred Nimoh
(Head of Department)

Signature

Date

DEDICATION

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Specially dedicated to *The Inaudible Voice* (aka The Truth), I love you forever.

Then to my family, especially *Mama T. & Wofa Dan.*, *Ruth* and *Jude* who have been an immense source of inspiration during the entire length of time it took for this dissertation to be complete.



SAMUEL DARKO-KOOMSON

November 2016

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I also appreciate the immense inputs of my main supervisor, Dr. K. Ohene-Yankyera, for his priceless suggestions and desire for excellence which have helped shape the course of this work since its inception. Special thanks to Dr. Fred Nimoh, my second supervisor for his selfless support and for lending technical advice when it was critically needed. To all the senior members of the Department of Agricultural Economics, Agribusiness and Extension, Faculty of Agriculture, KNUST, I would like to use this opportunity to express my profound gratitude.

Also, I am thankful for the assistantship of the enumerators who made pretesting and the main fieldwork possible. Congratulations to all my course mates for being a source of motivation and for achieving similar feats on your own. Last but not least, this work is a testimony for all the prayers and goodwill by family members and friends. Big Ups!

I acknowledge the financial assistance of the Ghana Street Foods Project towards this research. Project meetings with sponsors, lecturers and students alike provided in depth understanding of the research. Opinions expressed in this thesis and the conclusions arrived at, are those of the author, and are not necessarily to be attributed to the Ghana Street Foods Project.

ABSTRACT

The informal economy in developing countries such as Ghana employs a large section of the economically active population. However, governments are skeptical as to the extent to which they should seek to formalize informal economy businesses as opposed to investing in the sector while enterprises remain informal. This dilemma arises because of two viewpoints. Romantics view the sector to be bursting with entrepreneurs managing businesses with the potential to grow and that enterprises provide enough income to sustain the livelihoods of owners as well as their dependents. Cynics view the sector to be inundated with persons having limited business opportunities and who have to grapple with certain forces present in competitive markets. Literature supports both sides of the debate and this study attempts to contribute to the discourse with evidence from street food vendors in Kumasi Metropolis. The research question investigated was *how and to what extent can evidence of a progression over time be found among street food enterprises located in Kumasi Metropolis?* This study sought to identify the dynamics underlying street food vending in the study area and also evaluated how street food enterprises had progressed in their organisational life cycle. The main hypothesis was that over time, traditional vendors would upgrade their enterprises and the way in which business operations were conducted in an attempt to improve their statuses while meeting existing and emerging demand. Multistage sampling was used to select vendors of multiproduct street food enterprises located in three distinct location classes namely low, medium and high business activity areas. Data was collected using a semi-structured questionnaire and analysed using both descriptive and inferential statistics and two-step cluster analysis in SPSS software.

The factors that could potentially drive the transformation of vending activities were identified as; motivation for engaging in street food trade, location of the enterprise, business training, financial assistance, certification and risk taking ability of vendors. The hypothesis that these forces will result in an evolution in the trade, in terms of business models, cuisine and assets was only partially validated. The implication is that there are insufficient dynamic forces driving the progression of street food enterprises in the study area. The conclusion is that even though most street food vendors have not made much progress in upgrading their statuses, the enterprises still have a potential for growth. It is recommended that vendors without business operating licenses must seek to register their enterprises for taxation and enterprise identification purposes. This will enable them to become visible economic units to justify any interventions from the government or other main stakeholder institutions in the sub-sector. Cluster analysis was employed to group enterprises into three stages of growth from the least to the most complex that is; *emerging*, *transition* and *established* phases. Socioeconomic factors influencing stage of growth include startup capital, daily net income and access to a permanent vending site *inter alia*. High cost of cooking ingredients was a major business challenge at all life cycle stages just as high taxes were. Operators of street food enterprises are advised to form strategic links with suppliers to ensure that they gain constant access to necessary inputs at discount prices. The study also recommends a review of taxes for street food enterprises in Ghana. Business strategies found to drive growth comprise sales promotion, personal selling, innovativeness, improvement of food quality and effective pricing strategy. Future researchers could modify the instrument used for the study so that a longitudinal study is conducted on street food enterprises in urban Ghana. More qualitative

data could be sought from vendors to gain more insight into the determinants of growth of street food enterprises.

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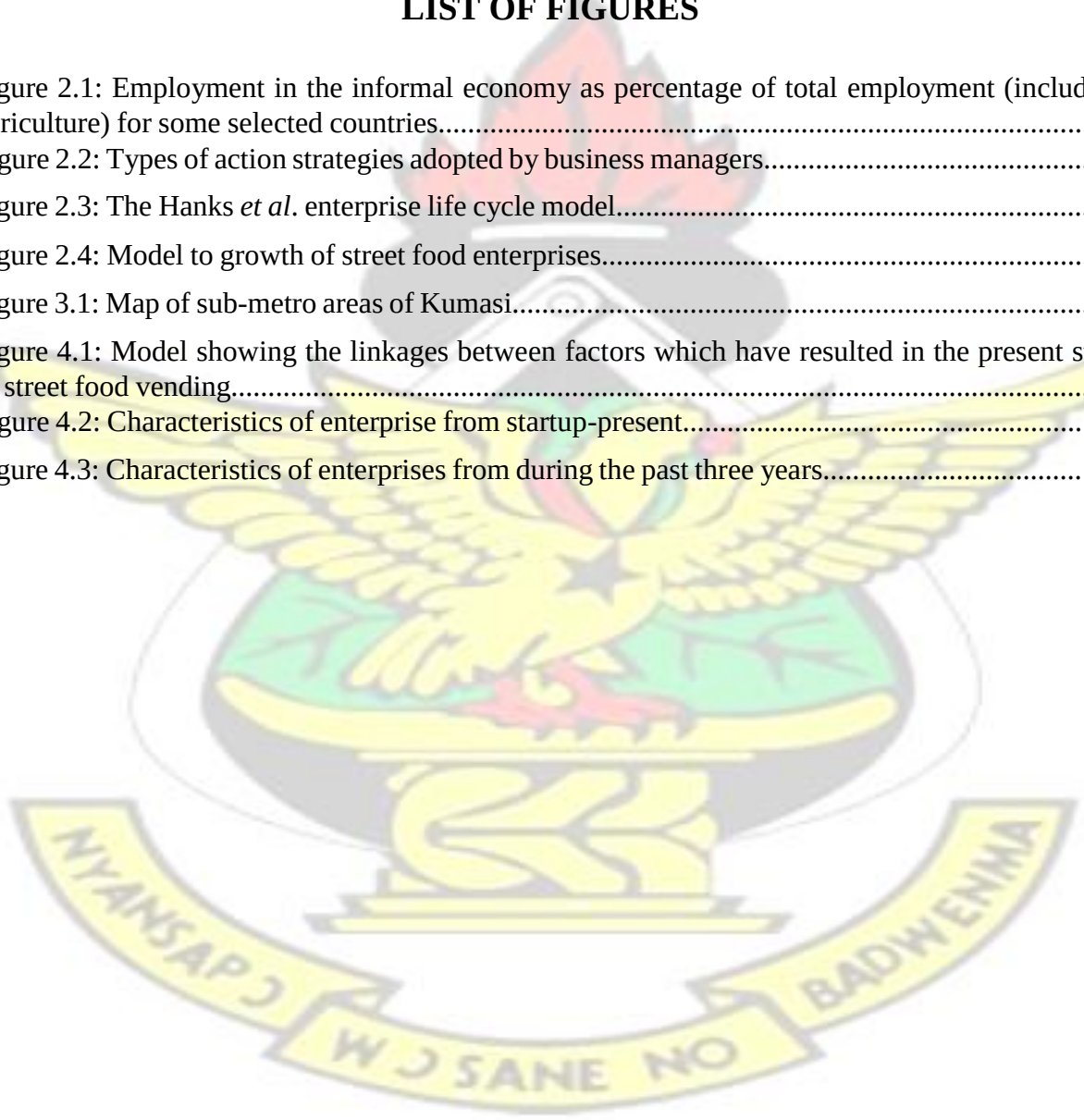
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Metropolitan Assembly
of Variance

BIC	Bayesian Information Criterion
BOPS	Business Operating Permit Services
CBD	Central Business District
EHSU	Environmental Health and Sanitation Unit
GEDC	Ghana Enterprise Development Commission
GH¢	Ghana Cedi
GNI	Gross National Income
GSS	Ghana Statistical Service
GRA	Ghana Revenue Authority
GSS	Ghana Statistical Service
FAO	Food and Agriculture Organization
FDA	Food and Drugs Authority
FSD	Food Safety Division
FTDC	Food Technology and Development Center
FVA	Food Vending Association
ibid.	ibidem
ILO	International Labour Organization
ICSE	International Classification by Status in Employment

MMDA	Metropolitan, Municipal and District Assemblies
MSE	Micro and Small Enterprises
MSME	Micro, Small and Medium-sized Enterprises
NBSSI	National Board for Small Scale Industries
OECD	Organization for Economic Cooperation and Development
OLC	Organisational Life Cycle
SFE	Street Food Enterprise
SFT	Street food trade
SFV	Street food vendor
SPSS	Statistical Package for Social Scientists
SME	Small-Medium Size Enterprise
SSA	sub-Saharan Africa
WHO	World Health Organization
WIEGO	Women in Informal Employment: Globalizing and Organizing



CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Rural-urban drift is on the rise because of the notion that more livelihood opportunities exist in cities (Yankson & Bertrand, 2012). However, migrants soon find out that these perceptions are not always accurate. Rather, there are limited sources of income in the city and most employers have specific criteria for recruiting people. Many of such people participate in informal activities to enable them to meet their expenditure requirements. Asiedu & Agyei-Mensah (2008) state that the informal economy is one bustling with diverse income generating activities. The informal sector is not officially recognised by governments in developing countries, although activities are usually based on replicating goods and services offered by institutions in the formal sector but at a cheaper cost. Thus, the informal economy is considered in the light of the formal sector (Jimu, 2004).

Anyidoho (2013) reports that street vending in Ghana is a characteristic of the urban informal economy and must be understood within the contexts of urbanization and a dominant and growing informal economy. Iyenda (2005) classifies street vendors as mobile and fixed. Mobile vendors trade in items such as vegetables, fruits, bread and mobile airtime while fixed or sedentary vendors sell vehicle tyres, clothing, cooked foods, *inter alia*, and operate in booths. Whether activities in the informal economy, such as street food trade, can promote economic growth and development remains a much disputed subject to date (Walsh, 2010). This is because there are no clear guidelines from empirical studies. There are those who perceive the informal economy as important because of its ability to create employment and develop entrepreneurs with the potential to contribute to overall economic growth (Hart, 1973; Tinker, 1997). The implicit argument is that

governments should invest more resources into the sector to improve the working conditions of these business owners because the sector helps in reducing poverty and unemployment.

Nevertheless, the contention of governments in developing countries is that because informal workers are not fully registered under the law, authorities are unable to obtain direct taxes from them. It is based on this fact that the cynic point of view is grounded. Davis (2007) contends that due to lack of regulation, informal activities are conducted in a haphazard manner and thus these individuals can only earn marginal incomes. The author maintains that, unless there is a major intervention in the sector the people will remain poor because of inadequate business opportunities to exploit. Current research supports both sides of the debate although those who view the sector as important have dominated in developmental studies (Verick, 2006; UNDP, 2007). Despite this, the informal economy has persisted especially in Africa. Street food vending provides people, mostly the urban poor women with little formal education, with a viable alternative to earn a living (Murray, 1991).

Dynamics in street food trade is a term used to describe the process by which sellers undertake vending activities and evolve. The evolution of street food vending occurs as a result of the interaction between certain forces which may position enterprises for growth and expansion. Asiedu & Agyei-Mensah (2008), using a qualitative study, reveal that there is an upward mobility in the conduct of street vending business in Accra, Ghana. Their study shows that there is a gradual ascent over time from the sale of simple, rudimentary goods to the more sophisticated and costly ones. This means that it is possible to identify growing street food enterprises (SFEs) capable of adapting their products to meet current trends; and by using developed business models compete with formal food joints for emerging business opportunities in the Kumasi Metropolis.

The study seeks to contribute to the debate by providing empirical evidence to demonstrate how vendors are upgrading their business positions and mode of operations in general as vendors endeavor to exploit existing and recent demands for street foods. An organisational life cycle (OLC) model, in which the process of enterprise growth is viewed as occurring in a series of stages can be used to explain the growth of small businesses (Churchill & Lewis 1983; Scott & Bruce 1987; Hanks *et al.*, 1991; Dodge, Fullerton & Robbins 1994). Using the OLC model, an attempt is made in this study to identify the factors driving the growth of SFEs in their life cycle so that their progress over time can be evaluated.

1.2 Problem statement

In a developing country like Ghana, rising population in urban cities has resulted in a massive proliferation of individuals into the urban informal economy. This is because the formal sector is unable to absorb the extra numbers of city dwellers who have migrated from rural areas with the intention of getting employment in the cities (Khan, 2000). The sub-sector alone employs more than 60,000 people in Accra and generates an annual profit of over US\$24 million (Tomlins, Mahara & Johnson, 2001). With time, the population of street food vendors (SFVs) is expected to be far more than this in recent times. Asiedu & Agyei-Mensah's (2008) study in Accra, however reports that there is an upward mobility of some vendors over time and that they eventually upgrade their statuses. To support this assertion, research conducted in Bangkok demonstrates that a new cohort of street vendors have adopted modern strategies which make them unique (Maneepong & Walsh, 2009). Due to increasing urbanisation and rising pressures from work schedules the demand for street foods by consumers is increasing. In an attempt to capitalize on new

opportunities while meeting existing demand it is expected that over time, as SFVs become established in business, they would evolve from running enterprises using traditional approaches to using more complex and modern ones.

Due to their informality status, participants in such economic activities face difficulties in gaining access to external financial assistance to start a business (Mitullah, 2003). Yet, the ease of setting up an informal business can be commended because of the low capital involved. The result is that individuals with limited skill-set start SFEs using traditional business models. Bobodu's (2010) study, also in Accra shows that a considerable number of street food vendors have been operating in the same locations for extended periods of time without any tangible progress. Some of the possible factors accounting for stagnation of these enterprises include, *inter alia*, low level of education and training (Lipman, 2008), lack of access to a permanent site for vending and certification (Cohen, 2000) as well as a small asset base (Bobodu, 2010). At the macro-level, lack of improvement of vendors means that the impact of SFT on economic growth will be impeded. Previous studies demonstrate that enterprises grow in stages and that to graduate to higher stages, strategies would have to be implemented to overcome the different problems at each growth stage (Dodge & Robbins, 1992; Hanks *et al.*, 1993). However, there is paucity of literature regarding the extent to which vendors who have upgraded their status can be found in the Kumasi Metropolis. It is against this backdrop that this study attempts to address the main research question; *how and to what extent can evidence of a progression over time be found among street food enterprises located in Kumasi Metropolis?* Consequently, the following specific research questions were developed.

1.3 Research Questions

1. What are the dynamics underlying vending activities of street food enterprises in Kumasi Metropolis?
2. How have street food enterprises in Kumasi Metropolis progressed in their organisational life cycle and what are the characteristics of each stage identified in their life cycle?
3. What are the drivers of growth of street food enterprises in Kumasi Metropolis?

1.4 Objectives of the study

Main Objective

The main objective of the study is to assess the dynamics of street food vending in Kumasi Metropolis and to evaluate the factors that drive the growth of these enterprises.

Specific Objectives

1. To describe the personal and business profiles of street food enterprise owners in Kumasi Metropolis so as to identify business motives of vendors;
2. To identify the dynamics underlying vending activities of street food enterprises in Kumasi Metropolis;
3. To evaluate how street food enterprises have progressed in their organisational life cycle and determine the characteristics at each stage identified in the life cycle; and
4. To identify the drivers of growth of street food enterprises in Kumasi Metropolis.

1.5 Hypothesis

Table 1.1: Hypotheses and theoretical background to hypotheses

Hypothesis	Theoretical background to hypothesis
The dynamics underlying street food vending results in a transformation of the businesses of street food vendors over time.	An individual's decision to start up a business activity depends on the amount of capital available (OECD, 1997). Because some of the urban poor have limited capital they participate in informal activities such as street food vending. In the beginning they may start earning marginal incomes. However, the evolving nature of the preferences of consumers means that new demands will continually emerge for street vended foods. With time, as vendors settle into their businesses, the quest for progress and search for socioeconomic success will motivate them to improve their business models to meet these rising demands (Onyango, Olima & Onyango, 2012). If modern strategies are adopted to deal with business related challenges, they could lead to a corresponding upgrade in the enterprises' assets and products (Asiedu & Agyei-Mensah, 2008; Walsh, 2010).
Issues inhibiting the growth of street food enterprises can be isolated to specific life cycle stages as these businesses progress from having simple to more complex organisational structures.	Small firms face different sets of internal and external environmental variables as they move from state to state (Dodge & Robbins, 1992). As an enterprise progresses through the various stages of organisational growth, various problems would have to be managed at each stage (Hanks <i>et al.</i> , 1993). The resulting situation is a change in focus of the enterprise as it progresses from one life cycle stage to another (Miller and Friesen, 1984). For street food enterprises, vendors will adopt different strategies to deal with different issues that they perceive as important at each life cycle stage. Hence, the set of problems faced as well as the vending practices employed by street food enterprises at different life cycle stages or stages of growth will be different.

1.6 Justification

Small and Medium-sized enterprises (SMEs) account for 60-70 percent of the employment in most Organization for Economic Cooperation (OECD) countries (OECD, 1997). Because of this, governments have developed interest in identifying those growing enterprises with the potential to

spur economic growth and development so that more investments can be channeled towards supporting them. Since most street food enterprises, particularly in developing countries, remain informal they do not receive much attention and interventions from governments and or other key stakeholders. Policies concerning the vending activities of street food enterprise owners can be characterized as cursory and outmoded. It is necessary to validate the contention that though informal, street food enterprises can also contribute significantly to improving the livelihoods of the urban poor. As a result, there is the need for more reliable and relevant data to guide the formulation of improved policies. Although reports from other jurisdictions (Asiedu & AgyeiMensah, 2008; Maneepong and Walsh, 2009) show that street vending is a progressive trade, there is not much empirical evidence to make that claim for street food vending in the Kumasi Metropolis. This study presents some insights into the dynamics of street food trade and contributes, using quantitative field data, to the theory of the growth of street food enterprises in urban Ghana so as to substantiate the importance of the informal economy and address challenges to the sub-sector.

1.7 Outline of the study

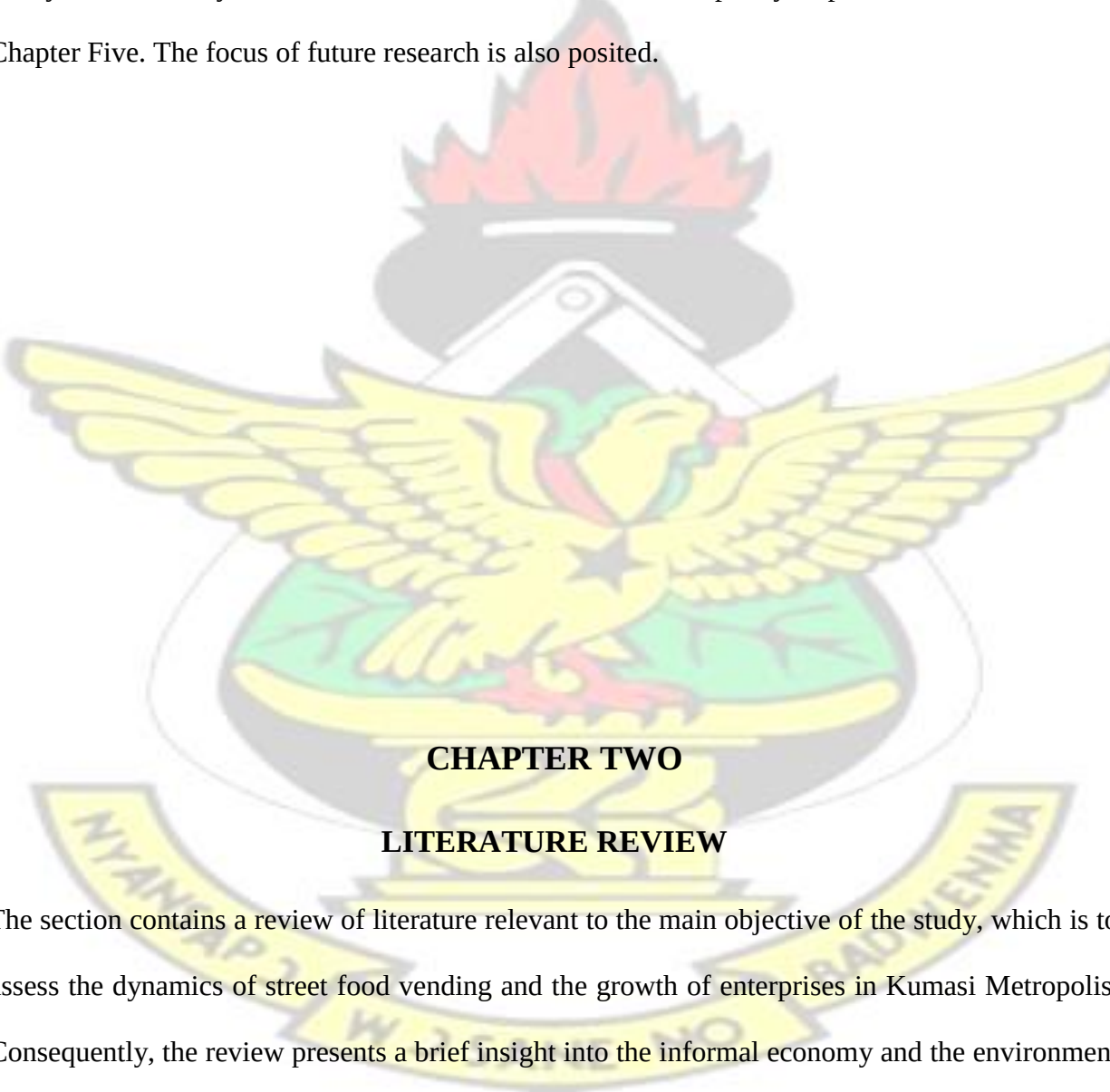
This dissertation is set up on five chapters. In Chapter One, the introduction which includes the background to the study, problem statement and research objectives can be found. A justification also shows the need for the study.

The theoretical framework and other relevant related research are discussed comprehensively in Chapter Two. The theory on dynamics and growth of street food enterprises are explored in detail in this chapter.

Chapter Three contains the empirical framework and definition of the variables used in the study. The study area, sampling techniques, data sources and data analysis are also stated.

Empirical results from the study, basically descriptive statistics and inferential analysis as well as other key findings from the field work are presented in Chapter Four.

Lastly, the summary and conclusions, recommendations and policy implications are included in Chapter Five. The focus of future research is also posited.



CHAPTER TWO

LITERATURE REVIEW

The section contains a review of literature relevant to the main objective of the study, which is to assess the dynamics of street food vending and the growth of enterprises in Kumasi Metropolis. Consequently, the review presents a brief insight into the informal economy and the environment under which street food enterprises thrive.

2.1 The Informal economy

In this section, the global outlook on the informal economy is presented. Literature on the structure of Ghana's informal economy is also discussed.

2.1.1 Review on the global informal economy

The term “informal sector” was developed by the International Labour Office (ILO) in 1972 to describe activities carried out by the poor but who were unrecognized, unprotected or even unrecorded by public authorities (Bangasser, 2000). Today, the term informal sector has been replaced with “informal economy” to include a wide array of labour activities which were previously not catered for by that ILO's definition. The International Labour Conference discussions in 2002 concluded that the informal economy refers to *all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements* (ILO, 2002a). This means that for workers in the informal economy their operations are either out of the jurisdiction of the law or the law is non-functional in their operating environment. The broadened term “informal economy” rather than “informal sector” took account of the considerable diversity of workers and economic units, in different sectors of the economy and across rural and urban contexts that are particularly vulnerable and insecure. The diverse group of workers and enterprises in the informal economy has been summarized in this statement by the ILO (ILO, 2002b):

... own-account workers, shoeshiners, garbage collectors and scrap- and ragpickers; paid domestic workers employed by households; homeworkers and workers in factories who are “disguised wage workers” in production chains; and the self-employed in micro-enterprises operating on their own or with contributing family workers or sometimes apprentices/employees...

It is worthy to note this vast diversity of work because the problems and needs of each group are different (*ibid.*). Mbaye (2014) reiterates that, a dimension, often overlooked, is that the informal sector is heterogeneous and policy should be differentiated accordingly. The informal economy plays a key role in employment creation, income generation and production in many countries. Its contribution to some developing countries' economies has been documented to be as high as 75 percent and more of non-agricultural employment (La Hovary, 2013). ILO describes the current level of detailed statistical knowledge of the informal economy as fragmented, cursory and anecdotal. In spite of this, what is known is that it serves as a safe haven for disadvantaged groups of people based on gender, ethnic origin, migrant status and other factors by providing a main and often only source of livelihood for many workers and entrepreneurs (Gundogan & Bicerli, 2009). The authors also contend that, a great proportion of the world's population earns its livelihood under the vulnerable and insecure conditions of the informal economy, even as sub-Saharan Africa (SSA) has the largest share of informal employment. Nine out of ten rural and urban workers in Africa have informal jobs, especially so for women and young people because they have no other choice (*ibid.*). Figure 2.1 shows the share of the informal economy in some selected countries.

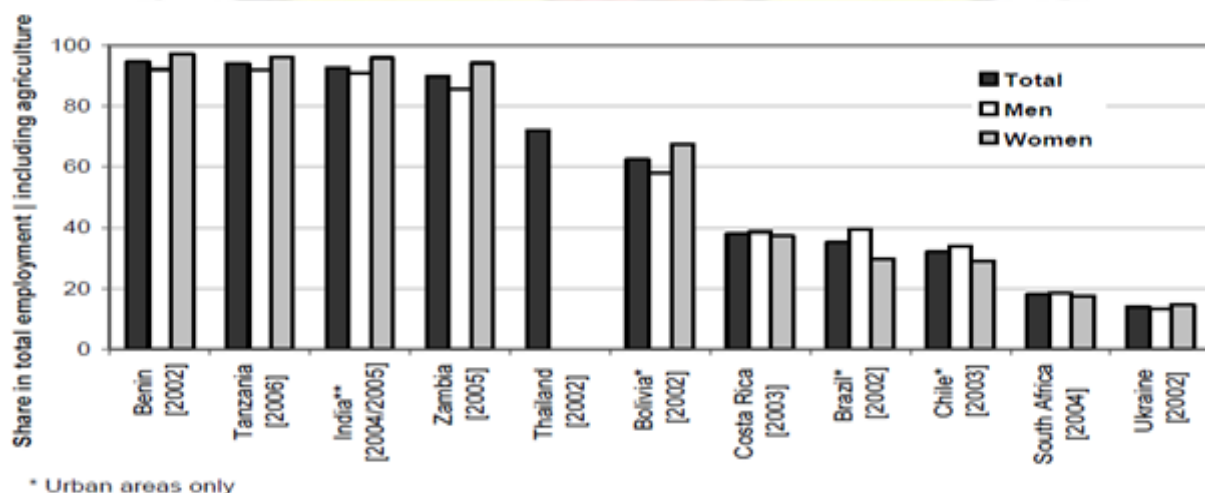


Figure 2.1. Employment in the informal economy as percentage of total employment (including agriculture) for some selected countries

Source: Adapted from ILOs' (2009) rendition of ILO–STA: Employment in the informal sector database; India: Kannan, National Commission for Enterprises in the Unorganised Sector; Zambia and the United Republic of Tanzania, ILO–SECSOC.

From Figure 2.1, it is apparent that in Benin, Tanzania, India, Zambia, Bolivia and Ukraine women dominated the informal sector. On the other hand, men formed a larger proportion of the informal sector in Costa Rica, Brazil, Chile and South Africa.

Two of the largest subsections of the informal workforce are home-based workers and street vendors. Street food vendors are subsumed under the latter. Despite the fact that home-based workers are more numerous, street vendors are the more visible of the two (Gundogan & Bicerli, 2009). The inability of economies to create sufficient numbers of formal jobs to absorb the increasing labour force is at the root of the problem with the informal sector (*ibid.*). Unemployment and informality is prevalent in developing countries, especially in SSA, as retrenched workers from restructured industries and migrants from rural areas find themselves in this situation. Existing mainstream development strategies have been unsuccessful in dealing with this problem since they are not generally inclusive and thus benefit only the formally registered segments of the population. This is reechoed in the assertion by ILO (2009) that the type of growth dynamic by many African economies during the past decade has been concentrated within externally oriented enclaves with few linkages with the rest of the economy. The term “informal” does not mean that there are no rules or norms regulating the activities of workers or enterprises (ILO, 2002a). In truth, besides the production process, the goods and services produced by informal workers are genuine (Cross, 2000). The emphasis is on economic activity which is not stated for tax, social security and labour law purposes (Adom and Williams, 2014). A grave concern by workers in the informal economy is that, since their activities are not fully covered under the precincts of the law,

it is easy for public authorities to mistake them for criminals. As a result they are frequently subjected to harassment which is not devoid of bribery and extortion. For this reason, they have highly unstable employment with low and irregular incomes, and very much depend on the attitude of public authorities and the strategies of large formal enterprises to operate (*ibid.*).

Overall, the informal economy offers unlimited potential for both job and wealth creation though the quality and sustainability of the jobs are low (ILO, 2012a). The informal sector's attribute of ease of entry and exit has provided an employment opportunity to the growing number of people in the urban areas (Garcia-Bolivar, 2006 and Bacchetta *et al.*, 2009; cited in Baah Ennumh & Adom-Asamoah, 2012). The discussion document by Mbaye (2014) maintains that the central debate involves the extent to which governments should seek to formalize informal enterprises through sanctions as against assisting these enterprises in order to increase their contributions to employment and income while they remain informal. Mbaye cites an example from Benjamin and Mbaye (2012) which reports that in Burkina Faso, monetary poverty is as much as 12 times higher for households which obtain their income directly from informal sector than those who participate in formal activities. On the contrary, informal activities create a system whereby there is a 'loss of fiscal revenues and unfair competition with formal firms' which goes a long way to undermine development prospects (*ibid.*). The authors are of the view that the end result is a dilemma for governments between boosting the sector or shrinking it. Hence, the main area which should be of concern to the governments and policy makers is to make sure that a more favorable business environment is created which could lead to the growth of sustainable enterprises across the full spectrum of society (ILO, 2002a). Eventually, the potential for informal enterprises to serve as a good source of employment will be realized.

2.1.2 Ghana's informal economy

In Ghana, over 70 percent of the labour force is employed by the informal sector (Diko, 2014). The rural informal sector is mostly made up of agricultural related activities while urban informal sector comprises non-agricultural economic activities. The urban informal economy is made up of countless chop bars, shoe sellers, car shops, coconut cutters, fruit vendors and an army of women and men in the streets retailing (Haug, 2014). Micro and small enterprises (MSEs) play a key role in the rural economy in Ghana, generating income for upkeep of families and financing the education of most of the leaders and workers of our country (Ankomah, 2012). The proportion of micro to small sized enterprises is about 70 percent in Ghana and it is believed that 40 percent of Ghana's Gross National Income (GNI) is attributable to informal sector activity (Ghana Government, 2002; cited in Tetteh & Frempong, 2009).

2.2 Definition of key concepts

Section 2.2.1 presents a literature review of some of the key concepts used in this study. The following concepts are discussed: enterprise; employment; street food; and street food trade.

2.2.1 Classification of enterprises

While there are many definitions for micro, small and medium-sized enterprises (MSMEs), criteria such as number of employees and total fixed assets have been popularly used. For instance, the Ghana Statistical Service (GSS) supports the definition of less than 10 employees as small scale enterprises and more than 10 employees as medium and large scale enterprises. Alternatively, Ghana Enterprise Development Commission (GEDC) uses a 10 million cedi upper limit definition for plant and machinery (Kuada, 2005). There are associated problems with the use of a sole

criterion for defining MSMEs. For example, the problem concerning the continuous depreciation of the cedi (*ibid.*). The definition of micro and small enterprises (MSEs) operationalized for this study is the same as the definition adopted by the National Board for Small Scale Industries (NBSSI) under Act 434 of the Ghanaian constitution. Both the number of employees and fixed assets criteria are used for measurement and it describes MSEs as those employing up to 29 employees. Micro enterprises, however employ between 1-5 workers and they have a fixed asset worth which does not exceed 10,000 US\$ land and building. On the other hand, small-scale enterprises have between 6-29 workers and their fixed assets do not go beyond 100,000 US\$, excluding land and building (NBSSI, 2015). Enterprises employing 30 or more workers are considered as medium to large scale enterprises.

2.2.2 Classification of status in employment

Owner-manager: According to the Oxford dictionary, an owner-manager is "a person who both owns a business and manages it". This definition was adopted for street food vendors because it truly depicts their status in employment.

Workers: The general term 'employees' is replaced with the more suitable 'workers' and 'helping hands' because these type of workers usually tend to be transitory and therefore do not have permanent positions working in the street food enterprises. This definition is adopted from the classification by International Classification by Status in Employment (ICSE)-93 (ILO, 1993).

Workforce: In this study, 'workforce' comprises of both hired workers and street food ownermanagers since they are all actively involved in running day-to-day activities of the enterprise and are paid from the enterprises' earnings.

2.2.3 Street Foods

FAO/FTDC (1986) defines street foods as ready-to-eat foods and beverages prepared and/or sold by vendors and hawkers especially in streets and other similar public places. This definition puts emphasis on the retail location ‘on the street’ from various locations other than a structure with four permanent walls (Fellows & Hilmi, 2011). It is a deliberate emphasis in that it shows a clear difference between the formal food sector which is made up of restaurants, cafés, ‘takeaways’ and focuses on pushcarts, head portages and stalls which is the most basic nature of street food vending. Similarly, chop bars in Ghana are a form of street vendor stalls for cheap cooked food (Reach the world, 2014). They serve as an alternative source to restaurants and grocery stores for the provision of cooked foods for low-income earners. Notably, there are formally registered and unregistered chop bars. MacArthur (2007) claims that ‘chop bar’ operators and street food vendors are indistinguishable in Ghana. A seminar in March 2012 by the Ghana Traditional Catering Association, Food and Drugs Board, the Accra Metropolitan Assembly (AMA) and other participants clearly differentiated between chop bars and restaurants (ModernGhana, 2008). Using this as a benchmark, some ‘chop bars’ can be classified as street food enterprises depending on their location and scale of operations.

Similarly, in a document published by the World Health Organization (WHO) in 1996, ‘street foods’ which are also known as ‘street vended foods’ are defined as “ready-to-eat foods and beverages prepared and or sold by vendors both on the street and around public places for immediate consumption or consumption at a later time, usually without further processing or preparation”. A recent contribution to the discussion by Fellows & Hilmi (2011) adds that street foods are minimally processed to highly processed foods that are sold on streets and other public places, consumed on the spot and/or ready to take home or delivered to the work place, including

catering activities that can serve celebrations such as weddings. Here, highlight is given to the range of production for street foods. The scope which is very diverse includes foods such as meat, fish, fruits, vegetables, grains, cereals, frozen produce and beverages (Apanga, Addah & Sey, 2014), as well as cooked foods such as koko, waakye and kenkey (Haleegoah *et al.*, 2015). In several countries street foods form a fundamental part of the diet and are taken regularly and consistently across all income groups (Draper, 1996). More importantly, street foods provide low-income urban dwellers an opportunity to gain access to relatively inexpensive foods and offers job opportunities to urban residents particularly women who sell them (Rheinländer *et al.*, 2008). Due to the nature of this current study, Fellows and Hilmi's (2011) definition seemed more appropriate and so was adopted.

2.2.4 Street food trade

Street food trade is a business activity which involves the sale of foods on the street and is performed by both micro and small enterprise owners who make up a portion of the informal sector (Tinker, 1987). In Bangkok, a survey by Chung, Ritoper & Takemoto (2010) has shown that as high as 82 percent of street food enterprises had less than four workers and were women-owned and operated. King's (1999) study which was conducted in Kumasi reiterates that street vending is a crucial livelihood strategy for households. Another study in Kumasi by Solomon-Ayeh *et al.* (2011), reveals that women vendors were not restricted in choosing the type of products that they wanted to sell. Males were mostly involved in the sale of non-consumables such as electronic goods, while women generally sold perishable goods, such as foodstuff and cooked foods (*ibid.*; Jimu, 2004). This is because women had less capital to start-up a street vending enterprise and this resulted in smaller enterprise size (Todaro & Smith, 2011; Baah-Ennumh & Adom-Asamoah, 2012). The women who engage in street food vending play dual roles as mother-wives and traders. Thus, street

food trade provides regular access to food for their households besides access to income. This consumption is considered part of their income (ILO, 1993).

2.3 Institutions governing street food trade in Kumasi Metropolis

The stakeholders involved in the street food trade in Ghana include vendors, consumers and formal regulatory bodies. Many vendors are informal and vending activities are operated from unauthorized locations, although the main regulators supposed to govern the trade are formal stakeholder institutions. A key stakeholder of the food service industry which is involved in monitoring food vendors is the Food Safety Management Department under the Food Safety Division (FSD) of the Food and Drugs Authority (FDA) (FDA, 2016). According to WHO (2015), Ghana adopted a Food Safety Policy in 2015 and its development was coordinated by the FDA. FSD-FDA works in collaboration with the Environmental Health and Sanitation Unit (EHSU) of the Metropolitan, Municipal and District Assemblies (MMDAs) such as the Kumasi Metropolitan Assembly. Usually, MMDAs are involved in allocating food sellers with vending sites (Attenkah, 2015). This is because MMDAs have the right to reserve public spaces for purposes which they deem suitable. They provide Business Operating Permit Services (BOPS) to individuals, such as vendors, interested in engaging in business within the local assemblies. The Ghana Revenue Authority (GRA) has the mandate to collect taxes from all economic units countrywide including street food vendors (Ofori-Boadu, 2013). One other stakeholder of street food trade, often overlooked is the Ministry of Tourism, which calls on food vendors to consider the promotion of local cuisine a channel to boost the country's tourism receipts (Today Newspaper, 2015).

2.4 Theoretical Framework

2.4.1 Theory of enterprise growth

The concept of growth of an enterprise has been debated over by numerous authors since its introduction in academic writing (Boulding, 1950; Penrose, 1952). Business growth is used to describe an increase in quantifiable and non-quantifiable features of an enterprise over a measurable period of time. It has undergone several changes as some view its measurement from qualitative standpoint and others using quantitative approaches (Lester and Parnell, 2005; Naumes, Naumes & Merenda, 2007). The models that have been developed are based on three (3) main schools of thought about growth theory. These are growth theory based on; scale bound theory, gene combination, and the lifecycle (Mao, 2009).

2.4.1.1 Enterprise growth theory based on the scale boundary theory

This takes on diverse perspectives on which growth is scaled but by and large, it is built on Coase transaction cost theory of the firm (1937). The ideas expressed by Coase (1937) regarding constant returns to scale were instrumental to the way in which market research was analysed. Prior to this time, research focused on understanding markets without much enquiry into firms' existence, behaviour, structure and relationship to the market.

2.4.1.2 Enterprise growth theory based on the gene combination theory

An enterprise was generally viewed as an organism while the factors that influenced it were seen to be genes or chromosomes. The enterprise ability to coordinate all the factors in such a way that would lead to its growth are studied (Gouillart & Kelly, 1988). Business transformation involves enterprises, which are created and grow through various developmental stages leading to maturity

or even death. Thus for enterprises to survive, they must combine internal and external elements to achieve set objectives.

2.4.1.3 Enterprise growth theory based on the life cycle theory

This is the most widely explored theory in research arena in which the living body is used to designate the growth of an enterprise. Adizes (1988) and De Gues (1996) claim that the enterprise life cycle is in stages and the cycle can be divided into the growth stage, the regeneration and mature stage, and the aging stage. This study emphasized literature in this category because recent studies on enterprise growth have either lent support or disproved the life cycle methodology (Jaafar, 2016; Lester & Parnell, 2005).

2.4.2 Theory of dynamics

The theory of dynamics can be borrowed from Newton's second law of motion which has been widely used in the physical sciences. This law pertains to a relationship between a moving object, the external force causing the object to move and the internal characteristics of the object. For instance, dynamical systems theory explains the changes over time that occur in physical or artificial systems (Hochman, n.d.). A system can best be described as a complex organization formed by a combination of many related parts. It is worthy of note that dynamical systems are made up of two parts. The first part is the collection of objects in the system while the second part is the dynamics that transforms the object from one point to another. As a result, the dynamics can be defined as the forces that tend to produce activity and change in any situation or sphere of existence (Encarta, 2009). The Oxford dictionary also defines the dynamics as the forces or properties which stimulate growth, development, or change within a system or process. FreireGibb's in his 2011 study on entrepreneurial dynamics further indicates that the dynamics

will make sense if these are seen as working as a system in which the different actors interrelate effectively. The concept of a dynamic system can be modeled using mathematics based on the dynamical systems theory explained by Hochman (n.d). The change will be:

Change in System Attribute =

$$\left[\frac{\{\text{System Attribute at final fixed period} - \text{System Attribute at initial fixed period}\}}{\text{Time period}} \right]$$

With this notion, and for a system in which the attributes of the system can be physically observed, a simple observation of the change in a system's properties is enough to validate the theory of dynamics. An example of a system is the informal economy of a country comprising diverse informal economic activities and the forces that transform these informal activities from one point in time to another. When individuals engage in economic activities to create enterprises, certain factors may influence their decision to upgrade the way business is conducted and in time the features of their enterprises may also be transformed.

2.4.3 Theory of strategy process characteristics

2.4.3.1 Process characteristics of action strategies

The strategies used by a manager are important in defining the right direction in which a business will evolve. Adopting appropriate strategies should eventually lead to growth of enterprises. The oxford dictionary defines a strategy as a plan of action designed to achieve a long-term or overall aim. The two most common ways in which strategies have been differentiated in business literature are content and process characteristics (Olson and Bokor, 1995; Austin and Vancouver, 1996). Content characteristics describes the type of strategy employed, for instance, marketing mix strategies, and will be discussed in a later section in this study. Conversely, strategy process concerns itself with how strategic decisions are formulated and implemented (Olson & Bokor, 1995). Strategy process characteristics are defined as specific ways to deal with the process of

strategy formulation (Frese, Brantjes & Hoorn, 2002). This involves evaluating the actions of business managers to gain insight into how they are structured.

In a study by Frese *et al.* (2000), the actions taken by business managers have been differentiated into five separate characteristics of strategy process. These are; complete planning, critical point planning, opportunistic, reactive strategies and routines/habits. The first two strategies (complete planning and critical point strategies) are used by managers who have a clear goal for their business and so make plans to achieve their objectives. The difference herein is that critical point strategists focus on the most important issues at hand and they deal with it before moving on to the next issue. On the other hand, complete planners have a comprehensive plan and take into account all the possible situations that could arise. Opportunistic planners rarely plan but are able to manage their resources to take advantage of emerging opportunities. They are however unable to specialise in specific areas because of inadequate or no pre-planning. Reactive strategy involves no planning at all. Managers with this approach act only when they are met with crisis and as much as possible would prefer to maintain the status quo of the business. The chances of achieving growth is high for managers who adopt at least one form of planning strategy.

However, reactive strategy is negatively correlated to success. Routine/Habit is portrayed by application of the same routine which has previously been developed by the business manager. This is not a conscious strategy adopted by owner-managers but it is one in which they may rely on because of familiarity with the environment and business operations. Individual strategies can be used in combination. Frese & De Kruif (2000) maintain that any combination with a reactive strategy would be ineffective and the best combination would be critical point with the opportunistic strategy. The important point to note before deciding about which strategy to assign to a manager should be based on the level of pre-planning and the amount of proactivity involved

in exploiting opportunities. Figure 2.2 summarizes the process characteristics of action strategies adopted by owner-managers.

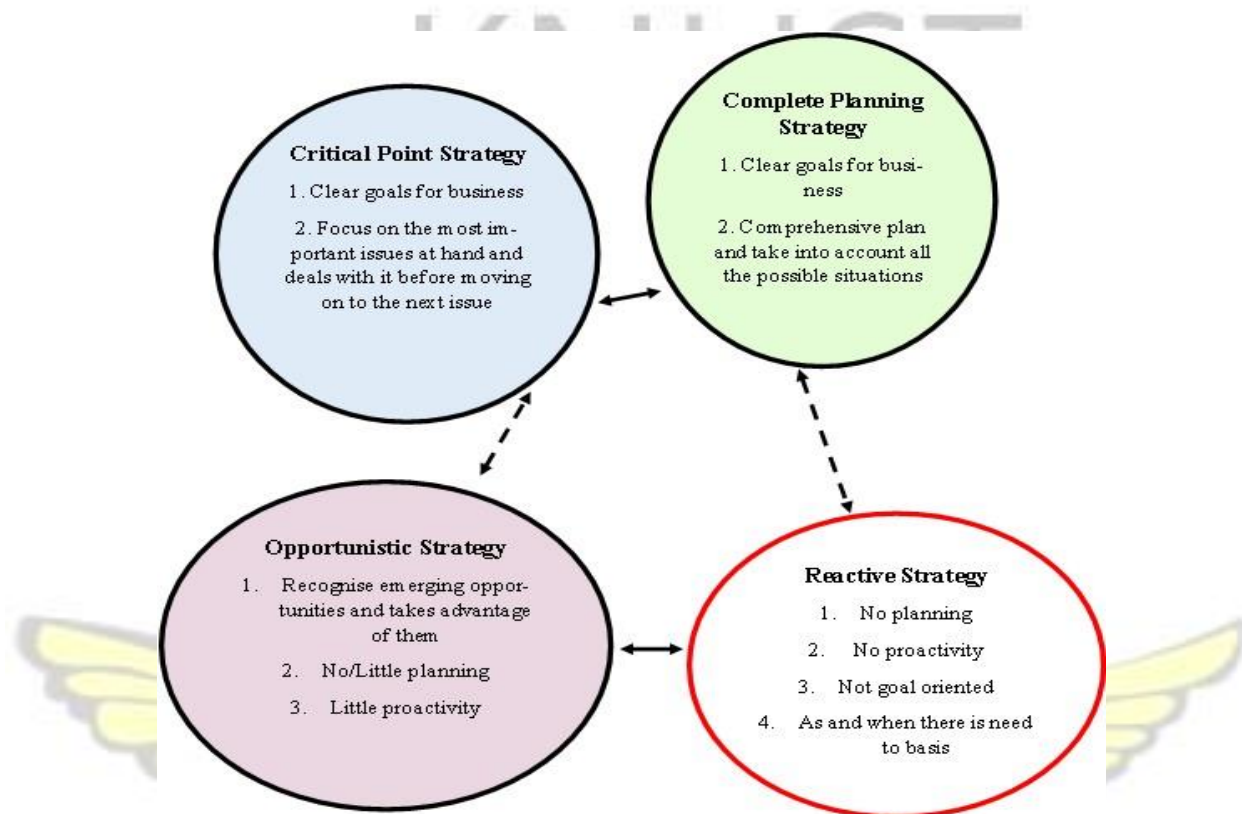


Figure 2.2: Types of action strategies adopted by business managers Source: Authors construct based on Frese *et al.* (2000)

2.5 Dynamics present in the informal economy

As indicated earlier, this study focuses on understanding the forces that influence street food vendors' decisions to upgrade their business positions over time so that they can experience progress in their economic statuses - from traditional to becoming modernised. This sub-section explores factors which have long since been identified by other researchers to affect micro and small businesses.

2.5.1 Motivation for entering the trade

Research by Stefanovic, Prokic & Ranković (2010) focuses on analysing the motives of entrepreneurs starting their own business. Their discussion reveals that the motivational factors of entrepreneurs may go a long way to determine the development of enterprises in the long run. For instance, owner-managers motivated to obtain profit from their enterprises may be more likely to invest in the expansion of the businesses. Boakye (n.d) states that due to economic hardships, migrants from rural to urban areas in developing countries, including Ghana, engage in informal economic activities such as street vending. However, Adom & Williams (2012) report that recently, more people engage in the informal activities out of choice and not out of economic necessity. The results show that in Ghana, although some of the entrepreneurs in the informal economy may be necessity-driven at business startup, their motives may change to opportunitydriven entrepreneurship over time. Likewise, this research will evaluate vendors' motives for engaging in SFT.

2.5.2 Location

In Kumasi, Ghana, infrastructural needs of informal traders remain unfulfilled and this continues to be a matter of grave concern to the traders (Baah-Ennumh & Adom-Asamoah, 2012). In the past, some efforts have been made to relocate vendors to specific sites in an effort to keep them off the street. However, the traders always resist relocation from the local government authorities. Some of the counter strategies include the use of demonstrations against the Mayor to rescind decisions concerning vendors' right to use urban spaces (myjoyonline, 2015a). Indeed, for informal sector participants such as street food vendors, location is the be all and end all (Cohen, 2000). This means that vendors enthusiasm about making street food trade a more permanent business may be closely linked to their access to a permanent site for trade.

2.5.3 Business Training

Training enhances the competencies of business managers (Lipman, 2012). Even if business managers have sufficient capital at hand, upgrading products and services requires that managers make use of applied knowledge. The kind of training or educational level attained by the person managing the enterprise influences the extent to which the business will be developed over time. The outcome of effective business training on enterprises is referred to as the ‘learning effects’ in economics (Sheffrin, 2003; Haltiwanger, 2008).

2.5.4 Finance

Whether at startup or at a later stage during enterprise’s life cycle, a manager would be faced with a decision to invest capital into the business (OECD, 2000). This may be with the general aim of investing in a single product or to follow the path of diversification. It implies that, the amount of startup capital and or the degree to which the enterprise owner obtains external financing after business startup is important to the long term growth of the business. The rising cost of living in Ghana, coupled with the rising demand for food in urban areas has given rise to the adjustments in the prices of goods and services (TheFinderOnline, 2015). Vendors have to contend with financial issues arising from an unstable economy so to achieve expansion goals they need to have access to financial assistance.

2.5.5 Certification/Registration

The jurisdiction in which a business is located may superimpose restrictions on the type of occupations that, when performed by individuals, can be considered to be within the confines of the law (ILO, 2012). Activities that are not recognised legally but unspecified as criminal in any national economy are captured as informal. A business environment in which policies do not

prevent certain types of operations could allow all enterprises to grow. Contrarily, laws that obstruct peculiar operations of enterprises may not allow some businesses to thrive. Inappropriate policies on the informal sector in developing countries has been the bane of the street vendors ever since the informal sector was officially recognized (King, 2005). Because some enterprises are unregistered, the government is unable to collect taxes from them while on the other hand other certified workers may be overtaxed. This can lead to a rise in the taxation rates thereby reducing the spending power of the vendors because their incomes would fall (Canagarajah & Sethuraman, 2001).

2.5.6 Risk taking propensity

Business owners face risk because the outcome of any economic investment cannot be fully determined in advance. Antonites & Wordsworth (2009) describe risk as the possibility of innovation having an unwanted result. Innovation in business can usually take varied forms including managers using scarce capital for new product development in an already existing market (diversification) or in an emerging market. Due to economic fluctuations, managers need to reinvest a proportion of their earnings to maintain their level of working capital (Roever, 2014).

Also, some managers reinvest retained earnings in their businesses in an effort to expand their enterprises to capture a larger share of the market.

As can be seen, all of these situations require that owner-managers make a decision to invest capital to enable their business to thrive. At the point of decision-making, the owner-manager finds him/herself in a conflict situation (Zimmerer & Scarborough, 1996). Upon careful consideration and effective choices, the successful manager is one who is able to capitalize on the situation and produce positive outcomes for the enterprises after taking a risk. On the other hand, the

decisionmaking process could result in negative outcomes for the manager and the enterprises, both in the short and long run. Van de Venter (2006) defines risk tolerance as the amount of risk that an individual is willing to accept and thus take. Nieuwenhuizen & Kroon (2002), however, maintain that even though a large proportion of managers are prepared to take risks, other factors go into the actual 'risk-taking' decision. Thus, entrepreneurs may determine what the risk entails before taking 'calculated risks'. This concept can be applied to street food vendors as it can be expected that over time enterprise owners may be faced with decisions to expand their range of food products and reinvest into the trade.

Because street foods are consumed by a large section of the urban public, they have become a major source of public health concern due to their association with food related diseases and food poisoning (Rheinländer, 2006). This implies that there are some potential health risks associated with consuming street vended foods. Prigent-Simonin & Hérault-Fournier (2005) report that consumers measure the perceived quality of food to be purchased based on a multidimensional approach which includes; nutritional, hygienic, practical, organoleptic, social, symbolic and humanistic quality. Further details on this frame are presented in Appendix 1. A guide to safe food practices which is *the five keys to safer food* of WHO can be used by vendors for producing safe food to reduce potential health risks. This is summed as follows; 1) Keep clean, 2) Separate raw and cooked food, 3) Cook thoroughly, 4) Keep food at safe temperatures and 5) Use safe water and raw materials. This means that vendors must consider the way consumers perceive them and combine it with the use of WHO's standards to improve food quality so that they can maintain consumers.

2.6 Brief review of the organisational life cycle (OLC) theory: A framework for measuring enterprise growth

As already stated, enterprise growth can be evaluated using an organisational life cycle model. An organisation, just like any living organism, takes on a 'life' which begins at birth and ends in death. This concept was adapted from the biological sciences and has been of interest to several organisational researchers (Miller & Friesen, 1983; Quinn & Cameron, 1983; Kazanjian, 1988; Lester, Parnell & Carraher, 2003; Lester & Parnell, 2008). Origins of the organisational life cycle can be traced back to economics (Boulding, 1950; Penrose, 1952), although management researchers have used it the most (Hanks *et al.*, 1993; Dodge, Fullerton, & Robbins, 1994). Seminal work by Chandler (1962) introduced stages to a life cycle model. By providing a four-stage model of organisational evolution, Chandler contends that the features of the organisation - strategies and structures - change as the stages changed. Therefore, organisations achieve different stages by developing structures to suit their growth ideal and tackle problems arising from the business environment (Wang, 2005).

The life cycle model is also known as the stage model. Life cycle stages vary per model depending on how an actual stage is defined by the researcher (Hanks, 2015). Due to the varying definitions, researchers have proposed different models of an organisational life cycle (Greiner, 1972; Churchill & Lewis, 1983; Hanks *et al.*, 1993). Some of the models have only been suitable for small and medium-sized enterprises (SMEs) while others have been extended to large corporations and organisations (Churchill & Lewis, 2000; Lester & Parnell, 2005). To this present day, no consensus has been reached as to the number of stages that the enterprise goes through in its life cycle, and it appears no consensus is likely to appear in the near future (Phelps, Adams & Bessant, 2007). However, most models are multi-stage in nature. While some propose only three organisational

stages of growth (Smith, Mitchell, & Summer, 1985), other studies have shown that several growth stages exist in the life cycle (Adizes, 1979; Flamholtz, 1986). Regardless of this, many authors favour around four or five stages and this has commonly been used to depict the stages model in recent literature (Hanks, 2015; Miller & Friesen, 1984; Lester, Parnell, & Carraher, 2003). Most researchers are trying to describe a similar pattern of evolution irrespective of the number of stages proposed (Lester & Parnell, 2005). *Larger models tend to break down general stages into much more specific time periods, while shorter models tend to overgeneralize, integrating two or more developmental periods in an effort to present a more straightforward depiction of organizational life (ibid.).*

2.6.1 Review of the general business life cycle model

Typically, life-cycle stages models presume that there are regularities in organisational evolution and that these regularities happen in such a fashion that the processes offer themselves to subdivisions of stages (Scott, 1971). Models proposed by Quinn & Cameron (1983), Miller & Friesen (1984b) and Smith, Mitchell & Summer (1985) are all ‘summary models, developed to achieve some synthesis among competing life-cycle models (Hanks *et al.*, 1993). Drawing from Scott and Bruce’s (1987) literature review, models previously used have been classified as

- Industry growth models – Wright (n.d.), Little (n.d.) and Porter (1980)
- Large business growth models – Channon (1968) and Salter (1970)
- Small business models – Maher and Coddington (1968), Bruce (1978) & Steinmetz (1969), Churchill & Lewis (1983)
- General growth models – Scott (1971), Greiner (1972) and Lippitt & Schmidt (1967).

Nonetheless, what constitutes a stage is left to the discretion of the researcher. For instance, Hanks *et al.* (1993) define a life cycle or growth stage as a unique configuration of variables

related to organisation context and structure. Some of the proposed models as well as the criteria that were used to identify the various life cycle stages are presented in Table 2.1.

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Table 2.1: Proposed life cycle models and determining criteria for stages

Organisational life cycle model	Number of stages	Stage labels	Research approach followed	Type of life cycle model	Empirically tested	Dimensions used to define the life cycle stages
Miller and Friesen (1984)	5	Birth Growth Maturity Revival Decline	Investigated 54 variables of strategy, structure, environment and decision-making style of businesses that had been in existence for at least 20 years.	Large business model	Yes	Age Number of employees Sales growth Size Ownership Environment Strategic variables
Smith, Mitchell & Summer (1985)	3	Inception High growth Maturity	Used a simulation study and a field study to investigate their hypotheses that different stages in the business life cycle engender different priorities among top-level managers.	Small business model	Yes	Age Sales (size) Employees (size) Growth rate Priorities of top management
Lester and Parnell (2008)	5	Existence Survival Success Renewal Decline	Tested a 25-item scale among practicing managers.	General life cycle model	Yes	Structure Specialisation/differentiation Information processing Decision-making Participation
Ferreira (2000)	5	Birth Expansion Maturity Diversification Stagnation/decline	Used a cluster analysis to obtain a taxonomy of configurations of development stages.	Small business model	Yes	Age Size Growth rate Vertical differentiation Structural form Formalisation Specialisation Centralisation Total sales Sales growth Total employment Employee growth
Churchill and Lewis (1983)	5	Existence Survival Success disengagement/ Success - growth	Managers of successful small businesses were consulted to review the small business life cycle model as proposed by previous researchers.	Small business model	Yes	Age Size Growth rate Major strategies

Organisational life cycle model	Number of stages	Stage labels	Research approach followed	Type of life cycle model	Empirically tested	Dimensions used to define the life cycle stages
		Take-off Resource maturity				
Hanks <i>et al.</i> (1993)	6	Startup Expansion Maturity Diversification Life-style Capped Growth	Taxonomic approach using cluster analysis of cross-sectional data to identify stages in enterprise life cycle of manufacturing SMEs from 'high technology' industries	Small enterprise model	Yes	Age Employees (size) Sales revenue (size) Growth rate Formalisation Specialisation Centralisation Structure Focal priority Vertical differentiation

Source: Adapted from literature.

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A number of authors after reviewing literature of existing models have compiled the life cycle models into general life cycle models.

Greiner's (1972) review of some life cycle models established the following stages of "evolutionrevolution":

Creativity stage (emphasis on creating both product and market, little planning); *Direction stage* (firm embarks on period of sustained growth under capable manager); *Delegation stage* (expansion of company by developing new products and entering new markets, better response to customers); *Coordination stage* (highly formal control, efficient, *red tape crisis* begins); *Collaboration stage* (attempt to overcome *red tape crisis*, spontaneity, social control).

Hanks (1990) also identified five general life cycle or common evolutionary stages after reviewing ten significant models;

Startup (simple organisational structure, highly centralized, establishes niche by product creation, overtime work, focus is to stay viable); *Expansion* (growth stage, early product diversification, explore broader markets, slightly less centralized than startup, specialisation of responsibilities begins); *Maturity* (installs more control systems, growth levels, few innovations, highly profitable; focus on efficiency, bureaucracy, good communication across all levels); and *Diversification* (expansion of product market, innovation, risk taking, proactive decision making by experts, growth may or may not occur); *Decline* (Declining sales and profitability, stagnation, lack of innovation, risk averse, poor top to bottom communication and vice versa).

Hanks *et al.* (1993), however, have used empirical findings to derive a taxonomic model which was superior to the typological models in existence which were based on conceptualizations. The main reason for conducting that study was to 'address the lack of specificity and empirical rigour in these typologies' which may have accounted for 'unexpected intra stage variance found in some

analyses'. Multivariate statistical analysis of empirical results was applied to classify enterprises into increasingly broader groups based on shared features. The results from the exploratory cluster analysis by Hanks *et al.* (1993) are displayed in Figure 2.3 and a summary is presented in the section.

2.6.2 Stages of the enterprise life cycle model

At startup, enterprises are young, small and have simple organisational structures (Figure 2.3). They are highly centralised, which means that the owner and or a few individuals direct the operations of the enterprise. The enterprise is quite informal and there is little or no planning. There is also little specialisation, in that almost all the workers have general roles. Innovation is key at this stage as the enterprise tries to identify a market niche for itself. The focal priority is product development and business is marked by high sales and employment growth as the enterprise seeks to establish itself. The next phase is the expansion stage. Here, enterprises are older and larger than startups and they also have more complex organisational structures. While the enterprise still has a simple structure the owner-manager begins to introduce formality into operations and planning of activities. It is still centralised but the focal priority is now product commercialisation. Because of established links and captured market, the enterprise is able to achieve the highest sales and employment growth.

As growth continues, enterprises enter into the maturity stage of the organisational life cycle. Enterprises may be twice larger than counterparts in expansion stage and have complex organisational structures. Efficiency is achieved by using current market information and staying

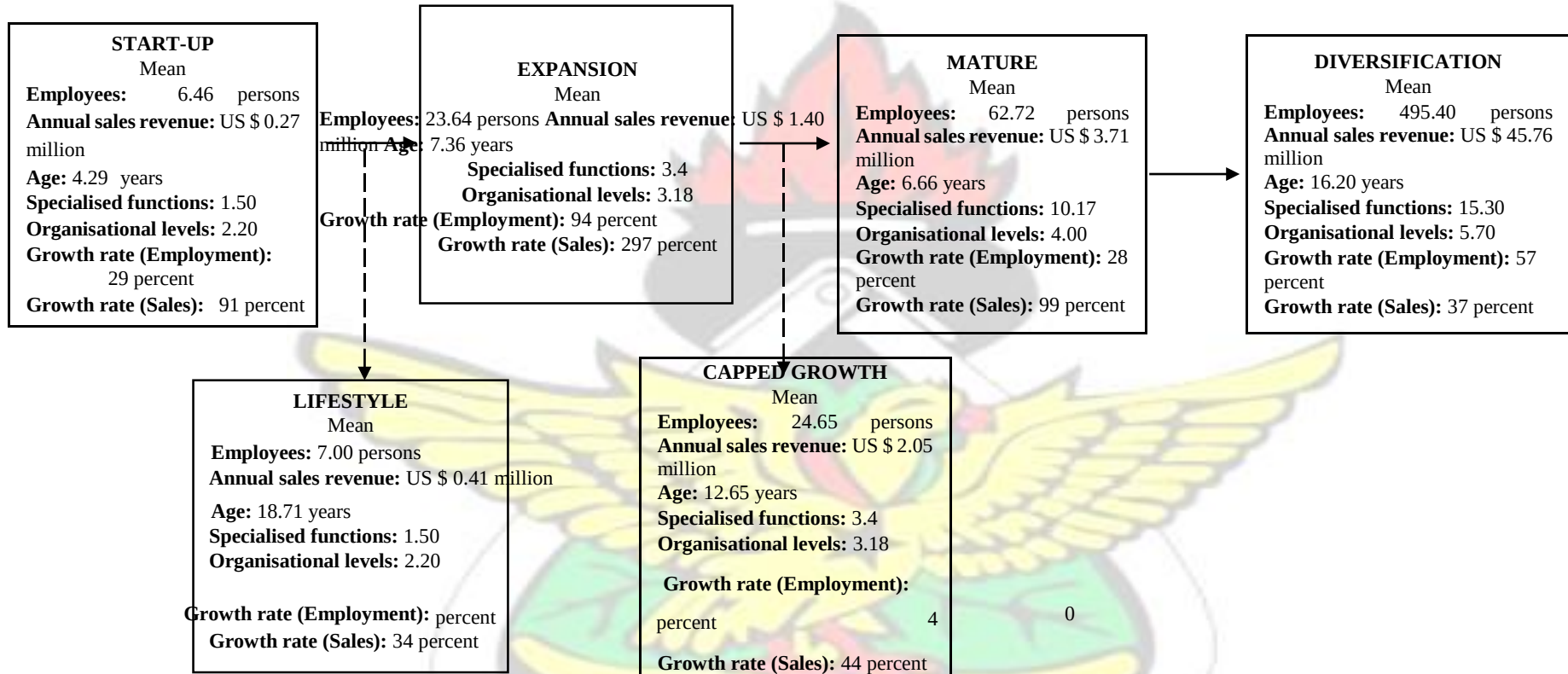
competitive in the market. Evidently, the enterprise is now moderately centralised because the number of individuals in authority has increased. Higher formality in the sequence of activities

occurs and there is fair amount of specialisation. Bureaucracy begins at this stage and innovation is at its lowest as existing products have been successful. There is higher sales revenue growth and employment growth is also almost similar to startup stage.

KNUST



DEVELOPMENT STAGES



DISENGAGEMENT STAGES

Figure 2.3: The Hanks *et al.* enterprise life cycle model

Source: Hanks *et al.* (1993), cited in McMahon (1998)

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If the enterprise survives, it will reach a 'stage' whereby a choice will have to be made concerning the direction of the enterprise because growth will start to stagnate. The owner-manager can then decide to diversify the enterprise because existing products do not generate the economic success the enterprise used to accomplish. Thus, the niche strategy is abandoned. Organisations in this stage have become immensely large with an extremely complex organisational structure. There is low centralisation as multiple managers and owners exist and tasks are delegated to individuals based on their expertise. The enterprise now has the highest level of formality and is extremely specialised. Apparently, the enterprise experiences employment growth which is slightly less than the level achieved in the expansion stage and sales revenue growth is marginal. It can be deduced from Figure 2.3 that enterprises become more complex and formality increases as they move from startup to higher stages of the life cycle model.

Hanks *et al.* (1993) additionally describe two more disengagement configurations which are stable and in which state an enterprise can stay in and operate without going into relapse. This may only be possible when other factors such as the effects of the business environment and the capabilities of the manager either remains the same or improves. The first of these two disengagement states is the "life-style" stage. Enterprises are usually known as "life-style businesses" and are older and slightly larger enterprises than startups. Almost all other characteristics are similar to startups. The owner-manager may have chosen to remain small and retain important features of the enterprise since it can still exist as a viable entity. Otherwise, the enterprise will be found in this state because it is constrained by market forces. Subsequently, there is no noticeable employment growth and even if there is any, it is limited. This stage is marked by the lowest sales revenue growth than in any other life cycle stage.

The “capped growth” phenomenon is the second of the disengagement stages. These are slightly larger and older but less complex enterprises than those in expansion stage. Sales revenue growth is less than one sixth that of expansion stage and employment growth is barely attained. After becoming a viable and established entity, successfully expanded enterprises choose to disengage from the growth process. The enterprise continue to benefit from economic success so far as the business environment remains unchanged. Enterprises are still competitive and do not abandon the *niche strategy*. Hanks *et al.* (1993) note that the reason for the absence of the decline stage as suggested by other models is because it is very difficult to predict. The authors also report that organisation’s decline can commence at any stage in the life cycle model. Therefore, it is excluded from the subsequent analysis in the present study.

Based on this review, it is clear that in conducting research on a particular sample of businesses the researcher has to choose between one out of two options. Either to adopt one of the earlier proposed models or go on to propose a model which would be suitable for the sample under study. The stages models presented in Table 2.1 can be relied upon since they have all been empirically tested. In conducting this research though, much emphasis was placed on the life cycle model by Hanks *et al.* (1993). One main feature that makes this model lendable to the case of street food enterprises is because it was designed for SMEs. As a result two disengagement (or arrested development) stages – life-style and capped growth enterprises – which have usually been observed among SMES have been incorporated. The study posits that street food enterprises will go through at least one of the growth stages in their organisational life cycle earlier expounded in this review. As already indicated, street food enterprises react to the forces present in their business context. Successful enterprises are those that are able to progress from low to high stages of their organisational life cycles upon reacting favourably to the underlying forces in the dynamic

economy and core business elements. This leads to the next section where the drivers of growth which enable street food enterprises to progress from one stage of growth to the next over time are explored.

2.6.3 Drivers of growth

Business growth has been identified to be related to certain firm-specific characteristics (Audretsch, 2012). Business age, size and type of industry have all been established to impact on the growth of enterprises. Empirical evidence from Brüderl & Preisendörfers' study published in 1998, shows that business managers that have networks with other managers and receive assistance from household members have enterprises that experience higher growth. The study also reports educational background as well as previous and current work experience and firm resources to be relevant growth factors. The inference is that socio-economic characteristics specific to street food enterprises can influence their growth.

Dodge and Robbins' (1992) study, which differentiates firms using a four-stage organisational life cycle model, was based on the assumption that small business face problems which are specific to life cycle stages. The authors assert that these problems must be solved if the momentum of the business is to be maintained in order for enterprises to grow from lower to higher growth stages. Consequently, this study follows with the hypothesis that the common problems identified by street food vendors to inhibit their ability to take advantage of emerging opportunities can be isolated to specific life cycle stages. Problems identified in literature have been identified based on whether they can be classified as resulting from: *economic factors* such as sourcing of capital, labour availability, fluctuating input prices due to inflation (Ngugi & Kerongo, 2014; SchmittDegenhardt, Stamm & Zehdnicker, 1993; GSS, 2012; and GSS, 2015); *supply chain factors* for instance

seasonality in supply of inputs (Ahmed *et al.*, 2011); *regulatory factors* like certification, location (De Soto, 1989; King, 2005).

By employing appropriate coping strategies, managers address problems that enterprises face at lower stages of growth so that as enterprises progress to higher stages of growth new set of problems can be addressed. Dodge & Robbins (1992) maintain that if strategies are not implemented to address the factors inhibiting the growth of enterprises, they will not survive. Van Tonder (2009) documents possible marketing mix strategies to the potential problems identified by managers. The marketing mix strategies can be used because, even though problems facing enterprises may arise from diverse sources, those which are controllable to managers can be related to the 'P's in the marketing mix.

Similarly, this study adopts the marketing mix approach to identify strategies adopted by vendors to achieve desired objectives and remain competitive during the life cycles of their businesses.

These marketing mix solutions will explain the content characteristics of vendors' strategies. The seven 'P's of the marketing mix evaluated by Van Tonder are; product, price, place, promotion, people, physical evidence and process. However, this study only considers the four core elements of the marketing mix which are; product, price, place and promotion. Previous studies on small enterprises have identified certain marketing strategies which would be considered for this study.

This comprises: sales promotion and personal selling (Lovelock, 1996; Cravens, 2000); innovation (Mason, Bishop & Robinson, 2009); product quality improvement (Rheinländer, 2006); pricing strategy (Timmons & Spinelli, 2007); and delivery services (White, 2006).

2.6.4 Two-step cluster analysis algorithm: A technique for classifying enterprises into different stages of growth

In grouping enterprises along organisational life cycle stages, varying methods have been used in literature for different types of small businesses (Smith, Mitchell & Summer, 1985; Ferreira, 2000). Such measures are so diverse and include grouping organisations based on decision-making responsibility, problems and structural characteristics, organisational context or situation, strategic orientation, critical developmental areas among others to describe each stage of growth (Miller & Friesen, 1983; Adizes, 1989; Hanks *et al.*, 1993; Lester, Parnell & Carraher, 2003). Though these studies were done at various times, they presumed that the lifecycle stages can be deduced from different samples.

However, a similar approach to that which was employed by Hanks *et al.* (1993), Ferreira (2000) and recently adopted by Van Tonder & Ehlers (2010) is to be operationalized for this study. In this methodology, Ferreira collected the demographic data of the sample and grouped them according to similar characteristics using the cluster analysis procedure. The most commonly used clustering method in organisational life cycle analysis is Ward's method which minimises the increase in error sum of squares for a cluster solution (Smith, Mitchell & Summer, 1985; Ferreira, 2000; & Van Tonder & Ehlers, 2011). However, Punj & Stewart (1983) posit that a two-stage clustering procedure produces more accurate results. The first stage involves a non-hierarchical method to identify clusters. The second stage uses an iterative method to refine clusters and produce a final cluster solution. In SPSS a more advanced form of two-stage clustering approach is the two-step clustering procedure.

Cluster analysis can either be performed by choosing either a single variable or a set of variables.

Some of the variables used in previous studies have been displayed in Table 2.1. In all of the previous studies presented in Table 2.1, the researchers used more than one criterion in their analysis. The reason for this is because growth is a multidimensional measure (Biga & Gailly, 2011). Thus, using only one criterion for growth means that the results may not be applicable when another criterion is used (Birley & Westhead, 1990; Delmar & Davidsson, 1998; and Delmar, Davidsson & Gartner, 2003). For instance, Hatten, Schendel & Cooper (1978) using cluster analysis, combined 16 variables related to a firm's objectives, its strategy and operating environment to show that quantitative models of business strategy can be developed from them. Their study demonstrated that such models are reliant on the ability to identify clusters of firms which had similar strategies within an industry. Similarly, Van Tonder & Ehlers (2010) performed cluster analysis using 4 variables – business age, commission growth per annum, number of organisational levels and number of specialised functions as criteria for investigation into organisational life cycle stages of independent financial advisers. Choosing the right variables makes it possible for this study to provide rich descriptions of street food enterprises' characteristics without over-specifying the model (Meyer, Tsui & Hinings, 1993; Ketchen & Shook, 1996).

2.7 Conceptual framework

As defined in the previous section, dynamics are the forces or properties which stimulate growth, development, or change within a system or process. Thus, for street food vending as an ongoing economic process, the forces which accelerate the growth of enterprises are the factors which drive vendors to upgrade themselves to meet emerging demand from street food consumers in the economy. In Figure 2.4, the relationship between the dynamics and enterprise growth is presented.

In Figure 2.4, vendors' quest to become successful can initiate a need to upgrade from traditional to modernised status. This is shown to influence the process by which the dynamics of street food vending is linked to the action strategies adopted by vendors.

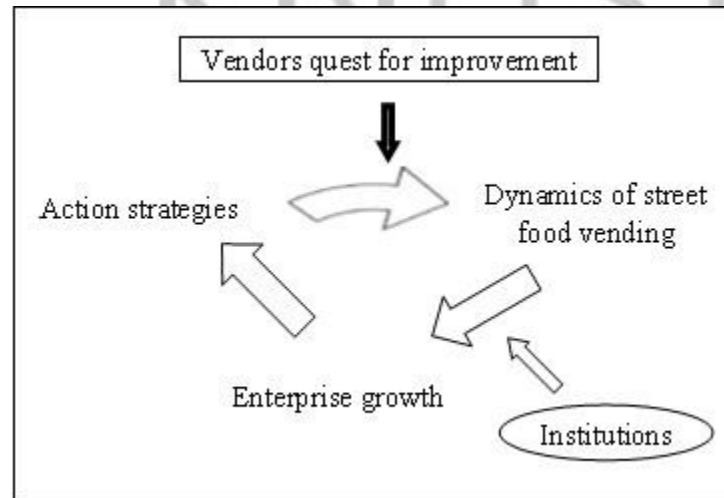


Figure 2.4: Model to growth of street food enterprises

Source: Author's construct based on literature

Quest for improvement refers to the aim of the vendors to upgrade their current position in business in an attempt to meet diverse taste and rising demands for street foods from consumers so that they can earn more income to improve their own livelihoods. Considering two SFVs who both have the aim of upgrading their enterprises, the one who takes action based on this decision and invests in the business will tend to experience more enterprise growth than the vendor who does not take any steps to expand the enterprise. Institutions also play a part in the process through which vendors seek to upgrade their statuses. The relationship between street food vendors and regulatory bodies is essential because such institutions are responsible for creating an enabling environment for vendors to operate their businesses so that these enterprises can grow over time. If there are sufficient forces driving vendors to upgrade their business positions, there is also a likelihood that vendors will also experience significant growth of street food enterprises. The framework for analysing the dynamics in this study is presented in Table 2.2.

Table 2.2: Drivers of change in street food trade

Factor	Classification of vendors status	
	Traditional	Modern/Progressive
1. Motivation	Need for cash (survival orientation)	Opportunity driven (Profit orientation)
2. Location	Access to permanent vending location	Non-permanent vending location
3. Business training	Low level of business training	Average to high level of business training
4. Financial assistance	Low level of external finance sourcing	Average to high level of external finance sourcing
5. License/certification	Few or no required licenses	Many or all required licenses
6. Risk taking propensity	Hardly takes risk	Takes calculated risks
<i>Other measures for evaluating vendors</i>		
7. Formality status	Very informal	Quite formal
8. Products and services	Conventional	Upgraded
9. Prospects of earning high incomes	Still less than formal sector	Comparable to or more than formal sector
10. Action strategy	Reactive	Proactive
11. Expansion plans	No or little plans to expand enterprise	Plans to expand enterprises
12. Status of employment	Temporary or transitional	Permanent

Source: Authors' compilation from various literature sources

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter is divided into five main sections. Section one contains the description of the study area. The second section comprises the sampling techniques. The type and sources of data are presented in section three. The fourth section includes information on the data collection methods. The last section, section five presents the data analysis procedures to achieve the stated objectives and the statistical tools used to test the hypotheses regarding the models employed.

3.1 The Study Area

This study was conducted in the Kumasi Metropolis, the capital city of the Ashanti Region in Ghana. Kumasi is strategically located in the middle belt of Ghana. This has propelled the region to become a principal transport terminal for both people and goods alike both in the country and beyond. It serves as a transitory point for the usual Ghanaian business community especially for the transport of agricultural produce and other raw materials in the cross-border trade.

Geographically, the city is located between a latitude of 6°43'N and longitude of 1°36'W with an area of around 98 square miles. More than 2 million people in this city account for nearly a third of the population of the region and 63 percent of the population are part of the labour force (GSS, 2012). The profile of informal non-agricultural workers in Accra, Kumasi and the other urban centers in Ghana does not really differ (Budlender, 2011). Thus out of the total working population in Kumasi, about 25 percent do informal non-agricultural work which includes the sale of street foods, just as it is in Accra. The 10 sub-metros areas of Kumasi metropolis include Asawase, Asokwa, Bantama, Kwadaso, Manhyia, Nhyiaeso, Oforikrom, Suame, Subin, Tafo (Figure 3.1).

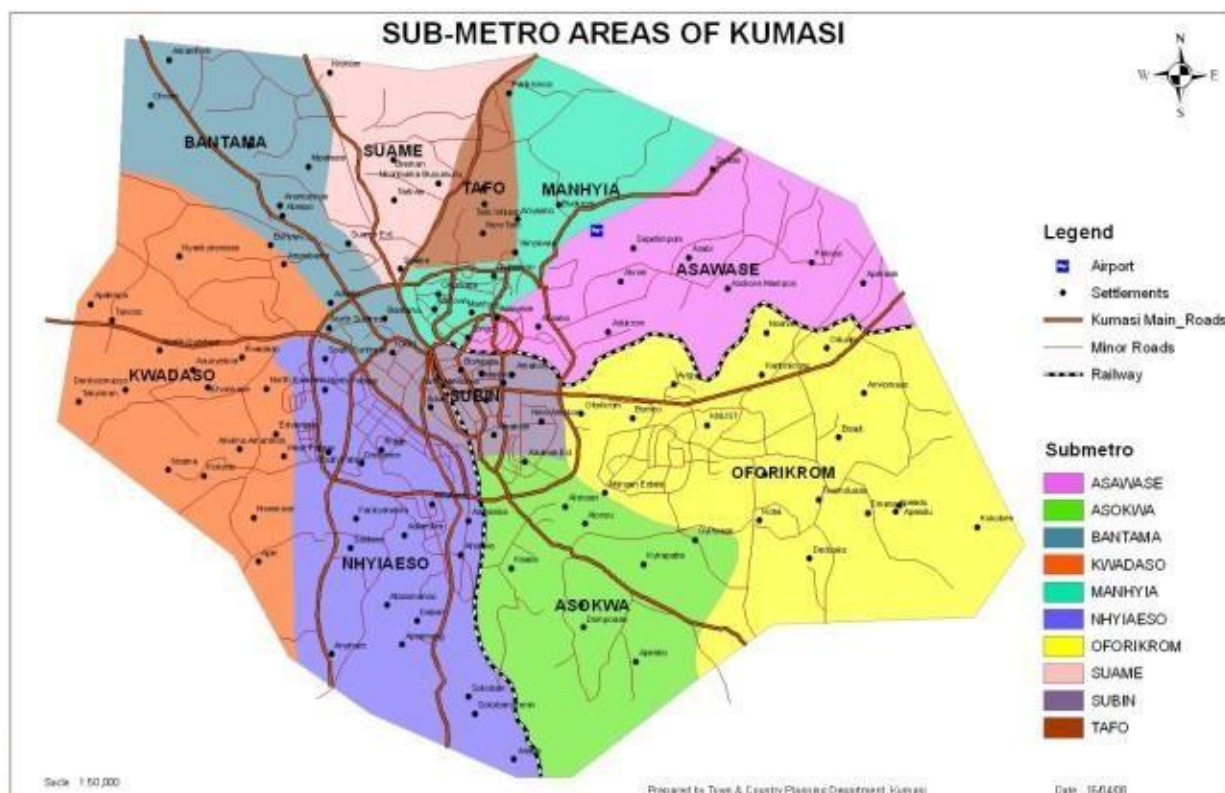


Figure 3.1: Map of sub-metro areas of Kumasi

Source: <http://www.hdtravelpics.tk/maps-of-kumasi/>

3.2 Population and Sampling

The targeted population composed of multiproduct sedentary street food enterprise owners in Kumasi Metropolis. A multi-stage sampling technique was employed for the study. The study area which constituted 10 Sub-Metros was purposively selected. The suburbs in these Sub-Metros are zoned into commercial, industrial and residential areas based on the intended use of land¹. It was established from initial field visits that the intensity of the flow of people decreased in the same order as the earmarked zones in the Sub-Metros, with commercial areas having the most and residential areas the least flow of people. People flow results in the potential number of consumer

¹ Retrieved on August 18, 2016 from <<<http://www.britannica.com/place/Kumasi>>

visits to vendors which, in turn, leads to the level of business activity for street food vendors. The indication is that the level of business activity for street food vendors in the metropolis also declines in a similar sequence with people flow. Nevertheless, the land in use in some suburbs of the metropolis had mixed uses. Due to this, suburbs were classified as either low, medium or high business activity areas on the basis of the major use of land for that part of the suburb where the enterprise was located. Thus within the metropolis, three distinct types of neighborhoods varying from high, medium to low businesses activity areas (locations) from each Sub-Metro were purposively selected as presented in Table 3.1.

Table 3.1: Location classes in Kumasi Metropolis

Level of business activity	Type of area	Suburb
Low	Residential area	Adiebeba, Ahodwo, Bomso, Manhyia, Patasi
Medium	Both residential and industrial areas	Aboabo, Ahinsan, Apraso, Asokwa, Asawasi, Atonsu, Ayigya, Dompooase, Kaase, Ayeduase, Kotei, Kwadaso, Krofrom, Santasi, Tafo, Bantama, Oforikrom, Suame
High	Both industrial and commercial	Adum, Asafo

Source: Author, based on combination of existing classifications (2015)

Records from the Annual Report of the medical screening conducted by the Environmental Health and Sanitation Unit (EHSU) of the KMA revealed a vendor population of 7964 as at 2011. Vendors who had received medical screening were given a medical certificate. Using the vendor register as a guide, the sampling formula by Krejcie & Morgan (1970) yielded a total sample of 375 vendors at a 95% confidence interval and a ± 5 acceptable margin of error (equation 3.1.0).

$$s = \left[\frac{X^2 NP(1-P)}{d^2(N-1)+X^2(1-P)} \right] \quad (3.1.0)$$

Where s = required sample size.

χ^2 = chi-square value for 1 degree of freedom at the 95% confidence level (3.841).

N = population size.

P = population proportion (assumed to be 0.50 as this would provide the optimum sample size d = degree of accuracy expressed as a proportion (0.05).

During field visits however, the sampling technique which was employed aimed at incorporating street food vendors who were not medically certified by the EHSU among the sample. Because the sample was to include only multiproduct SFVs, a systematic random sample of every 5th vendor was then used to select respondents within each identified cluster and this is displayed in Table 3.2.

Table 3.2: Sampled street food vendors in the Kumasi Metropolis

Sub-Metro	Vendors in EHSU (2011) document	Sampled vendors
Asawasi	293	13
Asokwa	643	22
Bantama	1000	21
Kwadaso	1109	22
Manhyia	534	10
Nhyiaeso	No screening	15
Oforikrom	1250	27
Suame	1171	17
Subin	1381	32
Tafo	313	5
Total	7694	184

Source: Author (2015)

Although the researcher targeted 375 respondents, 184 street food enterprise owners or vendors were interviewed. The fewer number of respondents came about because of time and budgetary constraints faced by the researcher. A total of 11 responses out of 184 contained insufficient data so the total sample was reduced to 173. Out of this number, 124 vendors were sampled from the EHSU report meaning that they had health certificates. However, inspections conducted by enumerator field visits revealed that 154 vendors had tax certificates. Hence, the margin of error for the sample is $\pm 9\%$.

Sample selection criteria

Due to the diverse number of foods sold by street food enterprises in the Kumasi Metropolis, respondents were selected based on a predetermined selection strategy. The selected street food vendors had to fulfill the following criteria:

1. **Multiproduct:** The sampled street food vendors had to sell more than one type of food, although vendors were classified on the basis of the dominant food sold.
2. **Age:** The restriction on the age of the street food enterprise was set to at least 3 years since startup as at the time of interview. This threshold was used so that from the data the growth of enterprises could be evaluated over a uniform period.
3. **Licensed or unlicensed:** Both licensed and unlicensed street food enterprises were sampled.
4. **Owner-vendor:** Effort was made to visit enterprises in which the owner was either the sole vendor or one of the vendors of the street food enterprise. The rationale behind this was;
 - i. the interest of the study required the respondents to provide information on a recall basis and
 - ii. some of the data especially those concerning enterprise finances required confidential discussions.
5. **Size:** Enterprises having less than 30 workers since the study was on MSEs (NBSSI, 2015).

3.3 Type and Sources of Data

Data sources included both primary and secondary sources. Primary data was obtained from multiproduct street food enterprise owners by way of interviews using a semi-structured survey

questionnaire. The data collection instrument was mainly quantitative and both closed and open ended questions were used. Online journals and other related literature sources were reviewed for secondary data for the study.

3.4 Methods of Data Collection

The semi-structured questionnaire was designed in such a way that the histories of street food enterprises which had been in existence for at least 3 years could be obtained. In administering the questionnaire, the principal researcher as well as some trained enumerators conducted personal interviews with the street food enterprise owners. The responses were largely based on recall where the respondents had to indicate a past event or occurrence for it to be recorded by the interviewer during the survey. Generally, interview with a vendor lasted for about one hour but because he/she had to respond to customers as well as partake in other personal activities, some respondents had to be visited twice for the interview to be completed. This was made possible as a result of an earlier pretesting of the questionnaire which was carried out on 30 street food vendors with similar characteristics. Due to the nature of the study, personal interview were the most convenient method available for collecting data and the process was appropriate for two main reasons: (i) the researcher did not have prior knowledge of the respondents' vending activities and also (ii) because of time constraint.

The choice of variables incorporated into the questionnaire comprised statements on personal and business profiles of enterprise owners, especially on business operations and the motives for which these entrepreneurs engaged in the street food trade. The workforce per enterprise and production costs were also itemized in the questionnaire. The questionnaire also considered variables on workforce and sales revenues which were used to compute enterprise growth. This was because growth was measured as a multivariate construct which requires measurements to be conducted in

several dimensions, for instance on assets, employment, profit and sales (Davidsson *et al.*, 2006). Other relevant variables captured by the questionnaire included variables relating to the business environment and changes in the structure of street food vending activities. This made it possible for much data to be gathered about enterprises so that the dynamics could be presented and for the enterprises to be classified into various life cycle stages.

3.4.1 Limitations of the study

Although the study took a longitudinal approach for the data collection, it was collected at one point in time so the entire validity of the results is based on respondents' recall of historical events which could have some potential biases. Apart from that, only multiproduct street food enterprises that were still carrying out operations as at the time of the survey were included for the study. Thus, this eliminated all the multi-product street enterprises that had not survived past the last three years. Sales revenues of enterprises have been measured at their nominal values. Due to this, business growth was not only measured in terms of sales growth but also workforce growth. Results may not be generalized for all street food enterprises since the study focused on multiproduct street food enterprises.

3.5 Data analysis

3.5.1 Measurement of personal and business profiles of street food enterprise owners

Descriptive statistics and frequency tables were used to present the profiles of street food enterprises owners to identify the business motives of vendors. Cross-tabulations were also used.

Daily net incomes were computed as follows:

$$DNI_i = GM_i - TFC_i \quad (3.2)$$

$$GM_i = R_i - TVC_i \quad (3.3)$$

Where

- GM_i = Gross margin
 R_i = Revenue from food sales
 TVC_i = Total variable costs (including labour costs, cost of cooking ingredients, transportation, fuel and water costs)
 TFC_i = Total fixed costs (including cost of using fixed inputs, amount of taxes paid, certification costs)
 DNI_i = Daily net income
 i denotes the i^{th} enterprise in this finite sample (Mohammed, 2011).

Other variables which were used to describe the profiles of street food vendors are explained in Table 3.3.

Table 3.3: Description of variables

Variable	Measurement
Number of vendor working days per annum	Number of working days per week * Number of weeks in a year
Number of working hours per week	Number of working hours per day * Number of working days per week
Total annual tax	Daily tax amount (GH¢) * 250 working days for 2014 year for officials of formal institutions authorised to collect taxes
Total annual sales revenue	Daily sales revenue * Number of working days per annum
Total costs	Total variable costs incurred in producing food + Total costs on using fixed assets to produce food

3.5.2 Dynamical system model for measuring dynamics of street food enterprises

In measuring the dynamics of street food vending activities inferential statistics was employed in order to derive useful economic conclusions from the data. This was done in an attempt to identify the factors which could bring about change in street food trade. From the literature review, the factors which could potentially drive the business activities of street food enterprise owners were enumerated. The hypothesis was that these factors would lead to an upgrade in the profile of the street food vendors and their enterprises over time. Using a qualitative approach, the researcher

verified if there has been a change in the variable understudy as mentioned by vendors. Thereafter, the changes in vendor and business profiles were recorded and inferences were made upon validating the assertion that specific factors could drive vendors' progression from a traditional to a modernised state. Thus, based on Hochmans' definition following dynamical systems theory the dynamics was modelled as:

$$\Delta P_i = P_p - P_s, i \geq 1$$

(3.4)

Where

ΔP_i Changes in profiles of the street food enterprise owners from startup to present
 P_s Profile of the street food enterprise owner at startup
 P_p Profile of the street food enterprise owner at present

Profiles of street food vendors evaluated include; motivation for engaging in street food trade, location where street food enterprise is cited, business training, financial assistance, certification and risk taking ability of vendor.

Hypothesis testing

The one-way analysis of variance (ANOVA) and chi-square test of independence were employed to test whether there were significant differences between the profiles of different types of street food enterprises. Moreover, the paired sample 't'-test was used to determine whether the means of two independent samples of vendors profiles were significantly different. T-test was used in conjunction with its associated p-value to validate results to show that some characteristics of vendors were significantly different at business startup and at present.

3.5.3 A cluster model to measure the progression of street food enterprises in their organisational life cycle stages

Cluster analysis was used to group the enterprises into life cycle stages. The stage of growth or life cycle stage concept was used to evaluate how street food enterprises have progressed in their organisational life cycles. To classify enterprises into distinct stages of growth, the methodology employed was one of measuring growth as a multidimensional concept using the two-step clustering procedure in SPSS version 21 software. This made it possible for a taxonomy of street food enterprises to be built based on some selected growth criteria also known as indicator variables which were identified in the literature review. Business growth in this study, is attributable to the increase in quantifiable characteristics of the enterprises such as assets and size. The variables used for the cluster analysis were average enterprise growth (1); business age (2); workforce or enterprise size (3); sales revenue (nominal) (4); organisational levels (5); and specialized functions (6). SPSS was made to automatically standardize all the variables before clustering to reduce the influence of outliers and the effect of measuring the variables at different scales so that contribution to cluster formation would be equal. The enterprises with similar characteristics were grouped into a cluster using the software while those with different characteristics were not grouped into the same cluster. The Euclidean distance measure was adopted because the defining criteria for life cycle stages contained only continuous variables. The Euclidean distance is the difference in distance between any two cluster centers. The assumption was that all the continuous variables used for the cluster analysis have a normal distribution, and also that variables are independent of each other.

The distance between clusters i and j is given as²:

² Chapter 4 Measures of distance between samples: Euclidean, available at <http://www.econ.upf.edu/~michael/stanford/maeb4.pdf>. [Accessed on 31 August, 2015]

$$d(i, j) = \sqrt{(i_x - j_x)^2 + (i_y - j_y)^2} \quad (3.1)$$

Where

$d(i, j)$ Distance between cluster formed from i and j
 $i_x - j_x$ Distance between variables i_x and j_x
 $i_y - j_y$ Distance between variables i_y and j_y

Hypothesis testing

In an effort to cluster the street food enterprises into distinct life cycle stages based on the already identified classifying criteria, one-way analysis of variance (ANOVA) was adopted. A p-value was computed for the F-statistic of the ANOVA to establish that differences observed between the characteristics of distinct clusters did not occur perchance.

3.5.4 Determining the drivers of growth of street food enterprises using cluster analysis

Since enterprises were clustered into different stages of growth using two-step cluster analysis, the same procedure was used to identify the drivers of growth of street food enterprises. Factors which could possibly influence the growth of these businesses were categorized into three groups; socioeconomic factors, business problems and marketing mix strategies employed by vendors (Table 3.4). This analysis was performed with the aim of realizing objective 4.

Table 3.4: Drivers of growth of street food enterprises

Categories	Factors which could influence growth of SFEs
Socioeconomic	Vendor characteristics; Business characteristics

Business problems	Economic factors; Supply chain factors; Regulatory factors; Other factors
Marketing mix strategies	Promotion; Product; Price; Place

Source: Author, based on literature review (2015)

Hypothesis testing

To test the hypothesis that socioeconomic factors, as well as problems and strategies of street food vendors would be significantly different across distinct stages of growth, the chi-square test of independence was used. Thus, drivers of growth could be verified if the p-value of the computed statistic was significant.

3.5.6 Measurement of variables

3.5.6.1 Definition of variables used in the study

The variables used in the study are defined in Table 3.5.

Table 3.5: Definition of the variables used in the study

Variable	Definition	Measurement
Owner age	Age of enterprise owner in years; continuous variable	Mean age

Education	Number of years schooling	Mean years of schooling
Household size	Number of people in household	Mean household size
Sex	Sex of vendor; binary variable	1 if vendor is female and 0 if otherwise
Tax payment	Payment of tax by vendor; binary variable	1 if vendor pays taxes and 0 if otherwise
Tax amount	Amount of tax paid by vendor in Ghana cedi; continuous variable	Mean tax amount
License ownership	Ownership of license by vendor; binary variable	1 if vendor has license and 0 if otherwise
Daily net income	Daily net income of vendor in Ghana cedi; continuous variable	Mean daily net income
Financial assistance startup	Vendor has received financial assistance from external source after business startup; binary variable	1 if yes and 0 if otherwise
Business age	Age of business in years, computed from year of business establishment to the year survey was conducted; continuous variable	Mean daily business age
Sales revenue (nominal)	Amount of revenue obtained from food sales in Ghana cedi; continuous variable	Mean sales revenue
Startup capital	Amount of capital used in starting enterprise in Ghana cedi; continuous variable	Mean startup capital
Hours per day	Number of working hours spent by vendor during a typical day; continuous variable	Mean working hours per day
Educational visits	Receiving educational visits from officials representing regulatory bodies during the past year; binary variable	1 if vendor has received visits and 0 if otherwise
Ownership structure	Type of ownership structure of enterprise; binary variable	1 if sole ownership, 0 if joint ownership
Physical structure	Type of physical structure used for vending operations; nominal variable	1 if movable table, 2 if kiosk, 3 if shop and 4 if other
Household assistance	Employ labour from household members and other unpaid labour sources; binary variable	1 if vendor has assistance from household sources or unpaid labour and 0 if otherwise
Business training	Training received from any individual or institution on business management, entrepreneurship or food and hygiene practices among others; binary variable	1 if vendor does not have business training and 0 if otherwise.
Motivation	Motive for engaging in the trade; binary variable.	1 if vendor started business with a financial need/need for cash and 0 for otherwise
Workforce	Number of paid individuals working in the enterprise including enterprise owner; continuous variable. [Workforce is a proxy for enterprise size in this study]	Mean workforce
Cost of ingredients	High cost of food ingredients as a business problem to vendor; binary variable	1 if vendor indicates that high cost of ingredients is a constraint to business and 0 if otherwise.

Interference in vending activities from local government officials	Interference in vending activities from local government officials as a business problem to vendor; binary variable	1 if vending activities have ever been interfered with and 0 if otherwise
Location	Location classes where enterprises have been sited; nominal variable	1 if enterprise is sited at a low business activity area, 2 if enterprise is sited at a medium business activity area; 3 if enterprise is sited at a high business activity area
Access to permanent vending site	Vendor has access to permanent site for trading purposes; binary variable	1 if vendor has access and 0 if vendor does not have access to permanent vending site
Inappropriate street food trade regulation	Vendor perceives street food trade regulation as unsuitable to vending operations	1 if yes and 0 if otherwise
Membership of food vending association (FVA)	Vendor is a member of a food vending association; binary variable	1 if yes and 0 if otherwise
Sales promotion	Vendor sometimes uses sales promotion as business strategy; binary variable	1 if yes and 0 if otherwise
Personal selling	Vendor personally sells food to consumers; binary variable	1 if yes and 0 if otherwise
Creative/innovative	Vendor is innovative; binary variable	1 if vendor can be classified as innovative and 0 if otherwise
Improves product quality	Vendor improves both aesthetic and hygienic quality of food sold; binary variable	1 if yes and 0 if otherwise
Effective pricing strategy	Pricing strategy used by vendor is effective to cover cost involved in producing food; binary variable	1 if yes and 0 if otherwise
Food delivery services	Vendor is able deliver food to consumers outside vending premise; binary variable	1 if yes and 0 if otherwise
<i>Organisational structure</i>		
Organisational levels	Number of organisational levels in enterprise; continuous variable <i>This computed by counting the number of reporting structures in the enterprise. A reporting structure shows who in the company reports to whom. It is expected that for such MSEs, all assistants will report directly to the owner-managers, so the number of organisational levels will be one. However, if superior hired assistants are to supervise fresh recruits then the number of organisational levels will increase.</i>	Mean number of organisational levels
Specialised functions	Number of specialised functions in enterprise; continuous variable <i>A specialised function is a task performed by a particular worker of a SFE. Owner-managers assign tasks to their employees who are highly efficient in specific areas. During the pretesting stage of data collection, it was observed that vendors hired some assistants based on specific job descriptions and such workers did not perform other tasks. For instance fufu vendors hired men purposely for fufu pounding while banku, diehuo and abetie vendors hired women solely to use wooden sticks to stir mash in cooking pots.</i>	Mean number of specialised functions
Social class of consumers	Percentage of consumers visiting enterprise from low, middle and high social classes defined by vendor; continuous class variable	Mean percentage of consumers from each social respectively, as defined by vendor
<i>Average enterprise growth</i>		
$\frac{\text{Current workforce} - \text{Startup workforce}}{\text{Current workforce}} * 100$ $\frac{\text{Average workforce growth}}{\text{Business age}}$		

Average workforce growth Mean

average workforce

growth; continuous variable

Average workforce growth Mean average workforce rate growth rate; continuous variable

Average sales revenue growth	Mean average sales revenue
$\frac{\text{Current sales rev.} - \text{Startup sales rev.}}{\text{Current sales rev.}} * 100$	
Average sales revenue growth	growth; continuous variable
Mean average sales revenue growth	growth rate; continuous variable
Business age	

Risk variables

Willingness of vendor to:

Reinvest income	Willingness to reinvest income; binary variable	1 if yes and 0 if otherwise
Expand cuisine	Willingness to expand cuisine; binary variable	1 if yes and 0 if otherwise
Improve food quality	Willingness to improve food quality; binary variable	1 if yes and 0 if otherwise

Vendor is taking steps to:

Reinvest income	Taking steps to reinvest income; binary variable	1 if yes and 0 if otherwise
Expand cuisine	Taking steps to expand cuisine; binary variable	1 if yes and 0 if otherwise
Improve food quality	Taking steps to improve food quality; binary variable	1 if yes and 0 if otherwise

Source: Author (2015)

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Descriptive analysis

4.1 Socio-economic characteristics of vendors in Kumasi Metropolis

This section presents the personal and business profiles of street food enterprise owners from the survey in the Kumasi Metropolis.

4.1.1 Personal and business profiles of street food vendors (SFVs)

Descriptive statistics of the personal and business profiles of street food enterprise (SFE) owners are displayed in Tables 4.1, 4.2 and 4.3. The profiles of the business owners have been explored in order to identify vendors' motives for engaging in the street food trade. Ten food types were identified among three classes of locations where vendors regularly sold street foods (Table 4.1). Although the sample was on multiproduct street food enterprises, the analysis focused on the dominant food sold by vendors due to the ease of discussion.

Table 4.1: Distribution of the type of street food sold versus location classes

Dominant food sold	Location classes						Total	
	Low Activity Area	Business Area	Medium Business Activity Area	Business Area	High Business Activity Area			
	Freq.	Percent (%)	Freq.	Percent (%)	Freq.	Percent (%)	Freq.	Percent (%)
Abetie	3	8.57	4	3.60	1	3.70	8	4.62
Ampesie	5	14.29	9	8.11	0	0	14	8.09
Banku	3	8.57	10	9.01	0	0	13	7.51
Diehuo	2	5.71	7	6.31	6	22.22	15	8.67
Emotuo	1	2.86	5	4.50	0	0	6	3.47
Fried rice	4	11.43	9	8.11	7	25.93	20	11.56
Fufu	9	25.71	27	24.32	7	25.93	43	24.86
Jollof rice	3	8.57	7	6.31	2	7.41	12	6.94
Plain rice	3	8.57	30	27.03	3	11.11	36	20.81
Waakye	2	5.71	3	2.70	1	3.71	6	3.47
Total	35		111		27		173	
Pearson chi-square = 28.55 Significance = 0.05								

Source: Field survey, 2015

A proportion of vendors sold *fufu* (25%) and *plain rice* (21%) among other food types. The distribution of enterprises across location is as follows; majority of the enterprises (64%) were located in medium business activity areas whereas 16% of vendors had enterprises in high business activity areas and 20% of enterprises were in low business activity areas. The study suggests some reasons which may be accounting for the observation with regards to the location of street food enterprises. It is quite difficult for unregistered sedentary vendors to pitch a tent in high business activity areas without facing harassment from local government and or KMA officials. Also, low business activity areas are typically residential areas where human traffic is quite minimal so it does not offer vendors access to many potential customers relative to medium business activity areas. Thus, sedentary street food vendors find it more convenient to operate their enterprises in medium business activity areas as it provides guaranteed access to customers and less clashes with

officials from regulatory bodies. The results concerning the dominant type of food sold by vendors are expected. *Fufu*, the more frequently sold food, is a widely consumed dish nationwide and it is the most commonly eaten food by the natives of the Ashanti Region where the study was conducted (myjoyonline, 2015b).

More than 90% of the vendors were female thus emphasizing the fact that the street food trade is female dominated (Table 4.2). Most of them (73%) were married and had obtained an average of about 7 years of formal education. From the data, it was revealed that 19% of the total female respondents were household heads. This is justifiable because culturally majority of Ghanaian households are male-headed (GSS, 2007). The mean age of the male vendors was about 32 years (standard deviation of 4 years) and that of the female vendors was 36 years (standard deviation of 7 years). Vendors interviewed stated that the activities involved in street food vending which include food preparation, food sales and traversing with utensils or amenities on a daily basis make it a tedious and stressful occupation. Therefore, these results validate the general notion that it is the youthful population who are usually the participants of the street food trade.

The average household size comprised of about 4 individuals and this is consistent with the report by GSS in 2007 which states that the mean household size for Ghana is 4 persons. A limited number (6.4%), of the street food vendors are members of food vending associations (FVAs). The responses indicate that, of the reasons for non-membership, the most prominent factor is that many of the vendors (68%) were not aware of the existence of FVAs in their vending location (Table 4.2). This means that generally most membership based organisations such as FVAs do not make themselves visible enough for vendors hence the low patronage.

Table 4.2: Personal profiles of street food vendors (SFVs)

Variable description	Mean	Standard Deviation
Age of enterprise owner	35.94	7.18
Education (years)	7.11	4.26
Household size	4.34	2.02
	N	Percentage
<i>Sex</i>		
Female	157	90.25
Male	16	9.25
<i>Marital status</i>		
Married	126	72.83
Unmarried	47	27.17
<i>Level of education attained</i>		
No education	20	11.60
Primary school	39	22.50
JSS/Middle school	82	47.40
Secondary school/SHS	19	11.00
Tertiary level	13	7.50
<i>Household head</i>		
Female	30	19.11
Male	153	80.89
Member of a food vending associations (FVA)	11	6.36
Not a member of food vending associations (FVA)	162	93.64
<i>Reasons for non-membership of FVA</i>		
Not interested in joining association	44	25.40
Not aware of the existence of any association	117	67.80
No association available in location	12	6.80
Street food trade as main economic activity	162	93.64
Other occupation as main economic activity	11	6.36
Previously employed before engaging in street food trade	94	54.34
Not previously employed before engaging in street food trade	79	45.66
<i>Motivation for engaging in street food trade</i>		
Financially motivated	155	89.60
Not-financially motivated	18	10.40
Business training	64	36.99
No business training	109	63.01
N=173		

Source: Field survey, 2015

It was found that some of the vendors thought of street food vending as a permanent occupation.

More than 93% of the respondents claimed that the trade was their main economic activity (Table

4.2). The implication is that street food vending is the mainstay of these business owners and so issues regarding the trade may go a long way in affecting the survival of the women traders in particular and their dependants. Over 54% of the SFE owners were engaged in a previous employment before participating in SFT. Out of this number, more than 94% of them were engaging in other informal activities prior to the trade. Majority of the vendors (90%) sampled from the Kumasi Metropolis stated that they were motivated to establish a street food enterprise because of the need for cash, implying a financial motive for engaging in the trade.

Nearly 64% of vendors did not have any form of business training (Table 4.2). These findings are in agreement with results from prior research (See Cohen, 2000; Mitullah, 2003) which demonstrate that the greater proportion of people who enter into street vending have little education and few skills so they have limited livelihood opportunities. As such, their need for a sustainable means of livelihood pushes them into selling food on the streets and around other public places. The mean business age was about 7 years with a standard deviation of 5 years (Table 4.3). This implies that most street food enterprises are quite well-established businesses although they may not be considered as old enterprises. Around 91% of street food enterprises were solely owned by vendors. It was noted that, only few enterprise owners are engaged in business partnerships (joint ownerships). This finding contrasts with research from other parts of the world where the presence and importance of partnership was found among small businesses in South Africa and UK (Onojaefe, 2007).

Table 4.3: Business profiles of street food vendors

Variable description	N	Mean	Standard Deviation
Business age		7.20	4.93
Savings (GH¢)		13.69	9.94
Startup sales revenue (GH¢)		267.49	197.07
Current sales revenue (GH¢)		470.12	255.99
Total current annual sales revenue (GH¢)		142020.14	96925.48
Number of organisational levels		1.34	0.63
Number of specialized functions		1.40	1.06
<i>Proportion of startup capital (%)</i>			
Owners' personal savings	154	24.13%	90.6%
Friends & Family	74	27.49%	43.3%
Commercial/Rural Bank	5	33.51%	2.9%
Microfinance institution	0	0%	0%
			Percentage
<i>Ownership structure</i>			
Sole ownership		157 90.80	
Joint ownership		16 9.20	
<i>Assistance from household members and unpaid sources</i>			
Yes	65 37.57		
No	108 62.43		
<i>Tax payment</i>			
Yes	154 89		
No	19 11		
<i>Type of physical structure</i>			

Kiosk/wooden booths	94	54.3	
Shop	38	22.0	
Other	15	8.7	
<i>Use of a brand name</i>			
Yes	77	44.51	
No	96	55.49	
N=173			

Source: *Field survey, 2015*

For an average street food vendor, a little over 24% (standard deviation of 91%) of the proportion of total startup capital came from the owners' personal savings, slightly more than 27% (standard deviation of 44%) was obtained from family and friends whereas around 34% (standard deviation of 3%) came from commercial and rural banks (Table 4.3). The standard deviations indicates a wide variation in the distribution of proportion of total startup finance vis-à-vis informal sources such as owners' equity and capital from family and friends but it is less variable in the proportion of total startup capital regarding commercial and rural bank sources. These results suggest that more than one half (54%) of SFVs obtained a proportion of their startup capital from debt. However, only about 3% of vendors were financed from formal financial institutions. This study reasons with other authors who report that due to the high volatility in the incomes of small businesses, obtaining finance from formal non-equity sources is quite difficult (Berger & Udell, 1998; Matic, Gorajek & Stewart, 2012).

At startup the average daily sales revenue earned by SFE owners was about GH¢267 and at the current stage of business, the average sales revenues obtained by the SFE owners is GH¢470. The average daily savings amount for the respondents was estimated to be around GH¢14 (Table 4.3). Savings are usually reinvested into the SFE in the event that stock prices increase or when vendors need cash for immediate use concerning business and personal matters. For these enterprises, both the mean number of specialised functions and organisational levels is around one (1). This implies

that generally, only few vendors may assign managerial roles to their assistants and that hired workers will report to street food vendors directly. Also, it demonstrates that enterprises have not fully developed to the stage where they may need workers with specific roles in the enterprise. Although there may be one worker with a specific task, most of the work is shared among the people working in the enterprise. This is indicative of simple organisational structures for the street food enterprises.

The results also show that most of the respondents use solely hired labour. A smaller fraction of vendors (38%) obtained assistance for vending activities from unpaid sources. Household assistance is very crucial to the operations of informal sector business because it presents a comparatively cheaper and reliable labour source for the vendors relative to hired labour. This is because the street food vendors do not bear much direct cost on household members or other unpaid assistants. Similarly, Otoo *et al.* (2011) found out that SFVs in Kumasi were assisted by household members. Slightly under one half of respondents (45%) are using brand names for their enterprises (Table 4.3). Vendors branded SFEs to make the businesses more visible in a bid to attract new customers and also to give existing customers a sense of belonging. Typically, a vendor of a SFE uses a brand name which is likely to give potential customers a fair idea of the vendors' disposition so that customers visit the enterprise to purchase food. From then on a cordial relationship is built between vendors and particularly to return customers with the aim of building customer loyalty.

A little over half of the vendors (54%) conducted vending activities from kiosks or wooden structures, whereas only a fifth of vendors used shops. This shows that most of the SFVs do not use shops which are more permanent structures than kiosks or wooden booths. This can be attributed to the fact that a considerable proportion of the vendors operated in locations, usually urban public spaces, in which they had no legal right to claim as their own (Cohen, 2000). Hence,

paying taxes and having access to business operating licenses only made it possible for vendors to have temporary access to the use of urban public spaces for vending activities. Field enumerators inspected the license receipts and toll tickets of vendors and validated that as many as 89 percent of the total respondents paid taxes and other levies (Table 4.3). The generic term *taxes* was used by vendors to connote fees such as income tax, property tax, tolls and levies charged for the use of public spaces. Vendors with property tax certificates were required to pay an amount of GH¢120 per annum to the tax division of the KMA before certificates could be renewed. There was a little flexibility in payment as the total amount could be paid in quarterly installments of GH¢30. KMA officials used the market toll system to retrieve tax revenue from some vendors without certificates. The amount of tax paid by street food vendors has been displayed in Table 4.4 and is discussed in Section 4.1.2.

4.1.2 Other characteristics of street food vendors' enterprises

The summary of the associated costs and returns of vendors as well as their workforce and operational schedule are presented in Tables 4.4, 4.5 and 4.6.

Tax amount

Annually, SFE owners paid an average of about GH¢94 in taxes and levies (Table 4.4). Anyidoho (2013) reports that taxes collected by the KMA and the local government are supposed to be used in the provision of infrastructure such as electricity, toilet facilities, pipes and waste disposal systems for vendors. However, to date, not much can be said about the fulfillment of these duties by the local government and the presence of adequate public services for SFVs in the Kumasi Metropolis.

Startup capital

The average SFE was established with a median startup capital of GH¢380 (Table 4.4). This is an indication that with a minimal amount of capital, individuals with few employable skills can establish a street food business in urban areas of Kumasi. Earlier studies in other jurisdictions similarly have found that entrants into the informal economy, of which SFVs are inclusive, start such business with limited financial capital (Cohen, 1986; Osei-Boateng & Ampratun, 2011). Nonetheless, it seemed that vendors required more capital (GH¢500) to set-up mainly *fried rice* and *jollof rice* enterprises respectively relative to other types of enterprises.

Table 4.4: Business profiles and tax of street food vendors' enterprises (SFEs)

Dominant food sold	GH¢									
	Daily net income		Startup capital		Tax amount		Total daily cost		Sales revenue	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Abetie	178.64	211.02	416.67	400.00	116.13	109.50	436.98	396.65	615.63	512.50
Ampesie	-165.13	-193.71	666.43	325.00	76.57	90.00	441.92	449.82	276.79	127.50
Banku	-46.92	-37.58	479.17	325.00	83.08	100.00	386.54	441.88	339.62	275.00
Diehuo	64.24	9.54	382.14	375.00	99.33	100.00	417.43	438.70	481.67	350.00
Emotuo	263.25	242.55	600.00	450.00	100.00	110.00	351.75	270.72	615.00	487.50
Fried rice	-19.63	53.45	921.11	500.00	85.35	75.00	544.63	397.61	525.00	375.00
Fufu	180.63	180.35	523.61	400.00	104.49	100.00	340.33	309.03	551.86	500.00
Jollof rice	-54.27	-117.57	600.00	500.00	75.00	30.00	330.31	293.67	276.04	225.00
Plain rice	58.99	58.44	331.43	300.00	100.39	100.00	385.65	399.00	435.49	325.00
Waakye	236.77	85.18	440.00	450.00	57.17	56.50	465.23	165.00	702.00	650.00
Total	63.77	47.00	525.06	380.00	93.80	100.00	406.35	377.93	470.12	387.50
F-statistic	1.32		1.80		0.86		1.03		2.07	
Significance	0.23		0.07		0.57		0.42		0.04	

Source: Field survey, 2015

Costs and sales revenues

SFE owners incurred a total daily cost of GH¢470 (including fixed and variable costs). From the mean values, the largest amount of total cost (GH¢545) was borne by *fried rice* vendors followed by *waakye* sellers (GH¢465). At the 5% α -level, there were statistically significant variations in the sales revenues of the different types of enterprises even though the gross mean daily sales revenues was GH¢470 (Table 4.4). Whereas most enterprises obtained nominal daily sales revenues above the mean, mainly *ampesie*, *banku*, *jollof rice* and *plain rice* enterprises had values far below the gross mean. This means that there was a relationship between the daily sales revenue and the major type of food sold by the vendor. Different food servings came at different costs. This variation can arise due to several factors among which are: ingredients used in preparing food, method of food preparation, quantity of food prepared by vendor and the perception about the type of food among the general public. Based on these factors, consumers' expenditures could vary because of the amount they were willing to spend on each type of food. The implication is that vendors' sales revenues could vary across the different types of enterprises based on different preferences and demand of consumers.

Net income

Vendors managing *emotuo* enterprises paid the most amount of GH¢110 in taxes and levies. Mainly *emotuo* enterprises recorded daily net incomes with a median close to GH¢243. However, daily net incomes did not vary statistically across the different types of street food enterprises. The study finds that on a typical day the daily net incomes of vendors is around GH¢64 (Table 4.4). This is about nine times more than the national daily minimum wage (NDMW) of GH¢7 as at the time of the study. Likewise, Otoo *et al.* (2011) reports profits of almost 16 times higher than the NDMW

for SFVs in Kumasi. The implication is that the earnings of some multiproduct street food vendors in Kumasi are comparable to the wages of skilled labourers employed in the Ghanaian formal sector.

Workforce

The number of paid workers together with the owner-managers comprise the workforce of street food enterprises. The mean workforce is about three persons at the inception of the enterprises (Table 4.5). The mean workforce at the current stage was around five persons but there was also variation in the type of enterprises. For mainly *fufu* enterprises, workforce ranged from a median of three persons at start of business to a median of six persons as at the time of the study. This can be attributed to the fact that the complexity involved in preparing *fufu* compelled vendors to hire sufficient working hands for food preparation and other related vending tasks over time (Appendix 2). For mainly *abetie* and *emotuo* enterprises their workforce also increased from a median of three to around six persons respectively since start of business. The findings demonstrate that the average SFE is started as a micro-enterprise and remains as such although a few enterprises progress to the small scale level. The study supports the argument by Budlender (2011) that despite informal businesses such as SFEs being micro and small enterprises they have the ability to offer employment to people who may otherwise have remained unemployed.

Table 4.5: Distribution of workforce by type of street food enterprises

Dominant food sold	Startup workforce		Current workforce	
	Mean	Median	Mean	Median
Abetie	3.00	3	7.00	5.50
Ampesie	1.79	2	2.57	2.00
Banku	2.46	2	3.46	3.00
Diehuo	2.93	3	5.33	5.00

Emotuo	5.00	3	7.33	5.50
Fried rice	2.85	2	4.45	3.50
Fufu	3.63	3	6.84	6.00
Jollof rice	2.17	2	3.83	3.00
Plain rice	2.17	2	3.50	4.00
Waakye	2.67	2	4.67	4.00
Total	2.82	2	4.88	4.00
F-statistic	2.75		4.54	
Significance	0.01		0.00	

Source: Field survey, 2015

Operational schedule

During a single working day, street food enterprise owners spent up to 11 hours at the vending site (Table 4.6). This finding is comparable with the 12 working hours for other informal sector workers in Ghana (Baah, 2007). The ANOVA test is not significant for both the number of working hours per day ($F=1.21$, $p=0.30$) as well as the number of working days per week ($F=1.00$, $p=0.44$) respectively. Ghana's labour law provides for a rest period of two in every seven days. However, the average number of working days per week for vendors is six. Clearly, street food vending can be described as a strenuous job.

Table 4.6: Operational schedule for street food vendors' enterprises

Dominant food sold	Hours per day		Hours per week		Working days per week	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Abetie	10.63	2.56	66.50	18.32	6.25	0.46
Ampesie	10.07	3.99	62.50	29.76	6.07	0.48
Banku	11.04	2.65	67.69	17.28	6.15	0.69

Diehuo	10.47	2.10	68.67	15.69	6.53	0.52
Emotuo	11.33	1.97	74.17	16.59	6.50	0.55
Fried rice	10.55	2.40	66.30	15.20	6.30	0.47
Fufu	11.69	3.08	73.71	23.43	6.23	0.57
Jollof rice	10.92	3.34	70.92	22.79	6.50	0.52
Plain rice	10.07	3.17	63.71	23.75	6.25	0.60
Waakye	8.58	1.80	52.67	11.20	6.17	0.75
Total	10.71	2.96	67.73	21.58	6.28	0.56
F-statistic	1.21		1.03		1.00	
Significance	0.30		0.42		0.44	

Source: Field survey, 2015

4.2 Inferential analysis

4.2.0 Dynamics of street food vending

This section presents the discussion on the dynamics of street food vending in Kumasi Metropolis. Street food trade in the city has been, and continues to be influenced by a number of factors. Over time, these dynamics have contributed in determining street food vending activities in the study area. The factors, which are not stand alone but are interacting, include a combination of vendors' practices, economic conditions and regulatory issues.

4.2.1 Motivation for engaging in street food trade

It is expected that for street food vending to be considered to be a progressive activity, new entrants should participate in the trade out of choice and not because of survival related factors. However, most of the vendors (90%), claimed that their motive for starting a street food enterprise was driven by the need for cash – a survival motive (Table 4.7). This means that to date most of the individuals

entering into SFT do so because there are limited opportunities in the formal economy of Ghana which could provide vendors with a means of livelihood. Such a situation may also be spurred on by the low level of education among the vendors as already presented in Table 4.2.

About 82% of the sample includes vendors with either no formal education or those who have attained formal education levels only up to the basic level. Low levels of education among vendors accompanied with the difficulty of the national government to create adequate employment generating avenues for citizens pushes people to become self-employed. This resonates with findings from the study by Osei-Boateng & Ampratwum (2011) that growing informality is partly explained by low educational attainment. The study also finds that sex does not influence the motivation for engaging in the street food trade ($\chi^2=0.33, P=0.57$). The motivation for engaging in the street food trade was compared among the various types of enterprises using a chi-square test. The Pearson chi-square statistic is not significant at the 5% α -level (Table 4.7). This indicates that there is no relationship between the motive behind engaging in street food trade and the type of enterprises established by vendors.

Table 4.7: Motivation for engaging in street food trade

Dominant food sold	Motivation					
	Financial (Need for cash)	Percent (%)	Non-financial (Other reason)	Percent (%)	Total	Percent (%)
Abetie	7	4.52	1	5.56	8	4.62
Ampesie	13	8.39	1	5.56	14	8.09
Banku	11	7.10	2	11.11	13	7.51
Diehuo	13	8.39	2	11.11	15	8.67
Emotuo	6	3.87	0	0.00	6	3.47

Fried rice	19	12.26	1	5.56	20	11.56
Fufu	36	23.23	7	38.89	43	24.86
Jollof rice	11	7.10	1	5.56	12	6.94
Plain rice	34	21.94	2	11.11	36	20.81
Waakye	5	3.26	1	5.56	6	3.47
Total	155	100	18	100	173	100

Source: Computed from field data (2015)

Research indicates that the motives of business managers may change when they become established in their commerce (Adom & Williams, 2012). As a result, vendors were asked to indicate whether they perceived street food trade as an economic activity with good prospects such that they would prefer to remain in business even when presented with a more profitable alternative. Results show that about 57% of vendors stated that they would undoubtedly remain in business even if there were other profitable opportunities available (Table 4.8). Vendors cited reasons such as the fact that even though other opportunities may yield higher incomes, new business terrain meant that they would have to start exploring anew before getting established in that line of work. As a result there was no guarantee that they would become successful in that business. The study proposes a twofold interpretation to this finding. It may mean that the vendors are risk averse in entering new forms of commerce because of their limited skill set. It could also indicate that although most vendors may have started enterprises with a survival motive, some have settled into the trade and thus accepted it as a permanent means of livelihood. The implication is that for vendors who choose to remain in business even if they are presented with alternatives, their reasons for staying in business may have been transformed over time from being survivaloriented to become profit-oriented because SFT now offers them with a means of earning adequate incomes to meet their living expenses.

Table 4.8: Distribution of vendors who choose to remain in business because of good prospects

SFT has good prospects	Frequency	Percentage
Yes	99	57.23
No	41	23.70
Maybe	33	19.07
Total	173	100.00

Source: *Field survey, 2015*

4.2.2 Location

The general expectation is that with time SFVs should have obtained permanent locations for their trades. However, from the findings, only a few vendors (29%) had been able to obtain permanent vending sites as at the time of data collection (Table 4.9). This finding is consistent with a previous study by Cohen in 2000 which emphasizes that most street vendors carry out their business from places reserved by the local government as public urban spaces. This sometimes results in clashes between vendors and officials from the local government. Nevertheless, SFVs interviewed stated that they were strategic in avoiding such conflicts.

Consequently, vendors tend to come up with ways of obtaining vending sites in spots where consumers could have easy access to their food stalls. For instance, mutual agreements between some vendors and private land owners ensured that after an agreed upon fee has been paid, vendors can use sites for a stated period of time. This could be renewed upon expiry until the land owner decides to abrogate the contract. Street food vendors who site their vending structure at locations earmarked as an urban public space face the greatest challenge. As earlier indicated, this is because even if they have some form of certification to sell street food, they do not have permanent authorization to use the site for as long as they choose. The chi-square statistic is not significant at

5% α -level for the test of association between major type of food sold and location (Table 4.9). The meaning then, is that, across the different types of street food enterprises, there is no relationship

between the type of food sold and access to a permanent vending site. Hence, it can be inferred that many of the vendors are still location constrained, even if their aim is to maintain enterprises as long-term businesses. The general implication is that, majority of SFVs have made little progress in obtaining a permanent vending site, so they can be classified as traditional vendors.

Table 4.9: Access to a permanent vending site

Dominant food sold	Do you have access to a permanent vending site?					
	Yes	Percent (%)	No	Percent (%)	Total	Percent (%)
Abetie	1	2.04	7	5.65	8	4.62
Ampesie	5	10.20	9	7.26	14	8.09
Banku	6	12.24	7	5.65	13	7.51
Diehuo	4	8.16	11	8.87	15	8.67
Emotuo	2	4.08	4	3.23	6	3.47
Fried rice	5	10.20	15	12.10	20	11.56
Fufu	9	18.38	34	27.42	43	24.86
Jollof rice	5	10.20	7	5.65	12	6.94
Plain rice	8	16.33	28	22.58	36	20.81
Waakye	4	8.16	2	1.61	6	3.47
Total	49	100	124	100	173	100
Pearson chi-square = 10.82 Significance = 0.29						

Source: Computed from field data (2015)

King (2005) reports that the local government in Kumasi was unwilling to allocate permanent space in the central business district (CBD) for street vendors. In mapping out areas for the survey, the researcher included the CBD as part of locations comprising high business activity areas. As a result of this, further tests were conducted on the data. The chi-square test was conducted to find out if there is a statistically significant relationship between the classes of location and access to a permanent vending site. It came out as expected, that, access to a permanent vending location is related to the location in which a street food vendor sites an enterprise. This is because the Pearson chi-square statistic is significant at the 5% α -level. As can be observed from Table 4.10, around

59% of enterprise owners located in medium business activity areas have access to a permanent vending location. This may be the more reason why most of the vendors, who are sedentary, located their enterprises in medium business activity areas. It appears that, such locations offer vendors with suitable markets as well as access to permanent vending sites.

Table 4.10: Location class versus access to a permanent vending site.

Location class	Do you have access to a permanent vending location?					
	No	Percent	Yes	Percent	Total	Percent
Low business activity area	29	23.39	6	12.24	35	20.23
Medium business activity area	70	56.45	41	83.67	111	64.16
High business activity area	25	20.16	2	4.08	27	15.61
Total	124	100	49	100	173	100
Pearson chi-square = 12.03						Significance = 0.00

Source: Computed from field data (2015)

Results also show that there is a strong and statistically significant relationship between access to a permanent vending site and the type of physical structure used by a street food vendor. A greater proportion of the shops (92%), which are the more permanent structures used by SFVs, are located in permanent vending locations (Table 4.11). The *a priori* expectation of the study was that as vendors stay in business, increasing numbers would adopt the usage of permanent physical structures. However, because most of the vendors do not have long-term claim to vending sites, they rather opt for less permanent physical structures such as kiosks and movable tables. One main inference can be made from this finding. A vendor sited in a non-permanent location may be reluctant to invest much capital into acquiring a more permanent type of physical structure. This is possibly the reason why street vendors are squatting at temporary sites. Subsequently, local government sometimes decides to relocate vendors to other locations to keep them away from public sight and for the purpose of maintaining city aesthetics (King, 2005).

Table 4.11: Type of physical structure versus access to a permanent vending site.

Type of physical structure used	Do you have access to a permanent vending location?					
	No	Percent	Yes	Percent	Total	Percent
Movable Table	23	18.55	3	6.12	26	15.03
Kiosk	86	69.35	8	16.33	94	54.34
Shop	3	2.42	35	71.43	38	21.97
Other	12	9.68	3	6.12	15	8.67
Total	124	100	49	100	173	100

Pearson chi-square = 98.44 Significance = 0.00

Source: Computed from field data (2015)

It was also found that access to a permanent vending location is significantly associated to the ownership structure of the street food enterprise at the 5% α -level (Table 4.12). Most of the vendors (69%) with sole ownership did not have a permanent business site. This may be an indication that more complex models of business proprietorship, such as joint ownerships, as well as sole ownership are related to vendors' access to a permanent vending site. As a result, investors would generally feel that it is too risky to devote funds to a street food business with no access to a permanent vending site.

Table 4.12: Ownership structure versus access to a permanent vending site.

Ownership structure	Do you have access to a permanent vending site?					
	No	Percentage	Yes	Percentage	Total	Percentage
Sole ownership	109	87.90	48	97.96	157	90.75
Joint ownership	15	12.10	1	2.04	16	9.25
Total	124	100	49	100	173	100

Pearson chi-square = 4.23 Significance = 0.04

Source: Computed from field data (2015)

4.2.3 Business training

The expectation was that there would be evidence of vendors improving their knowledge of management and other business related matters by undergoing training. Findings show that a

sizable number of vendors (63%) had not obtained any form of business training ever since they started operating their enterprises (Table 4.13). Thus, it can be reasoned that the larger percentage of vendors continue to rely on the set of traditional skills with which they initially started their enterprises. The likely cause of the low level of training among SFVs may be because vendors are uninterested in investing capital in enhancing their own skills since training often comes at a cost. For many of the enterprise owners who had received some form of training they claimed that the tuition focused on food handling and safety practices and not on business management related issues. The indication is that institutions offering training services to SFVs may be quite biased in terms of the content of programs. This may present a hindrance to the growth of the street food enterprises.

Training is essential because it improves the competencies of business managers (Lipman, 2012). Skilled and motivated street food vendors are important to deliver effective goods and services using accepted standards. Failure of vendors to receive business training means that SFVs are at liberty to manage enterprises as desired. This implies that to be able to achieve successful enterprises, vendors must go through trial and error processes. Consequently, some vendors may stop attempting to improve their enterprises when they run out of ideas and business may become stagnant. Thus, the study suggests that the Jovanovic (1982) model of learning by doing can be applied to street food enterprises. The chi-square test was used to test if there was an association between business training and the type of enterprise. The study failed to reject the null hypothesis of no association between business training and the type of enterprise because the chi-square statistic is not significant at the 5% α -level. This means that there is no link between the type of enterprise and whether or not a vendor in Kumasi Metropolis receives business training.

Table 4.13: Distribution of type of enterprises versus business training

Dominant food sold	Have you ever obtained any form of business training?					
	Yes	Percent	No	Percent	Total	Percent
Abetie	3	4.69	5	4.59	8	4.62
Ampesie	5	7.81	9	8.26	14	8.09
Banku	4	6.25	9	8.26	13	7.51
Diehuo	6	9.38	9	8.26	15	8.67
Emotuo	1	1.56	5	4.59	6	3.47
Fried rice	7	10.94	13	11.93	20	11.56
Fufu	16	25.00	27	24.77	43	24.86
Jollof rice	6	9.38	6	5.50	12	6.94
Plain rice	15	23.44	21	19.27	36	20.81
Waakye	1	1.56	5	4.59	6	3.47
Total	64	100	109	100	173	100
Pearson chi-square = 3.66 Significance = 0.93						

Source: Computed from field data (2015)

4.2.4 Finance

In the literature review, finance has been identified as a major determinant of street food vending. From the results presented in Table 4.3, less than one half of street food vendors (46%) obtained a proportion of their startup capital from sources other than personal finances. Out of this number, formal financial sources provided for only a very small section of vendors (3%). It was hypothesized that as vending evolves SFVs would upgrade their enterprises to meet current demand by using finance sourced from external sources. Subsequently, as expected, some SFVs sought and obtained credit from external sources in order to maintain or expand the operations of SFEs. An appreciable number of vendors (44%) have received finance from an external source (both formal and informal sources) after startup. However, only one fifth of respondents (21%) were financed by a formal financial source after commencement of their enterprises (Table 4.14).

The indication is that up to the time of the survey, the ratio of SFVs who have not used external finance to supplement their working capital as against those who have done so is still substantial.

Perhaps, SFVs may be risk averse when it comes to external sourcing for finance possibly due to borrowing constraints. Acquiring collateral before loans can be accessed is quite difficult for many micro to small business owners. On the other hand, giving out loans to businesses comes at a risk to financial institutions. Also, the overhead cost for processing loans to financial institutions is almost the same despite the loan size although the earnings on the loans are different (Lee, 2015). Larger loans means more profit. As such, formal financial institutions prefer to lend credit to large formal corporations rather than give out micro-loans to informal street food vendors. At the macrolevel, recent changes in the economy have led to the government heavily relying on the financial institutions in the private sector for funding (citifmonline, 2015). This phenomenon is referred to as crowding out in economics. Lending to government comes risk free, and so businesses have to compete with government for credit from commercial banks.

Although, microfinance institutions have packages for small businesses, high interest rates charged (up to 70% per annum in some cases) is a deterrent to many vendors. Therefore, vendors may opt to rely on self-financing and informal debts rather than debt financing from formal sources. According to New Age International (n.d.), the need of finance starts with the setting up of business. Business growth and expansion require more funds (*ibid.*). Vendors may need more capital to procure larger volumes of ingredients to serve more consumers or require funds to purchase modern utensils and equipment. Hiring of helping hands also requires access to more finance because vendors need to pay the daily wages of these assistants. Hence, re financing, still many respondents can be described as part of the traditional class of vendors.

Table 4.14: Financial assistance after startup

Have you received credit for business from a formal financial source after establishment of the SFE?		
	Frequency	Percentage
Yes	36	20.80
No	137	79.20

Have you received credit for business from an informal financial source after establishment of the SFE?

Yes	40	23.12
No	133	76.88
Total	173	100.00

Source: Computed from field data (2015)

Aside funding by a few commercial and rural banks vendors were not financed by any other formal sources (Table 4.3). In relation to informal sources, besides obtaining finance from family and friends, vendors generally could only receive in-kind credit from suppliers. This is because hardly any trust exists between SFVs and suppliers of ingredients. Major suppliers may at times offer goods on credit to vendors. Surprisingly, none of the vendors in Kumasi reported that they obtained financial assistance from moneylenders. These findings are in contrast to results from a similar study by Bhomik & Saha in 2011 in which most of the street vendors (50%) in India obtained financial assistance from moneylenders. The suggestion is that because of exorbitant interest rates charged by the private moneylenders it deterred street food vendors from seeking for financial assistance from them. The hypothesis that receiving financial assistance after startup is associated with the type of enterprise has been tested and the Pearson chi-square statistic is not significant at the 5% α -level (Table 4.15). The implication is that for a typical SFV the type of product sold and receiving financial assistance from an external source are not related.

Table 4.15: Financial assistance

	Received from an
startup?	

	Yes	Percent	No	Percent	Total	Percent
Dominant food sold						
Abetie	3	3.95	5	5.15	8	4.62
Ampesie	6	7.89	8	8.25	14	8.09
Banku	2	2.63	11	11.34	13	7.51
Diehuo	5	6.58	10	10.31	15	8.67
Emotuo	3	3.95	3	3.09	6	3.47
Fried rice	10	13.16	10	10.31	20	11.56
Fufu	23	30.26	20	20.62	43	24.86
Jollof rice	7	9.21	5	5.15	12	6.94
Plain rice	15	19.74	21	21.65	36	20.81
Waakye	2	2.63	4	4.12	6	3.47
Total	76	100	97	100	173	100
Pearson chi-square = 8.47 Significance = 0.49						

Source: Computed from field data (2015)

4.2.5 Certification

The ideal street food vendor is expected to conduct vending activities using a license. Generally, the term *license* refers to three forms of certifications owned by vendors which are issued by regulatory bodies. These are: the health certificate issued by Environmental Health and Sanitation Unit (EHSU) of the KMA; business operating permits also issued by the KMA; and the certificate of income tax payment by the Ghana Revenue Authority (GRA) (Johnson & Yawson, 2000). Property tax certificates were not common among the sample of vendors. When asked whether they had received visits from officials from regulatory bodies to educate them on street food trade regulation during the past year, slightly more than one half of respondents (52%) responded in affirmation (Table 4.16). This means that a substantial proportion of vendors may not be updated with any changes in regulations concerning street food trade.

Table 4.16: Distribution of vendors who have received educational visit from officials representing regulatory bodies during the past year

Received visit from officials from regulatory bodies	Frequency	Percentage
Yes	90	52
No	83	48
Total	173	100

Source: *Field survey (2015)*

More than 28% of vendors did not have or had not renewed their business operating permits. In spite of this, most vendors had in their possession either a tax certificate or health certificate. Thus seven out of ten vendors (72%) have obtained *licenses* (either a tax or health certificate respectively) between the time span of business creation till now (Table 4.17). Also, as shown in Table 4.3, only one out of ten vendors did not pay tax. In a setting where informal businesses are regarded as detrimental to economic growth because they remained under the radar of the law, acquiring a *license* to operate a street food enterprise is quite relevant (Davis, 2007). The results indicate that, on the contrary, many multiproduct SFVs are trying to upgrade their positions by making their businesses a more permanent source of economic activity with certification.

Findings show that only a small number of vendors (15%) reported facing interference in vending activities from local government officials and of this number only 5% of them were *license* holders (Table 4.17). Research suggests that before entrepreneurs license their businesses, they consider the cost-benefit and choose the option that best exceeds the other in terms of the businesses' profitability (Fajnzylber, Maloney & Montes-Rojas, 2009). The inference is that most of the vendors owned *licenses* because it was less costly for them to operate with these types of certification, most probably in order to avoid problems with officials from regulatory institutions. This is also because vendors operated from a fixed post and did not want to risk losing access to vending sites.

Table 4.17: License ownership verses interference from local government officials

License ownership	Interference from local government officials					
	Yes	Percent	No	Percent	Total	Percent
Yes	8	30.77	116	78.91	124	71.68
No	18	69.23	31	21.09	49	28.32
Total	26	100	147	100	173	100

Pearson chi-square = 25.22 Significance = 0.00

Source: Computed from field data (2015)

The chi-square test was employed to determine if there was evidence of a relationship between the type of enterprise and ownership of a *license* by a street food vendor (Table 4.18). This did not yield statistically significant results as the 5% α -level, meaning that the null hypothesis of no relation between the two variables is not rejected.

Table 4.18: Ownership of a license

Dominant food sold	License ownership					
	Yes	Percentage	No	Percentage	Total	Percentage
Abetie	5	4.03	3	6.12	8	4.62
Ampesie	8	6.45	6	12.24	14	8.09
Banku	10	8.06	3	6.12	13	7.51
Diehuo	15	12.1	0	0.00	15	8.67
Emotuo	4	3.23	2	4.08	6	3.47
Fried rice	13	10.48	7	14.29	20	11.56
Fufu	30	24.19	13	26.53	43	24.86
Jollof rice	9	7.26	3	6.12	12	6.94
Plain rice	25	20.16	11	22.45	36	20.81
Waakye	5	4.03	1	2.04	6	3.47
Total	124	100	49	100	173	100

Pearson chi-square = 9.04 Significance = 0.43

Source: Computed from field data (2015)

4.2.6 Risk taking ability

One of the drivers of change in the street food trade is the risk taking ability of vendors. Street food vendors who are in the process of transforming their enterprises are expected to be willing to bear

more risks concerning their businesses. As already proposed in Section 4.2.1, some of the vendors are currently staying in business because they have changed from having a survival orientation into profit-oriented entrepreneurs. Cassar (2007) argues that individuals in the informal sector who have profit motives may be willing to take more risks. Willingness to take risks in a planned activity, also known as risk tolerance, is related to the decision-making process of taking actionable steps on that plan, which is also referred to as risk-taking (Nieuwenhuizen & Kroon, 2002; Antonites & Wordsworth, 2009). Table 4.19 displays the percentage of vendors' reported risk tolerance and their associated levels of risk-taking behaviours.

Table 4.19: Risk taking ability

Categories	Willingness to take steps (Risk tolerance)		Taking actionable steps (Risk-taking)	
	Frequency	Percentage	Frequency	Percentage
A. Reinvest income from trade	163	94.22	124	71.68
B. Expand cuisine	79	45.66	53	30.64
C. Improve food quality*	86	49.71	34	19.65
*Investing capital into aesthetics of vending site rather than fully adopting WHO food safety practices				
N = 173				

Source: Field survey, 2015

With regard to reinvestment decisions it was found that nearly all vendors (94%) are risk tolerant although seventy-two out of a hundred vendors (72%) are risk-taking. This is in agreement with the findings from Otoo *et al.* study in 2011 in which it was revealed that street food vendors in Kumasi made reinvestment decisions as they ploughed back a portion of their earnings into businesses with the view of making enterprises more successful. The indication is that, in regard to reinvestment of income the respondents are tending towards the modern form of street vending. Vendors stated that demand from customers drives them to include new food menus among their cuisines. In reality, natural population increase is expected to lead to a rise in demanded volumes

of street foods. Also, the apparent increase in the diversity of the people living in the study area means that more people would demand for different products from street food vendors.

However, 46% of the street food enterprise owners are risk tolerant whereas one third are taking risks vis-à-vis expansion of cuisine. The study acknowledges that there is some degree of uncertainty for vendors because most enterprises are defined by the major food sold and thus diversifying their products would present the vendors with some level of risk. Nevertheless, Kumasi is cosmopolitan meaning that the population is made up of people from different ethnicities and nationalities and consumers look for their traditional foods everywhere they are (Haleegoah *et al.*, 2016). This implies that the city presents vendors with the chance to present different types of food to meet various consumer tastes and demand. The fact that many of the vendors are reinvesting capital relative to cuisine expansion means that the vendors may be focusing on serving increased numbers rather than the different sections of the consumer population. This can largely be attributed to the fact that many of them started street vending with traditional cooking skills which they learnt from home and have had little training by way of improving their culinary skills. In the light of this, only few vendors can be categorized as tending towards the modernised cohort of SFVs.

Rheinländer (2006) reports on several food quality dimensions among street food vendors in Kumasi but only the aesthetic and hygienic quality have been evaluated in this study. The aesthetic quality deals with improving the aesthetics of the vending environment and the general appeal of food to make it more attractive to consumers while hygienic quality is concerned with vendors trying to ensure that their practices are in line with WHO's safety food practices as discussed in the literature review. SFVs who take into account these two aspects have been categorized as vendors who improve upon their food quality. From the results, only one fifth of vendors (20%) fully

considered both dimensions of street food quality when selling street foods. The other vendors who emphasized aesthetic quality over hygienic quality are considered to be less risk tolerant as this means that they consider making profits over rising concerns about street food safety. In view of this, only a few vendors are risk-taking in relation to the issue of improvement of food quality. This is because adherence to strict regulations of food handling is time consuming and requires a massive overhauling of practices natural to vendors and their workers.

Nonetheless, as consumer awareness about food related diseases increases it is expected that gradually vendors may be forced to abide by some of these standards because consumers will become more scrutinizing. Generally, it seemed that many of the vendors are conservative when it comes to taking risks. Because vendors are rational, it is expected that naturally, they would take 'calculated risks' in areas of business where there is a possibility of obtaining higher returns. The fact that only few SFVs are doing so suggests the notion that a relatively high level of risk-aversion remains among street food vendors. Thus, vendors may not be able to take advantage of some opportunities which could potentially present an opportunity for the expansion of their enterprises.

Chi-square analysis was conducted on the data to find out if any statistically significant relationships could be established between the type of enterprises and the risk tolerant or risktaking propensity of vendors. Only the chi-square test for the cross-tabulation between the type of enterprise and the risk tolerance with regards to expansion of cuisines is significant at the 5% α level and the finding is displayed in Table 4.20. This indicates a significant relationship between the type of food sold and willingness of the street food vendor to include another food to the already existing range of products. It supports the earlier line of reasoning that limited skills influence vendors' choices of food to include on their menus even in the face of emerging demand.

Table 4.20: Risk tolerance verses type of enterprise

Dominant food sold	Willingness to take steps to expand cuisine (Risk tolerance)					
	Yes	Percentage	No	Percentage	Total	Percentage
Abetie	0	0	8	8.51	8	4.62
Ampesie	8	10.13	6	6.38	14	8.09
Banku	8	10.13	5	5.32	13	7.51
Diehuo	10	12.66	5	5.32	15	8.67
Emotuo	1	1.27	5	5.32	6	3.47
Fried rice	11	13.92	9	9.57	20	11.56
Fufu	15	18.99	28	29.79	43	24.86
Jollof rice	8	10.13	4	4.26	12	6.94
Plain rice	14	17.72	22	23.4	36	20.81
Waakye	4	5.06	2	2.13	6	3.47
Total	79	100	94	100	173	100

Pearson chi-square = 20.07 Significance = 0.02

Source: Computed from field data (2015)

4.3 Linkages between driving forces

It was hypothesized that there might be some linkages between the major factors influencing street food trade. These factors comprise several aspects which have combined in positioning street food enterprises in their present state. Cohen (2000) states that location is the “be-all and end-all” of street vending. As a result, the Pearson chi-square test was used to test for relationships between the location and the other determinants of the street food trade. Inter-relationships between other variables were also tested. The results have been presented in Table 4.21.

Table 4.21: Relationship between factors influencing street food trade

	Pearson chi-square	Significance
<i>Location Classes</i>		
Location versus risk tolerance (diversification of products or cuisine expansion)	5.71	0.06
Location versus tax payment	5.86	0.05
Location versus type of enterprise	28.55	0.05
Location versus motivation for engaging in SFT	6.95	0.07
<i>Permanent vending site (PVS)</i>		
PVS versus financial assistance after startup from both formal and informal sources	3.31	0.07
PVS versus educational visits from regulatory officials on SFT regulation	3.46	0.06
PVS versus ownership structure	4.89	0.09
PVS versus business training	1.20	0.27
PVS versus motivation for engaging in SFT	0.25	0.61
<i>Business training</i>		
Motivation for engaging in SFT versus type of enterprise	4.81	0.85
Motivation for engaging in SFT versus ownership structure	2.05	0.15
<i>Other inter-related factors</i>		
Ownership structure versus type of enterprise	15.55	0.08
Business training versus ownership structure	2.81	0.09
Business training versus educational visit from regulatory officials	2.79	0.09
<i>Motivation for engaging in SFT</i>		

Source: Computed from field data (2015)

The chi-square statistics show that the results for most of the interactions between variables are significant at the 10% α -level. For instance, there is a statistically significant relationship, at the 5% α -level, between location and type of enterprise. This indicates that during the business operating hours of street food enterprises, the profile of the majority of consumers at their location will influence the dominant type of food of street food enterprises. Similarly, there is a statistically

significant relationship, at the 5% α -level, between the location and tax payment. The meaning is that there is a relationship between location of enterprises and whether vendors pay taxes or otherwise. Based on the above results, a model for the dynamics of street food vending has been proposed and is displayed in Figure 4.1.

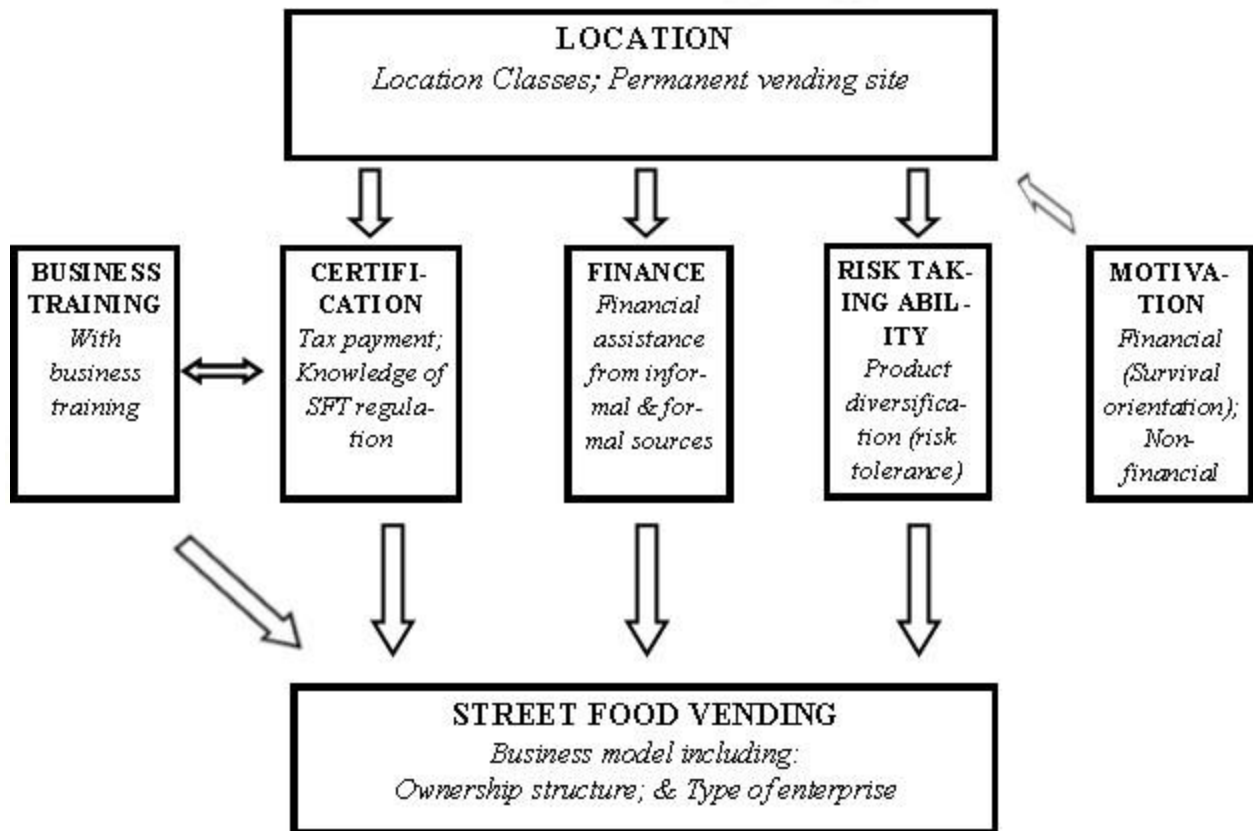


Figure 4.1: Model showing the linkages between factors which have resulted in the present state of street food vending

Source: Authors' construct based on field data (2015)

From the model in Figure 4.1, the factors that constitute the dynamics of street food vending culminate in influencing the business model of vendors. The discussion in Section 4.3.1 focuses on the present state of street food vending based on the business models adopted by vendors in managing enterprises.

4.3.1 Present state of street food vending in Kumasi Metropolis

A business model is defined as a plan for the successful operation of a business, identifying sources of revenue, the intended customer base, products, and details of financing (Oxford dictionary). The study by Maneepong and Walsh (2009) highlights the adoption of sophisticated business models, including international sourcing, creating own brand names and franchising among some street vendors in Vietnam. The use of complex business models was not observed among the sampled street food enterprises owners in the Kumasi Metropolis. Only few of the vendors (9%) are using business partnerships but the adoption of brand names is fairly common as it is used by 45% of vendors (Tables 4.3). International sourcing and franchising involve substantial amounts of capital and networks which, apparently this sample of street food vendors lack. One indication is that with regards to business models, SFVs are still quite far from meeting the criteria which can qualify them to be classified as sophisticated.

Although vendors did not source for products from the international market themselves, they procured inputs from the spot market which previously had been sourced from overseas by merchants. For instance, white rice and vegetable oil used in the preparation of plain rice, *fried* rice and *jollof* rice as well as the chicken and fish used in the preparation of most street foods are all imported. The traders in Kumasi sourced for fresh produce such as vegetables from suppliers who beforehand, obtained them from producers located in peri-urban areas around the city. Cassava and maize for *fufu*, *banku*, *diehou* and *abetie* are sourced from the traditional market. *Waakye* and *ampesie* sellers also make use of cowpea, yam and plantain respectively which are grown locally. Sourcing for local produce in turn creates employment for the farmers who cultivate these crops and income for the other actors along the supply chain.

The study provides evidence to show that SFVs are unequipped with sufficient business training, and they lack access to permanent vending sites. Also, not all vendors have the requisite certification and they can barely obtain finance from formal financial institutions. As a result, the vending practices of these enterprise owners are important for them to maintain their business positions. Vendors stated that over time some of their vending practices have been altered. For instance, the use of disposable food packages such as Styrofoam bowls, cutlery and tissue paper, which a few decades ago were only used by people in the restaurants business, have become commonplace among the street food vendor population in Kumasi.

Dining services are readily available at many vending sites and SFVs try to create a warm environment by making vending stalls look appealing for consumers. Vendors indicated that nowadays, food was wrapped in plastic bags for consumers who prefer to carry it away. The reason for all of these practices is that consumers are becoming choosier in picking out vending places to eat. Hence, vendors are making an effort to keep up with some of their demands in an attempt to access target consumers. Rheinländer (2006) demonstrates that street foods in Kumasi are oft regarded as foods of lower standards compared to food from other eating establishments and home cooked food. However, vendors claimed that their consumers ranged from all the social stratum in society (Table 4.22). Consumers from higher social groups can afford to purchase more expensive types of street foods on a daily basis as compared to unskilled workers with little income (*ibid.*).

Table 4.22: Distribution of vendors' access to consumers from different social groups from business startup to present (7 years)

Social class of consumer	Proportion of total consumer visits Percent		Paired sample 't' Significance (Mean)	
	Startup	Present		
Low	49.25	48.22	1.05	0.30
Middle	41.22	41.78	-0.57	0.57

High	9.53	10.00	0.92	0.36
Total	100.00	100.00	-	-

Source: *Field survey, 2015*

Respondents stated that consumers of street foods from higher social classes are only 1 out of every 10 whereas close to one fifth of consumers are from the lower social classes (Table 4.22). Thus, vendors are still primarily selling foods to people with low spending capacity. It can be inferred that SFVs are unable to attract consumers from higher social classes. The paired-sample ‘*t*’-test was used to test for differences between the means of the distribution of consumers from the different social classes who vendors claimed to have visited their enterprises at business startup and at the present stage of business. The results are not statistically significant at the 5% α -level. This means that for these SFEs, there has not been any significant change in their access to consumers from different social classes over the years. Two possible reasons may have accounted for this. First, although most of the enterprises are quite well established, they may still be relatively young and so dynamics of the urban informal economy may not have changed so much over their life time. Second, although vendors are endeavouring to meet consumer demands, preferences for choice of point of sale of food may still be quite subjective to social classes of consumers. The latter argument seems more plausible.

The study is in agreement with Rheinländer’s (2006) findings that people attach sentiments to the place where they purchase food. Because street foods are generally associated with the lower class in society people from other social classes may not want to patronize it as much. There is the possibility that some vendors may be experiencing diminishing opportunities in street food trade. This is because the Ghanaian economy is rapidly changing and as the proportion of people in the middle-high social classes increase their tastes could become more sophisticated and vendors may

be unable to keep up. Regardless, vendors especially those selling *fried* rice and *jollof* rice reported that even though it occurred sporadically, foreign nationals sometimes purchased their food. This is because these meals are quite standard and may appeal to people with non-traditional food tastes if only they are presented within an appropriate setting.

With reference to the regulatory environment, Apaassongo (2015) hints that most aspects of SFT regulation were negatively perceived by vendors. This condition may have arisen because, as the study finds, a substantial number of vendors (48%) have not received educational visits from officials representing regulatory bodies. The data however shows that, even though this was the case, it did not prevent some vendors from going on to attain some form of certification from the regulatory institutions. Thus, the hypothesis that the dynamics underlying street food vending will result in a transformation of enterprises over time was only partially validated. This means that there are insufficient dynamic forces driving the progression of SFEs in Kumasi Metropolis towards developing into modernised enterprises.

4.4 Process characteristics of action strategies adopted by street food vendors in Kumasi Metropolis

According to HBR (2015), strategy is used when comparing one business model with another. Since a business model is a description of how a business runs, the strategies adopted by street food vendors by way of conducting business are discussed. Key actions of street food vendors have been used to distinguish them into different categories of process strategy. Since ownermanagers play a vital role in running the affairs of their businesses, action strategies reveal vendors' disposition because the way in which businesses are managed should eventually lead to growth or stagnation of enterprises. As explained in the literature review, Frese, Van Gelderen & Ombach (2000) categorize the action strategies adopted by business managers and demonstrate that some

of these are used in combination. The authors describe a routine/habit as a type of strategy which is characterized by a low degree of conscious *a priori* planning because it is a routine application of a plan devised some time before by an owner-manager. In this case, vendors are the managers of street enterprises who have devised a way of conducting everyday vending business at the initial startup of enterprises.

During interviews, it became apparent that vendors' daily practices are clear-cut. Normally, vendors would procure ingredients from suppliers, prepare food together with working assistants, interact with consumers while selling food and begin this daily cycle again. This supports vendors' assertion, stated elsewhere in this discussion, that street food vending is a tedious or monotonous occupation (Section 4.1.1). Thus, this approach can at best be described as a Routine/Habit Strategy. It can be deduced that all the SFVs (100%) have adopted this strategy. Again, the authors define an Opportunistic Strategy as one that starts out with some form of rudimentary planning although the person can deviate from these plans easily when opportunities arise (*ibid.*). As earlier presented in Table 4.19, some vendors are taking actionable steps in terms of reinvestment decisions (72%), cuisine expansion (31%) and improvement of food quality (20%). This shows that there is some basic form of *a priori* planning and *proactiveness* among street food vendors. This is because in order to take actionable steps one needs to plan the strategy to use to achieve a set goal. Since this type of planning is not comprehensive it can be referred to as an Opportunistic Strategy.

Table 4.23: Risk taking propensity of vendors

Categories	Willingness to take steps (Risk tolerance)		Taking actionable steps (Risk-taking)	
	Frequency	Percentage	Frequency	Percentage
Reinvests income, expands cuisine and improves food quality (Vendor participating in all categories)	42	24.28	24	13.87

Reinvests income, expands cuisine and improves food quality (Vendor participating in at least one category)	167	96.53	139	80.35
Reinvests income, expands cuisine and improve food quality (Vendor does not participate in any category)	6	3.47	34	19.65

N = 173

Source: *Field survey, 2015*

Eight out of ten vendors practice at least one of the following; reinvestment of income, cuisine expansion and improvement of food quality (Table 4.23). This suggests that 80% of SFVs use an Opportunistic Strategy. The Reactive Strategy is characterized by the absence of planning and any combination with it is less likely to be successful (Frese, Van Gelderen & Ombach, 2000). From Table 4.23 above, about 20% of the vendors are not taking any actionable steps to expand their SFEs and so will be described as reactive rather than proactive. These SFVs do not have any plan, are not goal oriented, and can only be influenced by pressing demands without taking initiative to influence them.

Most strategies are used in combination. Hence, with reference to strategy adoption, four out of five vendors (80%) can be described to be both opportunistic and routine while one fifth of SFVs (20%) are both reactive and routine. For SFVs using both the Routine and Opportunistic Strategy combination, it means that the growth of their enterprises can only be determined by the available opportunities that they can take advantage of while doing business. As a result they will become constrained if there are limited opportunities for expansion within the setting in which they operate. Conversely, SFVs who are combining Reactive and Routine Strategies can only be driven to action by situational demands in the street food sector and may not be making much progress with respect to improving the positions of their businesses.

4.5 Growth of street food enterprises

4.5.0 Sales revenue growth and workforce growth

Following Rasmussen (2009) two indicators have been used to measure the growth of the street food enterprises over their life cycles; sales and workforce. For the average workforce growth of SFEs the gross mean is around 82% (Table 4.24). Analysis of Variance (ANOVA) was used to test for differences between average workforce growth of different types of enterprises. The Fstatistic value of 1.43 ($p=0.18$) is not significant at the 5% α -level and this implies that there are no statistically significant differences between the average workforce growth for different types of street food enterprises. Again, the gross mean of the average workforce growth rate is close to 15% (Table 4.24). There is a statistical difference between average workforce growth rate for different types of enterprises as determined by the one-way ANOVA ($F=2.14$, $p=0.03$). It implies that differences between the average workforce growth rate of different types of street food enterprises in Kumasi Metropolis are not due to chance. Rather, these differences are due to the real variation in the ages of the different types of street food enterprises (Appendix 3).

Table 4.24: Workforce growth from business startup to present (7 years)

Dominant food sold	Average workforce growth		Average workforce growth rate per annum	
	Percentage		Percentage	
	Mean	Median	Mean	Median
Abetie	131.25	83.33	14.67	9.55
Ampesie	57.14	25.00	14.85	2.50
Banku	51.79	50.00	7.01	5.00
Diehuo	93.33	75.00	17.65	10.82
Emotuo	78.33	66.67	11.20	10.27
Fried rice	66.92	0.00	8.35	0.00

Fufu	102.59	100.00	19.68	15.38
Jollof rice	100.79	83.33	26.48	15.47
Rice	63.43	50.00	10.14	10.00
Waakye	101.59	100.00	14.16	11.01
Total	82.34	75	14.62	10.00

F statistic = 1.43 P-value = 0.18 F statistic = 2.14 P-value = **0.03**

Source: Computed from field data (2015)

The gross mean of the average sales revenue growth of the enterprises is about 90% (Table 4.25). The F-statistic of the ANOVA is 1.33 with a significance level of 0.23. This means that there are no statistically significant differences between average sales growth across different types of enterprises. Similarly, the gross mean of the average sales revenue growth rate is 15%. There are no statistical differences among average sales revenue growth rates for different types of enterprises as determined by the one-way ANOVA ($F=0.81$, $p=0.61$). The indication is that any differences between average sales revenue growth rate for different types of street food enterprises is due to chance.

Table 4.25: Sales revenue growth from business startup to present (7 years)

Dominant food sold	Average sales revenue growth		Average sales revenue growth rate per annum	
	Percentage		Percentage	
	Mean	Median	Mean	Median
Abetie	86.98	82.14	10.34	7.79
Ampesie	37.03	50.60	7.87	7.39
Banku	151.59	113.34	19.11	11.61
Diehuo	120.48	137.80	22.96	15.86
Emotuo	102.47	81.93	14.17	9.44
Fried rice	62.45	38.46	11.52	9.26
Fufu	101.75	55.55	15.43	10.09
Jollof rice	65.12	33.33	17.35	9.43
Rice	78.41	61.12	13.56	8.46
Waakye	69.32	69.32	6.43	6.43
Total	90.25	61.12	14.76	9.19

Source: Computed from field data (2015)

4.5.1 Organisational life cycle (OLC) growth of street food enterprises

In this section, the organisational life cycle (OLC) of street food enterprises has been analysed using the clustering procedure. The OLC model is used to explain the growth of the enterprises over their lifetime. Thus, the analysis hereunder attempts to identify the drivers of growth and how the SFEs have progressed from startup to present. The hypothesis about whether these factors or drivers – business problems and strategies – will influence the stage of growth of street food enterprises are tested. The cluster analysis was based on 6 main indicators (classifying criteria) which are: average enterprise growth (1); business age (2); workforce or enterprise size (3); sales revenue (4); organisational levels (5); and specialized functions (6). This is because stages of growth are better measured using multivariate methods. A Bayesian Information Criterion (BIC) value of 0.55 indicated that the proposed three-stage model was the most suitable for the data (Appendix 4). It can be observed in Table 4.26 that Cluster 3 is the smallest with one member (1%), followed by Cluster 2 with 16 members (9%) and then by Cluster 1 with 156 members (90%). Each cluster represented a stage of growth in the organisational life cycle of the SFEs. Clusters were renamed to represent their observable features; Cluster 1 as *Emerging phase*, Cluster 2 as *Transition phase* and Cluster 3 as *Established phase*.

Table 4.26: Life cycle stages versus type of street food enterprises

	Emerging phase		Transition phase		Established phase		Pooled	
Cluster size	156		16		1			
Dominant food sold	N	%	N	%	N	%	N	%
Abetie	8	5.13	0	0.00	0	0	8	4.62

Ampesie	12	7.69	2	12.5	0	0	14	8.09
Banku	13	8.33	0	0.00	0	0	13	7.51
Diehuo	13	8.33	1	6.25	1	100	15	8.67
Emotuo	5	3.21	1	6.25	0	0	6	3.47
Fried rice	17	10.90	3	18.75	0	0	20	11.56
Fufu	39	25.00	4	25.00	0	0	43	24.86
Jollof rice	9	5.77	3	18.75	0	0	12	6.94
Plain rice	35	22.44	1	6.25	0	0	36	20.81
Waakye	5	3.21	1	6.25	0	0	6	3.47
Total	156	90.20	16	9.20	1	0.6	173	100.00
Pearson Chi-square – 30.16					Significance – 0.04			

Source: Computed from field data (2015)

There is a statistical difference at the 5% α -level between the different types of enterprises and life cycle stages as determined by the Pearson chi-square test ($\chi^2=30.16$, $p=0.04$). This indicates that membership of a life cycle stage is related to the type of street food enterprises. Thus, the type of food sold is a factor that drives the growth of SFEs.

4.5.1.1 Summary statistics for clusters of street food enterprises based on classifying criteria

The summary statistics of the selected classifying criteria used in the clustering procedure are presented in Figure 4.2 and 4.3. This research mainly explored the state of affairs of SFEs at startup and prevailing conditions which means that the business age is measured over a non-uniform length of time. To validate the results, classifying criteria or indicator variables have been measured over the past three years. Figure 4.3 displays the summary of characteristics of the clusters from the last three years to present state while Figure 4.2 presents the characteristics from startup to present. Findings have been compared to the Hanks *et al.* (1993) model and discussed hereafter.

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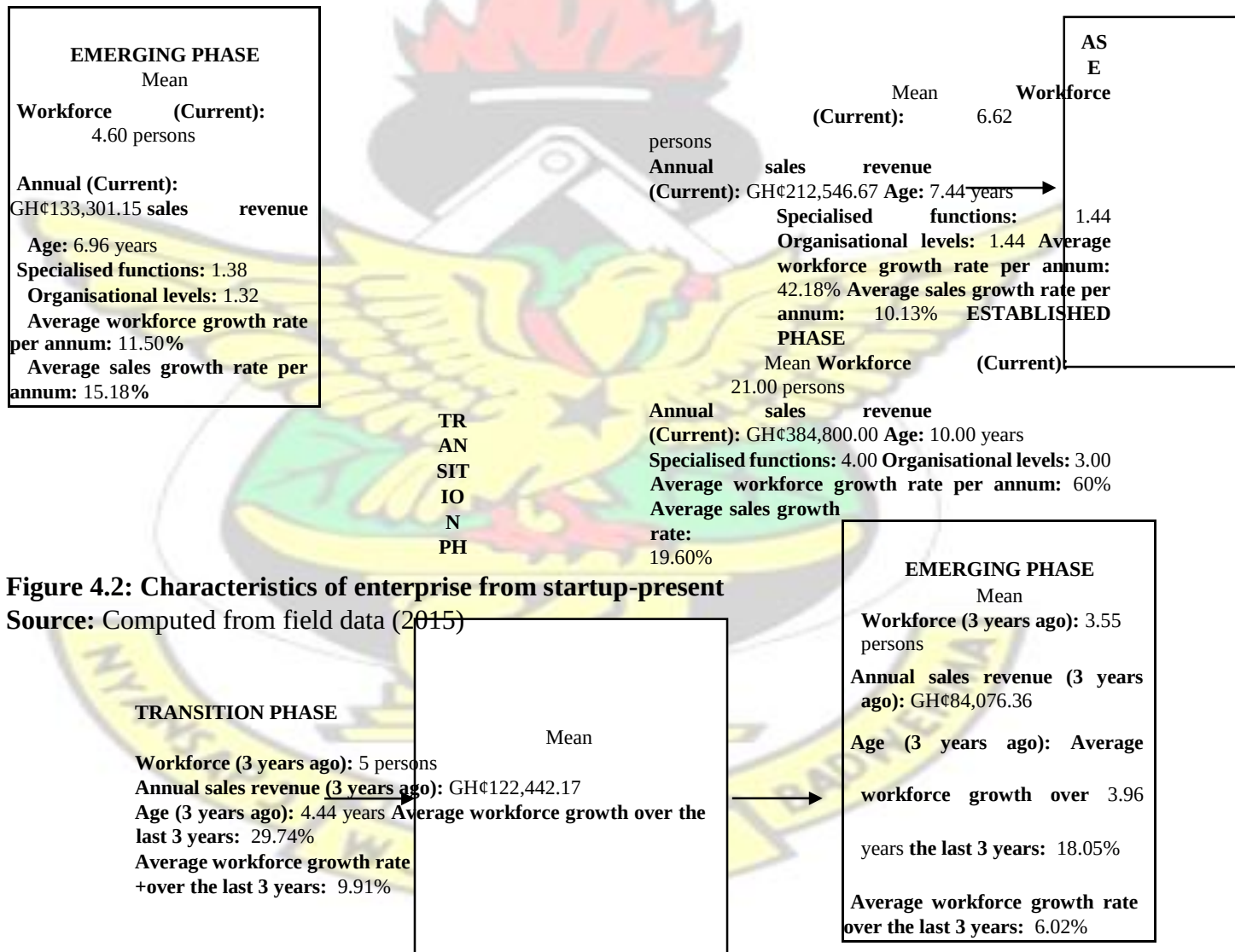


Figure 4.2: Characteristics of enterprise from startup-present

Source: Computed from field data (2015)

Figure 4.3: Characteristics of enterprises during the past three years

Source: Computed from field data (2015)

ESTABLISHED PHASE	
Mean	Workforce
(3 years ago): 21.00	persons
Annual sales revenue (3 years ago): GH¢130,000.00	Age (3 years ago): 7.00 years
Average workforce growth over the last 3 years: 0.00%	
Average workforce growth rate over the last 3 years: 0.00%	

The features displayed by enterprises in *emerging* and *transition* phases with regards to the number of specialized functions and organisational levels are quite similar to that of the startup stage of the Hanks *et al.* (1993) enterprise life cycle model. The key attributes of enterprises in the startup stage is that managers are working overtime and may still be trying to find a niche for themselves by selling the right kind of street food to suit their target market. On the other hand, the *established* phase is similar to the capped growth phenomenon of the Hanks *et al.* (1993) model. This enterprise still maintains a niche strategy despite growing to its peak. The target market of this enterprise has been identified and products are tailored to the preferences of these consumers.

As indicated in the literature review, there is no explicit definition for a life cycle stage. Usually life cycle stages are defined based on criteria such as enterprise size, formalisation, centralisation growth rate and key strategies (Jaafar, 2016). As a result, the researcher designated appropriate names to the life cycle stages that is *emerging*, *transition* and *established* based on their identified features in Figure 4.2 and 4.3.

4.5.1.2 Description of clusters (life cycle stages)

The characteristics of the street food enterprises across the three life cycle stages are presented in Table 4.27 and the discussion on the description of life cycle stages enterprises has been documented in Boxes 1, 2 and 3. Generally, the size of the enterprises in terms of current workforce and sales revenues seems to increase from the emerging phase to the established phase within an average business age of seven years.

Table 4.27: Characteristics of the street food enterprises across life cycle stages

CHARACTERITIC(S)	Pooled sample	Emerging phase		Transition phase		Established phase		F	Sig.
	90.2% (n=156)	Mean	Median	Mean	Median	Mean	(n=173)		
							Mean		
Average workforce growth rate per annum [%]		11.50	8.83	42.18	39.44	60.00	14.62	39.35	0.00
Average workforce growth rate per annum (over the past 3 years) [%]		6.02	0.00	9.91	2.00	0.00	6.36	0.57	0.55
Average workforce growth (over the past 3 years) [%]		18.05	0.00	29.74	20.74	0.00	19.07	0.11	0.90
Average sales growth rate [%]		15.18	9.11	10.13	9.19	19.60	14.76	0.52	0.59
Business age in years [†]		6.96	6.00	7.44	6.00	10.00	7.02	0.27	0.77
Business age (3 years ago) [†]		3.96	3.00	4.44	3.00	7.00	4.02	0.27	0.77
Startup Workforce [†]		2.91	2.00	1.94	2.00	3.00	2.82	1.848	0.08
Current Workforce [†]		4.60	4.00	6.62	6.00	21.00	4.88	15.12	0.00
Workforce (3 years ago)		3.55	3.00	5.00	3.00	21.00	3.80	16.21	0.00
Organisational levels [†]		1.32	1.00	1.44	1.00	3.00	1.32	3.83	0.02
Specialized functions [†]		1.38	1.00	1.44	2.00	4.00	1.38	3.16	0.05
Working hours (daily)		10.68	11.00	11.06	11.50	10.00	10.71	0.15	0.86
Age of owner (years)		36.15	35.00	34.94	32.50	37.00	36.05	0.22	0.81
Annual Savings (GH¢)		3,602.31	2400.00	3,795.00	3,000.00	2,400	3,613.18	0.15	0.86
Annual sales revenue (current) [†] (GH¢)		133,301.15	113,966.84	212,546.67	156,000.00	384,800.00	142,020.14	7.30	0.00
Annual sales revenue (3 years ago) [†] (GH¢)		84,076.36	62,140.00	122,442.17	116,480.00	130,000.00	87,775.28	2.86	0.06
Daily net income (GH¢)		34.88	43.62	430.33	328.99	581.20	63.77	2.72	0.07

Total daily cost (GH¢)	410.13	392.50	289.67	295.42	668.80	406.35	1.85	0.16
Startup capital (GH¢)	484.00	380.00	930.00	500.00	300.00	525.06	4.50	0.01
Annual tax payment (GH¢)	90.18	94.50	122.50	110.00	200.00	93.80	3.46	0.03
Education (years of schooling)	7.01	9.00	7.44	7.50	17.00	7.11	2.85	0.06
PERCENTAGE							χ^2	Sig.
<i>Sex</i>								
Female	89.70		100.00		100.00	90.25	1.32	0.52
Male	10.30						-	-
<i>Motivation for engaging in SFT</i>								
Financial	91.00		75.00		100.00	89.60	4.12	0.13
Others	9.00		25.00			10.40	-	-
<i>License ownership</i>								
Yes	72.44		62.50		100.00	71.68	1.10	0.58
No	27.56		37.50			28.32	-	-
<i>Location</i>								
Low BAA	21.80		6.30			20.23	3.23	0.52
Medium BAA	62.20		81.30		100.00	64.16	-	-
High BAA	16.00		12.50			15.61	-	-
<i>Access to permanent vending site</i>								
Yes	25.64		56.25			27.75	7.10	0.03
No	74.36		43.75		100.00	72.25	-	-
<i>Tax payment</i>								
Yes	88.46		93.75		100.00	89.02	0.54	0.76
No	11.54		6.25			10.98	-	-
<i>Type of physical structure used</i>								
Movable table	14.74		18.75			15.03	6.58	0.36
Kiosk	56.41		31.25		100.00	54.34	-	-
Shop	19.87		43.75			21.97	-	-
Other	8.97		6.25			8.67	-	-

[†] Variable was used as an indicator for life cycle stage so not used to in the analysis. **Source:** Computed based on field data (2015)

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Box 1: Emerging phase

The median current workforce of 4 persons and the median business age of 6 years show that these enterprises are relatively young and micro sized. Typically, enterprises were started with a workforce of 2 persons. The street food enterprises in this life cycle stage have very simple organisational structures, are centralised with an average of one organisational level and one specialised function respectively. The median sales revenue is around GH¢113,967 per annum and median sales revenue growth since initial startup is 9% per annum. The median average workforce growth rate is also close to 9% per annum. The average startup capital was GH¢484 and 91% of the enterprise owners had a financial motive for starting their enterprises. Most of the vendors (90%) were young females with an average age of 36 years and a median of 9 years of formal education. Typically, daily working periods were more than 10 hours while the median daily income was about GH¢44. On average, annual taxes paid by 88% of cluster members exceeded GH¢94 and the median annual savings was approximately GH¢2,400. One fifth of these vendors (22%) had enterprises in low BAAs, 62% were located in medium BAAs and 16% of the enterprises were in high BAAs. Slightly more than 72% of street food vendors own a *license* to operate a SFE which was obtained from the regulatory bodies. Seven out of ten (74%) SFVs do not have access to a permanent vending site whereas more than one half of respondents (56%) operated their businesses from a kiosk. The cluster comprises of the following types of enterprises; mainly *fufu* (25%), *plain rice* (22%), *fried rice* (11%) and *banku* (8%). Other types of enterprises belonging to the *emerging phase* are mainly *diehuo* (8%), *ampesie* (8%), *jollof rice* (6%), *abetie* (5%), *emotuo* and *waakye* which both make up 3% of enterprises each (Table 4.26).

Source: Field survey, 2015

Box 2: Transition phase

These enterprises may not necessarily be older than their counterparts in the *emerging phase* because the median age of 6 years is not significantly different from that of other stages. The size of the enterprises in terms of current workforce is larger than that of *emerging phase* with a median of 6 persons. Thus, the typical enterprise in this cluster is at the small-scale level. At startup, the average enterprise in this life cycle stage comprised of 2 persons. Also, average annual sales revenue is GH¢156,000 and median sales growth rate is 9% per annum. The medians of one organisational level and 2 specialised functions indicates a remotely similar organisational structure to that of the *emerging phase*. Street food enterprises in this cluster have an average workforce growth rate of 42% since startup. The median enterprise owners' age was 33 years with a median of around 8 years of schooling. All the enterprises belonging to the *transition phase* are female owned. The median startup capital was about GH¢500 although only 25% of the vendors reported starting business with non-financial motive. The findings indicate that on average, business owners in this cluster work for more than 11 hours daily and the median daily net income is GH¢329. Median annual savings was GH¢3,000 and in the past year average taxes paid by 94% of vendors amounted to GH¢110. It was found that 6% and 13% of the vendors have their businesses located in low and high BAAs while 81% of enterprises are in medium BAAs. Around 63% of respondents own a *license* to operate a street food enterprise while more than one half of SFVs (56%) have access to a permanent vending location. Consequently, a little less than 44% of vendors operate from shops. There are around 25% of *fufu* enterprises, 19% of both *jollof rice* and *fried rice* enterprises each and 13% of mainly *ampesie* enterprises in the *transition phase*. Also, there were 6% of mainly *emotuo*, *diehuo*, *plain rice* and *waakye* enterprises respectively in this cluster (Table 4.26).

Source: Field survey, 2015

Box 3: Established phase

This single-member cluster was established by a female vendor some 10 years ago with 3 persons but currently the workforce comprises 21 persons and the sales revenue is GH¢384,800. Thus, the enterprise can be described as a small-scale business. With a purely financial motive, the business was created in a medium BAA using a capital of GH¢300 by a vendor with 17 years of formal education. The owner-manager of the street food enterprise was 37 years old and worked for 10 hours daily. Daily net income is around GH¢581. The vendor does not save regularly although taxes paid added up to GH¢200 per annum. The major food of this street food enterprise, *diehuo*, is sold from a kiosk which is not located in a permanent vending site although the vendor has an operating license. Average workforce growth rate since startup is 60% and average sales revenue growth rate is a little under 20% every year. The number of specialised functions is 4 and there are 3 organisational levels. The indication is that this enterprise is less centralised than the enterprises in the *emerging* and *transition phases* (Table 4.26).

Source: Field survey, 2015

4.5.2 Drivers of growth among clusters of street food enterprises in Kumasi Metropolis

Following the approach adopted by Hanks *et al.* (1993) and Dodge & Robbins (1992) the drivers of growth among SFEs have been identified and delineated into socioeconomic factors, problems facing enterprises and marketing mix strategies adopted by vendors.

4.5.2.1 Socioeconomic factors influencing stage of growth of street food enterprises

From the results presented in Table 4.26, it has already been established that the type of food sold is a major driver of growth of street food enterprises. Other factors displayed in Table 4.27 that influence the growth of SFEs at different life cycle stages are discussed.

Tax

Findings also reveal that life cycle stages (stages of growth) are influenced by the amount of tax paid by vendors ($F=3.46, p=0.03$). The median annual tax for the *emerging phase* is about GH¢95 while that of the *transition phase* is GH¢110. The amount of tax paid by the enterprise in the established phase is GH¢200. It is clear that as expected, the amount of taxes paid by a street food enterprise increases with the size of the enterprise (in terms of workforce) as the values observed increased from the micro enterprises in *emerging phase* to the small-scale enterprise in *established phase*. Payment of taxes reduces repeated harassment from revenue tax collectors, giving SFE owner-managers room to freely conduct vending activities.

Startup capital

Startup capital is another factor determining life cycle stages ($F=4.50, p=0.01$). The distribution of mean startup capital among the three stages of growth is as follows; *emerging phase* (GH¢484), *transition phase* (GH¢930) and *established phase* (GH¢300). Given that about 44% of vendors have received financial assistance from external sources after startup, it implies that startup capital will largely influence the amount of working capital available to vendors. While it is practical to expect an underlying relationship between the growth of enterprises at different size categories (in terms of workforce) and amount of tax paid, the trend by startup capital is likely an indication that there are other contributory factors that happen to overlap with startup capital. The fact that the enterprise in the *established phase* was also started with the smallest amount of capital relative to the mean startup capital of other clusters indicates that startup capital alone cannot be isolated as a single factor influencing the stage of growth of the street food enterprise.

Number of years of schooling

The number of years of schooling of the vendor, although not highly significant, is one other factor that determines the life cycle stage of the street food enterprise ($F=2.84$, $p=0.06$). The average number of years of schooling for the *emerging phase* is 7 years, while that of the *transition phase* is also about the same (7 years) but the single member cluster had a vendor with 17 years of formal education. The effect of education on enterprise growth is most seen between the *transition* and *established* phases. The implication is that higher levels of education of the street food vendor may increase the chances of a street food enterprise progressing to a higher stage of growth and vice versa.

Daily net income

Daily net income is significantly different across the three stages of growth meaning that it is a driver of SFEs growth at various life cycle stages ($F=2.72$, $p=0.07$). It can be observed that there is a rising pattern in daily net income from *emerging* through to the *established* life cycle phases. The median daily net income in the *emerging phase* is GH¢44 followed by a massive increase to a median of GH¢329 for *transition phase* and then another increase for the *established phase* (GH¢581). These variations may arise as a result of the increased scale of vending operations across the life cycle stages.

Permanent vending site

Access to a permanent vending site has also been identified as a determinant of growth among street food enterprises at different life cycle stages ($\chi^2=7.10$, $p=0.03$). However, the trend does not follow a specific pattern as 26% and 56% of vendors in both *emerging* and *transition phases*

respectively have access to a vending site. The enterprise in the *established phase* however, was not located at a permanent vending site.

4.5.2.2 Problems encountered by street food vendors

The study adopted the chi-square test to find out whether the findings from the three clusters arise as a result of real differences among street food enterprises. This was achieved by using a matrix chi-squared table to test for a relationship between 13 selected variables and the life cycle stage (Table 4.28). The variables tested were based on general problems that were reported by vendors to inhibit their ability to take advantage of opportunities emerging in their business context.

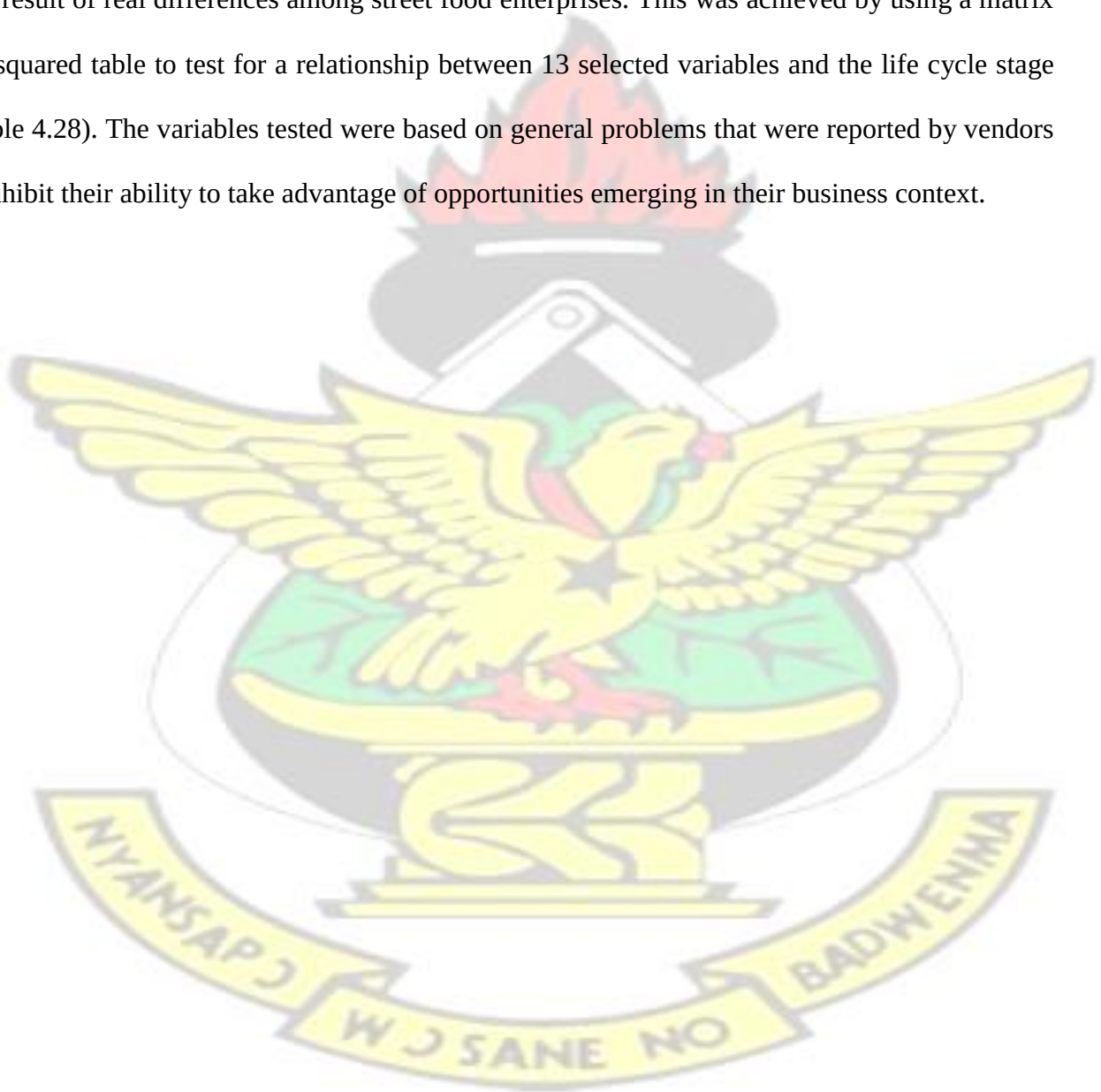


Table 4.28: Chi-squared tests of the issues inhibiting the growth of street food enterprises across the three life cycle stages

N=173	Emerging phase		Transition phase		Established phase		Pooled Sample		Chisq. P-Val.	
	Emerging phase (n=156)		Transition phase (n=16)		Established phase (n=1)					
FREQUENCIES (%)										
Barriers and Constraints to Street Food Enterprise Growth										
	Yes	No	Yes	No	Yes	No	Yes	No	Chisq.	P-Val.
<i>Economic factors</i>										
Difficulty in accessing external finance	43.59	56.41	50.00	50.00	0	100	44.19	55.81	1.01	0.60
Difficulty in assessing hired labour	52.56	47.44	50.00	50.00	0	100	52.02	47.98	1.13	0.57
Inadequate sources of startup capital	53.85	46.15	56.25	43.75	100	0	54.34	45.66	0.88	0.64
High cost of food ingredients	72.44	27.56	62.50	37.50	0	100	71.10	28.90	3.17	0.21
<i>Supply chain factors</i>										
Seasonal shortage of supply of food ingredients	10.26	89.74	12.50	87.50	0	100	10.40	89.60	0.20	0.91
<i>Regulatory factors</i>										
High taxation and levies	10.89	89.10	87.50	12.50	100	0	89.02	10.98	0.16	0.92
Inappropriate street food trade regulation	10.90	89.10	25.00	75.00	0	100	12.14	87.86	2.85	0.24
Relocation of vending site	13.46	86.54	12.50	87.50	0	100	13.29	86.71	0.17	0.92
Interference in vending activities from local government officials	15.38	84.61	18.75	81.25	0	100	15.61	84.39	0.31	0.86
Licensing requirement	71.79	28.21	68.75	31.25	0	100	71.68	28.32	0.46	0.79
<i>Other relevant factors</i>										
Vendor affected by criminal activities such as theft	25.00	75.00	37.50	62.50	0	100	26.01	73.99	1.53	0.47
Business training	37.82	62.18	25.00	75.00	100	0	36.99	73.01	2.74	0.26
Membership of food vending association (FVA)	7.69	92.31	0.00	100.00	0	100	6.94	93.06	1.41	0.50

Source: Field data, 2015

Results indicate that in all cases there is no association between any of the variables and the life cycle stage at the 10% α -level. These findings are not in agreement with results from another study on small enterprises by Dodge, Fullerton & Robbins (1994) whereby it was suggested that the

problems faced by small businesses could be isolated to specific stages of growth. This implies that these issues may influence the growth of all street food enterprises irrespective of life-cycle stage. Hence, the hypothesis that problems encountered by small businesses can be linked to life cycle stages was not supported by empirical evidence from this study. The limitation however, is that these results may have been completely different had another set of variables been used for the matrix chi-square table.

Since the main purpose was to find out the main factors affecting the growth of street food enterprises, the responses were divided into three equal categories following the approach used by Van Tonder & Ehlers (2011). The authors used this method because the factors understudied in their research could not be associated to different growth stages. If the responses for a factor ranged from 0-33.33% of the sample it was defined as an issue that *needs considering*. If responses for a factor ranged from 33.34-66.67% of the sample then it was allocated to the *important* category. Factors are defined as *crucial* if responses ranged from 66.68-100%. Based on this procedure, the study identified high cost of food ingredients (71%) and high taxation and levies (89%) as the two crucial issues influencing growth of most street food enterprises in Kumasi Metropolis (Table 4.29). These results are expected because, as stated in the literature review, the current inflation rate in Ghana is high so cost of inputs are expected to rise. Also, since not all of the enterprises are certified some of the vendors may end up being overtaxed.

Table 4.29: Issues affecting growth of street food enterprises in Kumasi Metropolis.

		Percent (%)	Crucial	Important	Needs considering
1	Inappropriate street food trade regulation	12.14			
2	High cost of cooking ingredients	71.10			
3	Difficulty in accessing external finance	49.19			
4	Inadequate sources of startup capital	54.34			
5	High taxation and levies	89.02			
6	Licensing requirement	28.32			
7	Difficulty in assessing hired labour	52.02			
8	Affected by criminal activities such as theft	26.01			
9	Seasonal shortage of supply of cooking ingredients	10.40			
10	Interference in vending activities from local government officials	15.61			
11	Received some business training	37.57			
12	Membership of food vending association (FVA)	6.94			
13	Relocation of vending site	13.29			

NB: Shaded cells indicates the level of importance of factor to the growth of enterprises Source:

Field survey, 2015.

Consequently, the chi-square test was employed to test for any significant relationships between the most important problems faced by SFEs and the type of enterprises. Findings show that at the 10% α -level there is no significant linkage between the major food sold by an enterprise and high cost of ingredients ($\chi^2=9.60$, $p=0.38$) or high taxation and levies ($\chi^2=6.15$, $p=0.72$). This reinforces the suggestion that most street food enterprises in Kumasi Metropolis face the same set of problems. Thus, it can be suggested that the evolution of these businesses occurs as a result of the strategies adopted by the owner-managers in dealing with the set of problems encountered.

4.5.2.3 Marketing mix strategies adopted by street food enterprise owner-managers

In Section 4.4, process characteristics of action strategies used by vendors are presented. This section presents the content characteristics of strategies adopted by street food vendors in Kumasi Metropolis. Chaffee (1985) defines a business strategy as one which involves answering the question: "How shall we compete in this business?". The business age of the enterprises as well as

the problems faced by vendors are not statistically different at distinct stages of growth. The implication is that growth of the street food enterprise occurs among other factors, as a result of the strategies used by vendors at various life cycle stages. Following the approach employed by Van Tonder (2009) the marketing mix strategies used by vendors to achieve desired objectives and remain competitive during business life cycles are displayed in Table 4.30 and discussed hereunder. Using chi-square analysis, the relationships between these marketing mix strategies and the stages of growth of street food enterprises have been tested.

Table 4.30: Marketing mix strategies adopted by street food vendors

	Emerging phase		Transition phase		Established phase		Pooled sample			
									Owner-manager has the following attributes	
	Yes	No	Yes	No	Yes	No	Yes	No	χ^2 statistic	Pvalue
Promotion										
1 Sometimes practices sales promotion	31	125	9	7	1	0	41	132	5.68	0.06
2 Personally sells food	137	19	8	8	1	0	146	27	17.55	0.00
Product										
3 Creative/innovative	114	42	8	8	1	0	103	70	14.68	0.07
4 Improves food quality	31	125	2	14	1	0	34	139	5.35	0.07
Price										
5 Effective pricing strategy	39	114	2	13	1	0	42	127	12.63	0.00
Place										
6 Food delivery services	85	71	6	10	0	1	91	82	2.80	0.25

Source: Computed from field data (2015).

The results show that vendors sometimes practice sales promotion as a marketing strategy. This strategy was used especially during festive occasions and on public holidays. Vendors on occasion would inform consumers that they could get extra quantities of food and or obtain discounts on food accompaniments. Without sales there would be no business in the first place (Chand, 2015). Communicating to consumers information about products using sales promotion is essential to the

long term progress of the enterprise and the data shows that it is related to sales revenue growth ($F=3.40$, $p=0.07$). The results in Table 4.30 indicate that there is a statistically significant relationship, at the 10% α -level, between sales promotion and life cycle stages of street food enterprises ($\chi^2=5.68$, $p=0.06$). Close to 20% of vendors in *emerging phase*, 56% of vendors in *transition phase* and the vendor in the *established phase* (100%) use sales promotion as a marketing strategy. This is indicative of an increasing trend in the adoption of sales strategy from lower to higher stages of growth. One inference from the finding is that managers in higher life cycle stages rely more on this business strategy than those in the lower life cycle stages.

Another marketing strategy being used by street food vendors is personal selling. Vendors indicated that consumer relationship is key to the business. Hence, although they had assistants, some vendors made an effort to personally serve food to most consumers using a persuasive attitude in an attempt to make customers feel privileged. However, this strategy can be time consuming (Tutor2u, 2015). The results point out that a relationship exists between personal selling and life cycle stages at the 5% α -level ($\chi^2=17.55$, $p=0.00$). About 88% of vendors in *emerging phase*, 50% of vendors in *transition phase* and the vendor in the *established phase* (100%) practice personal selling. Personal selling does not follow a particular trend vis-à-vis stages of growth. The indication is that the use of this business strategy alone may not lead to the evolution of street food enterprises and that other factors may be necessary to fully complement this marketing strategy. Overall, six out of ten vendors (60%) can be classified as innovative. This is because these vendors were either the first to introduce a street food enterprise in a particular location or have introduced a new food menu in a location where it was previously non-existent. At the 10% α -level, there is a significant relationship between innovativeness and life cycle stage ($\chi^2=14.68$, $p=0.07$). The distribution across the three clusters is as follows; *emerging phase* (73%),

transition phase (50%) and *established phase* (100%) (Table 4.30). The results signify that even though innovation is one of the marketing strategies that drive business growth of SFEs, it does not increase proportionately with higher growth stages. This findings are not in line with the assertion by Mason, Bishop & Robinson (2009) that higher growth firms are more innovative.

As already indicated in Section 4.2.6, some vendors improve product quality as a marketing strategy because it is an important characteristic of a SFE measured by consumers. Improving food quality is significantly related to stage of growth at the 10% α -level ($\chi^2=5.35, p=0.07$). Vendors in one fifth of the enterprises (20%) in *emerging phase*, 13% of enterprises in *transition phase* as well as the enterprise in the *established phase* (100%) make use of this marketing strategy. The intuitive meaning is that over the lifetime of a street food enterprise, vendors who consider improving the quality of street food sold would experience higher levels of growth than those who do not use this business strategy. Pricing strategy is one other marketing strategy employed by street vendors in selling food. Respondents claimed that amidst high cost of ingredients due to rising inflation, they were faced with the dilemma of whether to increase the price of food or to maintain it. However, the results show that only less than one third of street food vendors (25%) are able to review prices effectively when the costs of ingredients fluctuate (Table 4.30). Also, there is a significant relationship between pricing strategy and life cycle stage ($\chi^2=12.63, p=0.00$).

About 29% of vendors in *emerging phase*, 13% of vendors in *transition phase* and the vendor in the *established phase* (100%) use pricing strategies effectively when conducting vending activities. Some vendors indicated that the main reason for the difficulty in reviewing prices is because they did not want to ward off consumers with high food prices. Consequently, many vendors end up absorbing the major brunt of inflation. This suggests that some of the SFVs may be earning less income than is due them. The general implication is that some of the vendors, who cannot employ

effective strategies, may be facing diminishing prospects in terms of income which will ultimately stall the growth of the enterprises. Running a food delivery service is not significantly related to the life cycle stages at the 10% α -level ($\chi^2=2.80$, $p=0.25$) even though 53% of vendors reported using this strategy for some customers. This means delivery of food to consumers does not influence stage of growth for this sample of SFVs. Another marketing strategy which was observed to be used by vendors in the study area to attract consumers is the use of visuals including billboards with pictures of famous personalities eating food.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary and conclusions

The study identified the dynamics underlying street food vending in Kumasi Metropolis and also evaluated how street food enterprises progress in their organisational life cycle. Multistage sampling approach was used to select 173 multiproduct street food enterprises whereafter owners of these businesses were interviewed. Descriptive analysis was conducted to determine the real factors causing the transformation of enterprises over time. Consequently, two-step cluster analysis was used in an attempt to group street food enterprises into different stages of growth. Chi-square and Analysis of Variance (ANOVA) tests were used to verify if socioeconomic factors, factors inhibiting growth of enterprises and the strategies employed by vendors in dealing with such problems were distinctive at different life cycle stages. It was expected that over time street food vendors would evolve to become more sophisticated by upgrading their enterprises and vending activities. Factors that could possibly drive the transformation of street food vending activities were identified to include; motivation for engaging in street food trade, location of the street food enterprise, business training, financial assistance, certification and risk taking ability of vendors.

With time, 72% of vendors have made some progress from being classified as traditional to becoming modernised because they possess either health or tax certificates. Conversely, vendors have made little progress in transforming their enterprises and business operations from being classified as traditional to modernised based on empirical evidence in other factors understudied. The distribution of vendors based on these factors are as follows; 90% of vendors entered the trade because of the need for cash, 71% of vendors lacked access to a permanent vending site, 63% of

vendors did not have business training and 56% of vendors had never obtained external finance to supplement working capital. These findings were contrary to the expectations of the study in which most vendors were expected to have progressed in all the factors identified to influence their growth.

Generally, it seemed that vendors are conservative when it comes to taking risks. Thus, they may not be able to take advantage of some opportunities which could potentially present an opportunity for the expansion of their enterprises. The study finds that there are linkages between the various factors influencing street food trade and that these interactions culminate in influencing the business model of vendors. To date, the business models adopted by vendors are rather simple and unsophisticated. For instance, only few enterprise owners (9%) are using a joint-ownership structures whereas the use of brand names is fairly common (45%).

The evolution of street food enterprises in Kumasi Metropolis can be classified into three stages of growth according to the proposed classification model (that is emerging, transition and established phases). Typically, businesses were started as micro enterprises and remained so although a fraction expanded to the small-scale level. Enterprises in the *emerging* and *transition* phases are similar to the enterprises at the startup stage of Hanks *et al.* (1993) model. In the startup stage, managers are working overtime and may still be trying to find a niche for themselves by selling the right kind of food to suit their target market. On the other hand, the established phase is similar to the capped growth phenomenon of the Hanks *et al.* (1993) model. This enterprise still maintains a niche strategy despite growing to its peak. Socioeconomic factors driving growth of street food enterprises at different stages of growth are as follows; type of enterprise, amount of tax paid and startup capital. Others are number of years of schooling, daily net income and access to permanent vending site. The hypothesis that business problems can be isolated to specific stages

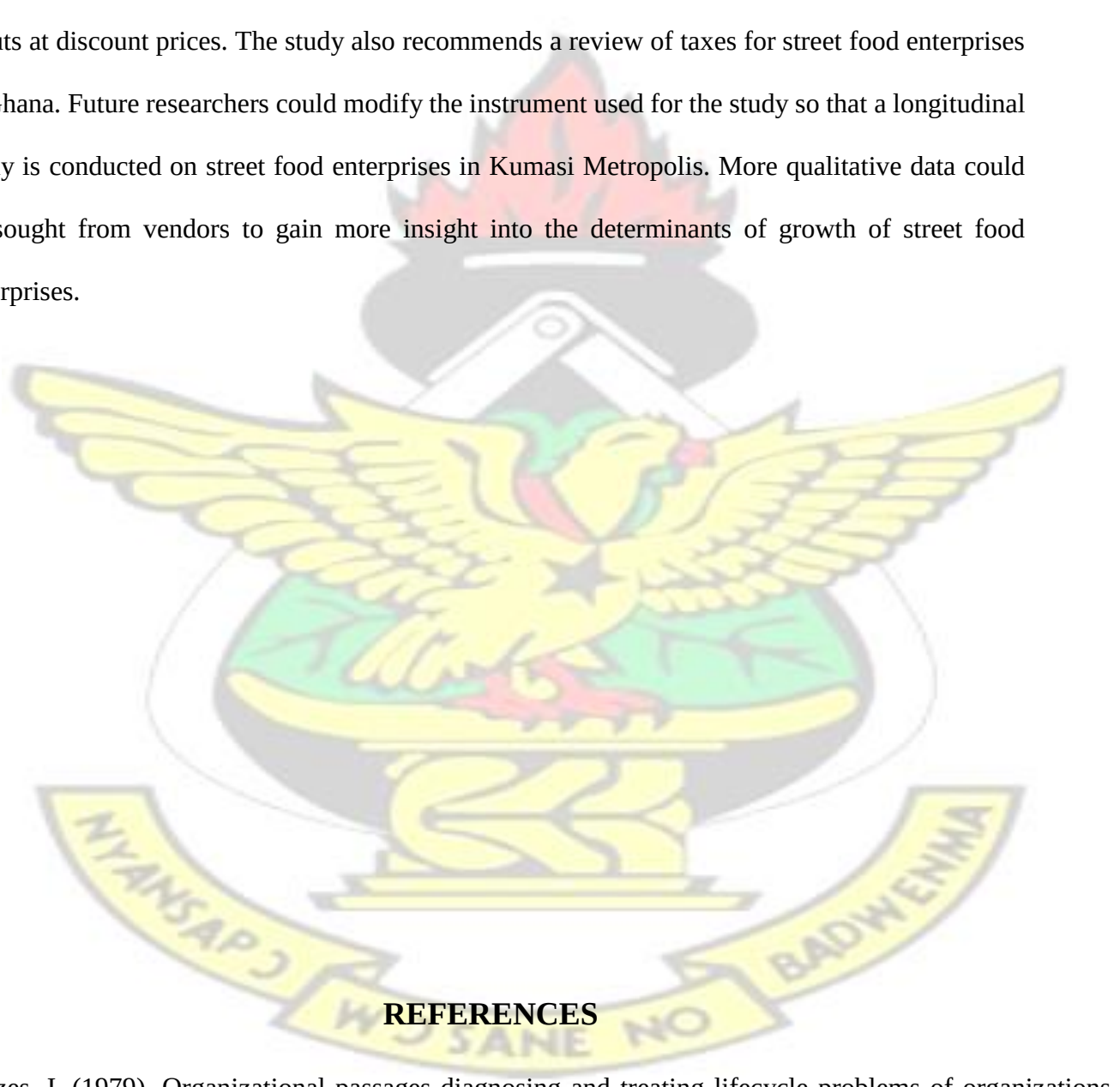
of growth was not supported by empirical evidence. This indicates that enterprises at all growth stages face similar problems. However, marketing mix strategies used by vendors were related to distinct stages of growth. The strategies influencing growth at different stages are; sales promotion, personal selling, innovativeness, improving food quality and effective pricing strategy.

The hypothesis that the dynamics underlying street food vending will result in a transformation of enterprises over time was only partially validated. One implication is that there are insufficient dynamic forces driving the progression of street food enterprises in Kumasi Metropolis towards developing into modernised enterprises. Nevertheless, the earnings of some vendors are comparable to the wages of skilled labourers employed in the Ghanaian formal sector. Empirical evidence from this study lends support to the notion by Tinker (1997) that even though most street food vendors have not made much progress in upgrading their status from using traditional business models, enterprises still have a potential for growth.

5.2 Recommendations

The study recommends that vendors who do not have licenses for selling street foods must seek to register their enterprises for taxation and enterprise identification purposes. This will enable them to become visible economic units to justify any interventions from the government or other main stakeholder institutions in the sub-sector. It also has the potential to create an enabling environment for enterprises to grow. As the enterprises progress to higher life cycle stages their growth rate declines. It is recommended that the focus of the owner-managers should not only be on workforce expansion but to use other means such as good customer and supplier relationships to increase their daily net incomes. Since the vendors lacked adequate business training, they can be encouraged to practise peer group training even in the absence of the provision of formal training from stakeholder bodies.

Owner-managers of enterprises in the emerging and transition phases can adopt some of the marketing mix strategies currently being used by the sole enterprise in the established stage so that they can progress to higher growth stages. High cost of cooking ingredients was a major business challenge at all life cycle stages just as high taxes were. Operators of street food enterprises are advised to form strategic links with suppliers to ensure that they gain constant access to necessary inputs at discount prices. The study also recommends a review of taxes for street food enterprises in Ghana. Future researchers could modify the instrument used for the study so that a longitudinal study is conducted on street food enterprises in Kumasi Metropolis. More qualitative data could be sought from vendors to gain more insight into the determinants of growth of street food enterprises.



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APPENDICES

Appendix 1

Multidimensional approach to measuring perceived food quality

Dimension of food quality	Description
Nutritional	The food's overall contribution to a balanced diet
Humanistic	Taking environmental issues into consideration before purchasing foods
Organoleptic	The sensory pleasure we get from eating or cooking foods
Social	Connected to the way we select, cook or eat food, which enables us to position ourselves in certain social groups, relations or reference groups
Symbolic	Cultural background of consumer and if food is acceptable to his/her culture
Functional	The degree of how practical the food is to handle, transport and eat
Hygienic	Food containing no toxic substances and being good for the health of consumers

Source: Prigent-Simonin & Hérault-Fournier (2005)



Appendix 2

Description of types of street foods

Type of food/Food item	Description	Complexity of cooking (Rank)
<i>Plain Rice</i>	Steamed rice prepared with small amounts of added oil and served with accompanying sauce and fish/meat/hard-boiled eggs	10
<i>Fried Rice</i>	Steamed rice, stir-fried with eggs, assorted vegetables and spices; served with accompanying hot pepper sauce (locally called <i>shito</i>) and fish/meat/hard-boiled eggs	6
<i>Jollof Rice</i>	Rice boiled in tomato sauce together with added spices, vegetables and fish/meat/hard-boiled eggs	9
<i>Waakye</i>	Rice boiled together with cowpea and served with accompanying sauce, hot pepper sauce (locally called <i>shito</i>) and fish/meat/ hard-boiled egg/cooked cow hide (locally called <i>wele</i>)	5
<i>Fufu</i>	Freshly-boiled cassava and plantain pounded into a semi-solid mixture and served with accompanying soups containing a cluster of fish/meat and other ingredients	1
<i>Abetie</i>	Pounded dry cassava chips processed into a flour, cooked and molded into a ball and served with accompanying soups containing a cluster of fish/meat and other ingredients	3
<i>Die-Huo</i>	Mixture of maize and or cassava flour cooked in hot water and served with accompanying vegetable soup containing a cluster of fish/meat and other ingredients	2
<i>Emo-Tuo</i>	Steamed Rice molded into a ball and served with accompanying peanut soups containing a cluster of fish/meat and other ingredients	7
<i>Ampesie</i>	Cooked yam or plantain; served hot with <i>taro</i> -leaf sauce and fish/meat/hard boiled eggs	8
<i>Banku</i>	Cooked mixture of fermented cassava and maize mash molded into a ball and served with accompanying soups containing a cluster of fish/meat and other ingredients	4

* 1 is the highest rank and 10 is the least rank

Source: Authors' description based on vendors preparation methods and added food ingredients

Appendix 3

Distribution of business age among the types of enterprises

Dominant food sold	Business Age		
	Mean	Median	Std. Deviation
Abetie	8.50	9.00	3.07
Ampesie	4.93	4.00	2.59
Banku	9.92	8.00	7.19

Diehuo	7.00	7.00	3.87
Emotuo	8.67	9.00	3.44
Fried rice	5.90	5.00	3.09
Fufu	7.56	5.00	6.65
Jollof rice	4.42	3.50	1.98
Rice	6.78	6.50	3.16
Waakye	8.50	7.50	4.64
Total	7.02	6.00	4.78

Source: Computed from field data (2015)

Appendix 4

SPSS TwoStep Auto Clustering Results

Number of Clusters	Schwarz's Bayesian Criterion (BIC)	BIC Change	Ratio of BIC Changes	Ratio of Distance Measures
1	129.720			
2	118.207	-11.514	1.000	4.337
3	111.865	-6.342	0.551	4.098
4	82.466	-29.398	2.553	2.182
5	67.417	-15.050	1.307	1.243
6	77.205	9.788	-0.850	1.572
7	86.512	9.307	-0.808	1.012
8	93.222	6.710	-0.583	1.558
9	95.499	2.277	-0.198	1.149
10	105.137	9.638	-0.837	2.778
11	114.982	9.844	-0.855	1.225
12	124.360	9.378	-0.815	1.560
13	134.529	10.169	-0.883	1.266
14	144.750	10.222	-0.888	1.058
15	155.029	10.279	-0.893	1.000

Source: Authors' computations (2015)