ENTREPRENEURIAL ACTIVITY, SOCIAL AND HUMAN CAPITAL FOR URBAN POVERTY REDUCTION IN ACCRA

BY

GEORGE-GRANDY HALLOW
(10211285)

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AUGUST, 2016
DECLARATION

I, George-Grandy Hallow, the author of this thesis titled “Entrepreneurial Activity, Social and Human Capital for Urban Poverty Reduction in Accra” declare that in exception of references to other empirical works which were accordingly cited, this thesis is my original work. It has never been presented either in part or whole for the award of any degree in the University of Ghana or elsewhere.

Signature:………………………………… Date:……………………………..
George-Grandy Hallow (PhD Candidate)

We, the undersigned supervisors, certify that this is the original work of the candidate, which we duly supervised. It is our conviction that this thesis meets the required standard set by the University of Ghana for the award of Doctor of Philosophy degree.

Signature:………………………………… Date:……………………………..
Prof. Dzodzi Tsikata (Lead Supervisor)

Signature:………………………………… Date:……………………………..
Prof. George Owusu (Supervisor)
ABSTRACT

Poverty reduction has become a paramount concern in the international development arena because of the large number of people affected by it globally. The study investigates how the entrepreneurial activities of petty traders with respect to their social and human capital can contribute to the reduction of poverty. Using a cross-sectional survey data, the study built a social capital index, estimated the income level and employed a probit regression model in finding out the effects of social and human capital and other factors on the probability of a petty trader being poor. The study also used mean score analysis, t-test and Pearson correlation to investigate the entrepreneurial action related activities of petty traders that relate to the performance of their enterprise. Furthermore, the qualitative descriptive concept of critical moment was utilized to gauge critical events that enabled successful petty traders to escape from poverty. In comparing the factors that facilitate the performance of male and female petty traders, the study built a network index, assets index and employed a logistic regression to identity network intensity and other factors that differentiate the performance of male and female petty traders. The results showed that social capital plays a crucial role in the reduction of poverty of petty traders. Related to this, factors such as experiential knowledge, size of the household, age of the petty trader, an itinerant hawker/a shop owner also have significant effect on the probability of a micro entrepreneur being poor. Furthermore, motivation and entrepreneurial orientation are important human actions performed by growth-oriented petty traders. Additionally, human agency, social structures and processes are equally important factors in the performance of micro businesses. Network intensity and non-economic measure of performance have shown that female petty
traders can equally match their male counterparts. However, the asset index showed a clear difference between female and male petty traders. The study recommends that policy must be directed towards nurturing the relevant entrepreneurial skills of the poor urban petty traders. This will enable traders to take advantage of globalization, which has made consumer items available in the urban space. Besides, policy should also be directed at formalization of informal trading activities should be tied with credit provision where street vending should not be seen as a nuisance. Finally, it is imperative to re-orient the mindset of female traders to take on the sale of other consumer items, which seem to be the sole preserve of men because that is where there are significant profits to be made.
DEDICATION

This piece of work is dedicated to my late mother, Madam Akuwa Attipoe who sacrificed her personal comfort for my education. And, for my children, Eyra and Klenam, your shrill cries in the night were constant reminders of my thesis deadlines.
ACKNOWLEDGEMENTS

Poverty is a subject of concern to many Ghanaians and many people are interested in how to curb this menace. However, I was overwhelmed by the genuine willingness of people who volunteered information and offered the necessary help in the writing of this thesis.

I would especially like to thank Professor Dzodzi Tsikata and Professor George Owusu, my lead and supporting supervisors respectively. They were more than willing to open private collections of information for my use, helped to clearly shape the key theme of the thesis and above all outdid themselves in making sure all deadlines were kept.

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Mr. Farouk Braimah of People’s Dialogue, your help in the recruiting and training of the data collection team is unquestionably a key reason why the study was completed on time. Other members of your staff especially Baba and Fuseini are also acknowledged.

Mr. Christian Gogovi and Juliet Amoah thanks for using your fine comb of English in picking out the grammatical errors. And, finally, I want to thank my wife, Sheila, who understood the enormity of the task by accepting my absence from home most of the time and taking care of Eyra and Klenam.
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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AMA</td>
<td>Accra Metropolitan Assembly</td>
</tr>
<tr>
<td>CBD</td>
<td>Central Business District</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
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<td>ECA</td>
<td>Economic Commission of Africa</td>
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<tr>
<td>EO</td>
<td>Entrepreneurial Orientation</td>
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<td>EA</td>
<td>Enumeration Area</td>
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<td>FDG</td>
<td>Focus Group Discussion</td>
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<td>GLSS</td>
<td>Ghana Living Standards Survey</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GEM</td>
<td>Global Entrepreneurial Monitor</td>
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<td>GSS</td>
<td>Ghana Statistical Service</td>
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<td>GUTA</td>
<td>Ghana Union of Traders Association</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>I-O Psychology</td>
<td>Industrial Organization Psychology</td>
</tr>
<tr>
<td>JHS</td>
<td>Junior High School</td>
</tr>
<tr>
<td>KVIP</td>
<td>Kumasi Ventilated Improved Pit</td>
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<tr>
<td>LEAP</td>
<td>Livelihood Empowerment Against Poverty</td>
</tr>
<tr>
<td>LESDEP</td>
<td>Local Enterprise and Skills Development Programme</td>
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<tr>
<td>LFT</td>
<td>Liberal Feminist Theory</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MASLOC</td>
<td>Microfinance and Small Loans Centre</td>
</tr>
<tr>
<td>MML</td>
<td>Multiple Modes of Earning Livelihood</td>
</tr>
<tr>
<td>NAM</td>
<td>Non-Aligned Movement</td>
</tr>
<tr>
<td>NBSSI</td>
<td>National Board for Small Scale Industries</td>
</tr>
<tr>
<td>NGOs</td>
<td>Non-Governmental Organizations</td>
</tr>
<tr>
<td>PRSPs</td>
<td>Poverty Reduction Strategy Papers</td>
</tr>
<tr>
<td>SFT</td>
<td>Social Feminist Theory</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>SAT</td>
<td>Structural Adjustment Programme</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>VIF</td>
<td>Variance Inflation Factor</td>
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<tr>
<td>WC</td>
<td>Water Closet</td>
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CHAPTER ONE

GENERAL INTRODUCTION

1.1 Background to the Study

Poverty reduction has become a paramount concern in the international development arena. It is one of the themes lying at the heart of development studies (Shaffer, 2013) and the operations of the World Bank (World Bank, 1993, 2013 and 2015) in terms of current research and policy because of the large number of people affected by poverty. Zulfiqar (2013) documents that 1.2 billion people in the world live in extreme poverty in the world, with sub-Saharan Africa projected to host 404 million of that number by 2015 (Igbinedion and Abusomwan, 2014), the very year in which the United Nations (UN) through the Millennium Development Goals (MDGs) proposes measureable targets to reduce by 50% those who live in extreme poverty. It was also estimated that between 330-500 million people who live in cities of developing countries live in absolute poverty. This translates into 25% of the urban population (Jones and Corbridge, 2010) of such cities. The large number of people affected by poverty sets the tone for the debate about the best way to reduce poverty especially in the cities of the developing world.

The debate about how to reduce poverty straddles two schools of thought (Çoban et al., 2011): The indirect approach emphasizes enhancing economic growth and employment capacity and the direct approach argues for social assistance and cash transfers (Şenses, 2002). Between these two schools, the debate has been shifting sand ever since Marx and Engels’ nineteenth-century analysis of the capitalist mode of production and the creation
of the bourgeoisie and the proletariat classes. The indirect approach argues that the macro
economic structure should be strengthened through large investments in physical capital
and infrastructure, expansion of health and education, improving economic management
and greater play for market forces, promoting opportunity, facilitating empowerment and
enhancing security (World Bank, 2000; Sassen, 1999). These the proponents argue will
promote economic growth. The economic growth argument through the trickle-down
effect to reduce poverty is based on the significant causal relation between
entrepreneurial activities, economic growth and poverty reduction (Acs et al., 2005).
Dollar and Kraay (2002) in their study based on “418” episodes worldwide established
the fact that 1% increase in per capita income has a corresponding 1% increase in the
incomes of the poor. Albeit South Asia has seen tremendous economic growth, yet it is
home to the largest concentration of poor people (World Bank, 2002). Sub-Saharan
Africa has also seen tremendous economic growth recently (6% on the average).
However, one in two Africans, is living in extreme poverty (Chuhan-Pole, 2013) and the
rate of poverty reduction is extremely slow.

In contrast to this argument, advocates of pro-direct approach posit that access to
financial services by the entrepreneurial poor allows them to reduce poverty (Khandker,
2003). Criticizing this proposition, empirical studies (see Duvendack et al., 2011;
Isserles, 2003) have established that financial institutions operating in the informal sector
have put impediments in the way of poor entrepreneurs by making often impossible lists
of requirements necessary for qualification for financial assistance. And, many of such
institutions have also moved upstream to concentrate on growth-oriented enterprises due
to competition, leaving a large number of poor entrepreneurs without access to credit. This situation has changed the dynamics of the microfinance proposition where the discourse now is on microfinance as a tool for financial access and not poverty reduction (Zulfiqar, 2013). Furthermore, the direct approach through cash transfer policies have been implemented in many countries yet the poor have become more dependent (Ghosh, 2011). Entering the fray about poverty reduction methods, Geilnik and Frese (2013), West et al. (2008) and Khavul (2010) advocate for an integration of top-down and bottom-up approaches in entrepreneurship where “individual resources such as entrepreneurial orientation, knowledge and skills foster successful entrepreneurial activity”. These, they argue, are linked to individual efforts that induce poverty reduction through entrepreneurship. Some of these debates create paradoxes and others disagreements. To resolve these, there is the need to find out the extent to which entrepreneurial activities of downstream entrepreneurs with respect to their social and human capital can trigger the performance of their enterprises and the subsequent reduction in their level of poverty.

The development narrative, which strongly argues for poverty reduction, lays emphasis on entrepreneurial activity and tapping into key resources of the poor (Mead and Liedholm (1998) as a way to reduce poverty on a sustainable basis. In fact, “entrepreneurial activities around the world accounted for about 70% of the global GDP” (Witbool et. al., 2011) and empirical studies (see Witbool, Cubido and Ukpere 2011; Papzan, Zarafshani, Tavakoli and Papzan 2008; Mmbengwa, Groenewald and van Schalkwyk 2013) point to a positive relationship between poverty reduction and
entrepreneurial activity. This nexus as a way to reduce poverty was given much attention by the World Development Report (2013) and Global Entrepreneurial Monitor (GEM) report (2008) in which micro enterprises in the informal sector were given prominence because of their ability to create jobs for the poor. However, the pathway to realize this relationship is strewn with diverse claims because while high entrepreneurial activity is viewed as a way to reduce poverty, the results across different geographical areas of the world vary greatly.

Entrepreneurial activity is a broad term, but it is clearly associated with ‘resourceful human action that brings about the growth of economic activity through recognition and innovative exploitation of opportunities, new products and processes’ (Ahmad and Seymour, 2007). Pfeifer and Sarlija (2010) note that entrepreneurial activity is a key contributor to the well-being of people where it reduces poverty by self-employment alternatives. Most entrepreneurial activities are viewed as resourceful human actions that help in the creation and enlargement of downstream economic activity such as trading from survivalist to growth oriented levels. This in turn contributes to the growth of the local and national economy. Given the historical importance of trade in many urban African communities, petty trade\(^1\) as an entrepreneurial activity is now economically significant, and a key source of self-employment and creation of new jobs for the urban poor (Chen and Carr, 2004; Skinner, 2008b). In considering petty trade as entrepreneurial activity, one is mindful of the fact that every enterprise big or small needs

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\(^1\) Petty trade in the context of this study describes small retail businesses in consumable items that range from street vendors with or without fixed locations along streets and near their homes, through those with a shelter constructed in the public domain to those located in formally designated trading areas.
to fulfill the basic human needs (food, shelter and clothing) from the business income before aspiring to grow into bigger ones (Kuzilwa, 2005). The urban mercantilists, according to Hisrich et al. (2008), induce wealth creation through trade and entrepreneurship thus generating incremental wealth. Supporting the importance of the trading argument, the 2005/2006 Ghana Living Standards Survey report (GSS, 2008) stated that 46.8% of households in Accra operate one form of business or the other. And, by industrial classification, 60% of such business activities are into trading (GSS, 2008) with 70.5% operated by females (See Table 1).

**Table 1: Household Entrepreneurial Business Activity by Industrial Classification**

<table>
<thead>
<tr>
<th>Locality</th>
<th>Proportion of households operating a business</th>
<th>Estimated number of businesses</th>
<th>Estimated number of businesses operated by industrial classification</th>
<th>Percentage operated by females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Accra</td>
<td>52.3</td>
<td>1,536,262</td>
<td>375,585</td>
<td>861,747</td>
</tr>
<tr>
<td>Urban Accra</td>
<td>46.8</td>
<td>440,591</td>
<td>94,876</td>
<td>263,158</td>
</tr>
</tbody>
</table>

Source: GSS, 2008

The choice of a particular economic activity in the informal sector as a way to reduce poverty resides in the capacity of the individual to undertake such a venture (Leitao and Franco, 2008), what has been passed on to the individual from earlier generations, availability of credit (Holtz-Eakin et al., 1994; Blanchflower and Oswald, 1998) and experiential knowledge (Davidsson and Honig, 2003). These prerequisites identify the individual as the pivot in the performance of the enterprise and make individual and collective resources related to the success of the enterprise very crucial if such an economic activity is to reduce poverty. By placing the individual at the centre of entrepreneurial activity, the avenue is created to find out the mediating role of social and human capital of the individual entrepreneur on the performance of the enterprise and the
consequent effect on their poverty levels. This provides a fillip to the study of entrepreneurial activities in the context of social and human capital.

The entrepreneurship literature that links social capital to entrepreneurship (Johannisson, 1990; Peredo and Chrisman, 2006) emphasizes the dimensions of social capital that are vital to entrepreneurial activity. Social capital, in the form of trust, networks and interpersonal bonds, is necessary for entrepreneurial activity. This necessity was echoed by Knack (1999) who argues that social capital has positive effects on poverty reduction where “at the micro level, social ties and interpersonal trust can reduce transaction costs, enforce contracts, and facilitate credit at the level of individual investors”. Concurring, Rønning (2007) explains, “Social capital may be included in the resource configuration of entrepreneurial opportunities and equal to human and physical capital resources that trigger entrepreneurial activity”.

Human capital as a key resource to entrepreneurial activity dominates entrepreneurship research. It is seen as formal education and training as well as informal entrepreneurial experience and background (Skuras, Mecheri, Moreira, Rosell, and Stathopoulou, 2005). Individuals that achieve a higher level of education earn more income or wages (Zuluaga, 2007). However, individuals with better skills acquired through experiential knowledge have more choices and opportunities in doing good business thereby increasing their income level (Awan et al., 2011). In the MDGs and the Poverty Reduction Strategy Papers (PRSPs), human capital is considered a weapon against poverty. Indeed, Awan and Iqbal (2010) establish a negative relationship between human capital and poverty,
where attainment of education enhances the earning potential of individuals and consequently helps them out of poverty.

The vibrancy of entrepreneurial activity in combination with human resources as the panacea to poverty reduction needs to be grounded in sound economic ideas interlaced with local knowledge and creative potential of the poor individual entrepreneur. The strategic management literature mentioned that the survival and growth of micro enterprises to a large extent also depend on how proactive and innovative the entrepreneur is, the risk taking behavior s/he exhibits, the self confidence and hard work (Siropolis, 1997) that s/he displays. In addition, economic activities in the informal sector are dominated by female operators most of who are hardworking and entrepreneurial. However, there is a marked difference in the performance of male and female micro enterprise operators because of personal values, networking and its intensity and other related factors that have been identified to affect the performance of such female entrepreneurs (Robb, 2010). The thesis also tries to find out if there is any systematic difference between networking and performance of male and female petty traders.

The “urban livelihood framework”\textsuperscript{2} points out the importance of analytical elements such as human and social capital as key concepts that can be used in the fight against poverty. Building on this and noting the important place of entrepreneurial activity in reducing poverty, the present study adopts an integrative approach where socio-economic issues that impact urban poverty are explored. Alongside this, other relevant theoretical ideas

\textsuperscript{2} Beall and Schutte (2006) developed this framework for understanding sustainable urban livelihoods in Afghanistan.
that help shape the poverty debate have also been comprehensively interrogated in the exploration of the issues mentioned.

1.2 Problem Statement

Poverty in Ghana is often perceived as a rural phenomenon and most research have viewed the situation as such (Owusu and Yankson, 2007). Recent poverty reduction papers even mentioned that since 70% of the world’s poor people reside in the rural areas, a similar percentage of development funding should be directed to the rural areas (Jones and Corbridge, 2010). However, with the upsurge in urbanization and migration to cities in Ghana, the theatre of poverty appears to have gradually moved to the urban centre. Data available from the Ghana Statistical Service (2000) corroborates this view by indicating that the number of urban poor people has been on the increase, especially in the national capital, Accra, where incidence of poverty increased from 3.97 percent in 1987/88 to 5.5 percent in 1990/91 though there is a national reduction in poverty from 52.7 percent in 1991 to 28.5 percent in 2005 and presently at 21.4% (Molini and Paci, 2015). According to the Ghana Living Standard Survey (GLSS) 5, conducted in 2005/2006, the level of poverty in main Accra and its suburbs stood at 12 percent but had drastically reduced to 3.5% in 2013 as captured in the GLSS 6 report. Otchere-Darko (2009) notes that about 31% of the population of Accra lives under US$ 1.25 a day and 80 percent live under US$ 2 a day (Gary, 2009). To cope with the poverty situation many urbanites in Accra have taken to petty trading. However, little is known about the dynamics of petty trading as an entrepreneurial activity and its link to human and social capital of entrepreneurs who engage in it. There is disagreement in the literature
regarding the link between petty trade on one hand and human and social capital on the other with many opposing views. Kumar and Matsusaka (2004) support the optimistic view that social and human capital are important in enabling the poor adapt their trading activities and sustain their livelihoods. This position was corroborated by Brown (2006) who posits that collective social and human capital of petty traders can sometimes be mobilized to mitigate the repressive behaviour of urban authorities toward their use of public space for trading activities. The pessimists, however, hold the view that social and human capital allow members of the kin system to depend on one individual entrepreneur financially and the responsibilities that come with this can whittle down profit margins and thus lead to the collapse of the enterprise (Hoff and Sen, 2006). Another dimension of the pessimist view on petty trade, which is not directly linked to social and human capital, purports that, trading activities are less able to get people out of poverty because competition is driving down profit margins (Kanothi, 2009). These debates create a knowledge gap within the Ghanaian context where these issues are largely unknown and worth exploring.

The upsurge in globalization and trade has made great impacts on the African urban poor working in the informal economy (Carr and Chen, 2002; Cohen, 2004). Many migrants to Accra and indigenes (of Accra) have adopted small business activities such as petty trading to cope with unemployment, inadequate accommodation, lack of good drinking water, decent food, among others. By this, petty traders are linked to the global economy of supply networks especially with the increase in the sale of Chinese products in urban markets over the last decade (Lyons, Brown, and Li, 2008). While the relationship between human capital and entrepreneurial activities has been clearly stated, the inter-
linkages between social and human capital in making petty trading work to reduce poverty has not been sufficiently addressed within the context of Sub-Saharan Africa and for that matter Ghana.

In the urban economy of Ghana women dominate the trading sector. Indeed, most scholars hold the view that growth in trading activities serve as an avenue for most women to participate in the urban economy (Newman and Canagarajah 2000). However, Amin (2011) posits that many of the female-owned businesses suffer from many disadvantages compared to male-owned businesses. This view is underpinned by the fact that women are discriminated against in terms of gaining access to labour markets and credit, as well as bearing the burden of home management and child rearing in a patriarchal society. For instance, a study by Sabarwal and Terrell (2008) in the formal sector of 26 transition countries found that male-owned business activities are more profitable than female owned ones. Another empirical study (Du Rietz and Henrekson, 2000) comparing the performance of male and female-owned enterprises points out that female owned enterprises underperform on measures such as growth, revenue and profit when they controlled for demographic characteristics and size. Relatedly, other variables have been identified as potential sources of the underperformance of female-owned businesses. Such variables include risk, category of economic activity, hours worked, human capital in the form of experiential knowledge, motivation and the number of years the enterprise has been operating.

The discourse on the performance of micro economic activities in Ghana most of the time
does not give the needed attention to the differences between men and women in terms of
the effect of networking and its intensity on the performance of the enterprise, access to
resources and services (Masika et al., 1997; Watson, 2011) and values that generally
affect the contribution of women to livelihood of the household. Robb and Watson (2010)
therefore argue that to know the true performance of male and female-owned enterprises,
attempts must be made to control for potential cofounding variables. This again creates a
knowledge gap as far as the performance of men and women in petty trading activities in
urban centres is concerned.

Studies on human capital, such as Awan et al. (2011), have examined the impact of
human capital on urban poverty in developing countries. Others like Huang et al. (2010)
discuss the effects of social capital on entrepreneurial orientation and resource
acquisition. Furthermore, Davidsson and Honig (2003) try to find out the role of human
and social capital on nascent entrepreneurs in a developed country. In the case of social
capital and poverty reduction, Øyen (2002) examines the role of civil society while
Woodcock (2002) investigates the partnership between states, markets and civil society
and Dakhli and de Clercq (2004) examine social and human capital in fostering
innovation. These studies point to how social and human capital have been utilized in
creating business opportunities and thus helping to provide the basic needs of
entrepreneurs and the vulnerable in society in the context of the developed world.
However, key human actions such as proactiveness, innovativeness, self-confidence and
risk taking behavior of the poor entrepreneur that can help their business activities grow
were left out. Moreover, other resources of the poor such as prior experience and
vocational training as posited by Guzman and Santos (2001) were also not properly
addressed in the context of developing countries. In Ghana, Rolleston (2009) studied human capital, educational access and exclusion while Black, King and Tiemoko (2003) looked at how investment capital gained by returnee migrants could be used in small enterprise development in Ghana to address poverty. In the Ghanaian context, however, little attention has been given to these key human actions as a catalyst to the success of business activity and the consequent reduction of poverty. This makes it more essential for this study to investigate how these actions affect performance of petty trading activities of the poor.

Poverty reduction strategies in Ghana like Microfinance and Small Loans Centre (MASLOC) and Livelihood Empowerment Against Poverty (LEAP) help some of the poor in the short-term. However, they may not address some of the root challenges of poverty on sustainable basis. These strategies consist of financial support for micro-enterprises and targeting (where cash is transferred directly to the poor at the end of each month). Paying back of small loans has been dogged by a lot of challenges thus making MASLOC unsustainable. Besides, cash transfer to the poor is contingent on the availability of funds and can also deprive the poor of the creative use of their human and related resources. Empowering the poor through harnessing their social and human capitals to generate and build up their own economic activities may be a viable medium-to long-term strategy for reducing and eventually eradicating poverty. Huang et al. (2010) argue that entrepreneurship orientation combines with well-developed human capital of the urban poor to ensure a meaningful livelihood for the poor, thus lifting them out of the vicious cycle of poverty. Others argue that human capital combines with social capital to provide the nexus for the poor entrepreneur to escape the claws of poverty. This study
therefore serves as a significant axis to close these gaps and enrich the literature on the inter-linkages between social and human capital of petty traders in the fight against poverty by asking the following questions:

- How does social and human capital and demographic factors affect the poverty status of petty traders?
- What entrepreneurial activities of petty traders relate to the performance of their enterprises and which ones do not?
- What critical events enabled successful petty traders to escape from poverty?
- What is the relationship between performance and networking of male and female petty traders?

1.3 Objectives of the Study

The main research objective of this study is to find out how the entrepreneurial activities of petty traders with respect to their social and human capital trigger the reduction of poverty. In the light of this, the study seeks answers to the following specific research objectives:

- Examine the effects of social and human capital and demographic factors on the probability of a petty trader being poor,
- Assess the entrepreneurial activities of petty traders that relate to the performance of their business and those that do not,
- Investigate critical events that enabled successful petty traders to escape poverty and
- Examine the networking and performance of male and female petty traders.
1.4 Hypotheses

The following hypotheses guided the quantitative dimensions of the study:

**Hypothesis 1.** Social capital, human capital and demographic factors influence the probability of a petty trader being poor.

**Hypothesis 2.** Entrepreneurial Orientation of petty traders has no significant relationship with their poverty level.

**Hypothesis 3:** Female and male petty traders’ economic and non-economic performance is positively associated with network intensity.

1.5 Contributions of the Study

Petty trade in Ghana is one of the oldest forms of livelihood for urban dwellers. It is the major source of employment and income for the majority of the poorest members of society especially women in urban settings. Assessing the relevance of these trading activities mostly operated by women, will help improve the lot of women who bear the brunt of poverty in society.

There is a paucity of studies which analyse both social and human capital as key conditioners of entrepreneurial activity in the developing world. Despite the existence of many studies especially in the developed world which have dealt with the analysis of the human capital and social capital, the majority of these have been in a fragmented and descriptive way. Additionally, the link between these two constructs and entrepreneurial activity and subsequent role on poverty reduction is noticeably absent. In this sense, the necessity of rigorous empirical study becomes relevant.
From the entrepreneurial point of view, the increasing importance of petty trade as a way to combat urban poverty has demonstrated enough dynamism and resilience. However, little is still known about the dynamics of petty trade and its relationship to poverty reduction. Thus, having a clear idea about how petty traders move from itinerant hawkers, through sedentary table-top sellers to shop/store owners can have a positive effect on urban poverty reduction strategy.

Self-employment in the informal sector has been seen as an alternative to formal employment by the urban poor. Most of the urban poor have limited human capital to activate successful formal employment. However, business activities call for networking to harness the potential of social capital. Seeking network and cooperation amongst the poor communities and beyond may enable access to social capital which will trigger collective actions for entrepreneurial activity. An in-depth analysis of the urban environment of entrepreneurial activities will be of enormous help to government in designing its social intervention programmes. This premise is based on the idea that knowledge of the role of social and human capital which surround the entrepreneurial process may be of great use to policy makers. The result of this study will contribute to a large extent a better understanding of how to address the problem of poverty in urban areas.

Poverty reduction and entrepreneurial activity have attracted two stands of consensus: The poor in developing and developed countries operate in micro or small scale enterprise out of choice or necessity and the functional areas to support these enterprises have been established (Vandenberg, 2006). However, the critical concern that has not
been explored in the consensus is the factors that help transform survival micro enterprises into vibrant ones which provide constant source of employment and income to the poor, thus, helping people reduce poverty. Creation of self-employment (petty trade) and subsequently income for the poor segment of urban dwellers has ensured that people have sustainable sources of livelihood. The interrogation of the role of social and human capital as a catalyst for entrepreneurial activities deepens our knowledge about the contribution made to employment creation, income generation and advancement of the frontiers of development by petty trade.

Globally, every country is making efforts to fight poverty. This comes in the face of the growing number of poor people who cannot make ends meet. A key current motif is how to harness informal entrepreneurial activities to address the issue of urban poverty. To do this, it is critical to have adequate information about who the poor are and their livelihood strategies such as petty trading as an informal entrepreneurial activity in order to improve decision-making. In this direction, the study generates the necessary local information on urban petty trade in Ghana which will help policy makers in the fight against urban poverty.

1.6 Limitations of the Study and Justification of the Selected Communities

The focus of this study is to examine how the resources possessed by the poor can be used through business activity to overcome poverty in Accra. The population explosion within Accra, with its attendant pressure on resources, has made it difficult for city planners to match the city’s resources and amenities to the population increase. This has
led to settlement-preceding planning. This situation has forced a large number of the people in urban areas to live in informal settlements and the run-down inner parts of the city where poverty is endemic. Conclusions drawn from this study may lead to generalization about emerging cities in the developing world. However, other emerging cities in Africa and elsewhere may have different factors that have contributed to their poverty. This may call for a comparative study of poverty in different emerging cities in the developing world for accurate generalization. Such a study, however, is not the focus of the present thesis.

The selection of Accra – the study city – as the laboratory to examine urban poverty is informed by many features that the city possesses. The rapid increase in the city’s population with the accompanying increase in poverty will be of interest to any development practitioner and demographer. The city also serves as the epicenter of Ghana’s social and political life. These in addition to the researcher’s earlier work at the MPhil level in some of the selected communities are key factors that led to the decision on the selection of Accra.

The study communities – James Town, Old Fadama and Sabon Zongo – depict the characteristics of informal and squatter settlements and run-down inner cities inhabited by poor people. The choice of the three communities was underpinned by a study conducted by CHF International (2010) which lists the three communities as “high poverty pockets” on the basis of income level of $1-2 dollars per day. Four hundred petty traders were selected from the three communities; however, the question of representativeness of the sample may arise against the backdrop that thousands of poor
people are living in these informal and squatter settlements. This notwithstanding, the sample selection was based on entrepreneurial activity which in this case was petty trade. Though there were no set statistics on the number of petty traders in these three communities, scientific procedures were used in the sample selection to ensure representativeness.

Validity as well as reliability of any data set if not properly checked gives rise to marginal errors especially where most of the responses were obtained primarily in the local language which had to be translated. In addition, the low level of literacy of respondents led to thorough cross-checking although response error cannot be entirely ruled out. The Cronbach Alpha[^3] and other statistical techniques were used to verify the reliability of the main research tool (questionnaire) and variables in the models to ensure validity of the data set used in this study.

### 1.7 Definitions of Key Concepts

*(i) Entrepreneurial activity:* ‘resourceful human action that brings about the growth of economic activity through recognition and innovative exploitation of opportunities, new products and processes’ (Ahmad and Seymour, 2007).

*(ii) Entrepreneurs:* people (business owners) who seek to generate value, through the creation or expansion of economic activity by identifying and exploiting new products, processes or markets.

[^3]: This is a statistical tool used to test the internal validity and reliability of a survey instrument and variables included in a model with the values lying between 0 and 1. The closer the value to 1, the higher the level of reliability.
(iii) Petty trade:

Petty trade as an intrinsic part of the informal economy does not escape the problem of appropriate definition because it operates largely outside regulations that govern formal trading activities. It involves trade in legal goods and services taking place within and outside the law. It includes trading without a permit, trading outside formally designated trading locations, non-payment of urban or national taxes, or self-provisioning of shelter (Lyons and Snoxell, 2005). Others choose to christen it an “ungoverned continuum of official trade driving imports from the rest of the world” (ECA, 2010). Petty trade is either home-based or street based. Using the basic-needs approach one can classify goods normally distributed under petty trade as agricultural products, foods and beverages and manufactured goods. Traders may sell at booths within the formal marketplace, but more commonly in the open areas outside of the market or in the adjoining streets (Little, 2000). The trading activities vary from highly organized and growth oriented shop traders to itinerant traders who barely eke out a living.

Petty trade is heterogeneous and dynamic, showing spatial variations and patterns. It may be distinguished based on scale, type of market, and geographic location. In the inner city, petty traders can be seen as street hawking, but as sedentary table-top selling at lorry parks and shops in residential areas. Many of the individuals engaged in such trading activities try to evade their tax obligations. Similarly, streets and corners in residential areas are lined up with kiosks, containers and small shops all retailing one form of convenient good or the other but are subject to one form of tax or levy. The locational requirement of trading in the informal economy has been acknowledged by Hays-Mitchell (1994). This requirement has been tied to functions associated with settlements
such as transport links, density and movement of pedestrians (Bromley and Mackie, 2009). Regeneration of the inner city has also seen a horde of traders swarming the streets of the city centre to take advantage of foot traffic, tourist markets and other people who transact business there. Firms associated with petty trade “can range from one-person micro-enterprises through numerous forms of partnership and family businesses, up to franchises, pieceworkers and wageworkers of larger off-street businesses” (Recio and Gomez Jr., 2013). This definition falls within the position of the National Board for Small Scale Enterprises (NBSSI) in Ghana on micro enterprises, which states that such businesses employ between 1 to 5 employees.

(iv) **Growth-oriented enterprises**: Enterprises that have the motivation to grow, through employing other people, plough profits into the business and plan who supplies business items and identify business customers. There is specialization and the individuals involve are not averse to risk.

(v) **Survivalist enterprises**: Enterprises whose owners enter as a matter of necessity in order to mitigate income insecurity. It is characterized by free entry and copying where entrepreneurs sell similar items and success is measured through ability to obtain enough revenue to meet the minimum needs of the household.

(vi) **Constrained gazelle enterprises**: These enterprises share the characteristics of growth-oriented and survivalist enterprises but possess a high potential to grow.

(vii) **Social capital**: It is “the stock of active connections among people; the trust, mutual understanding, and shared values and behaviours that bind the members of human
networks and communities and make cooperative action possible” (Cohen and Prusak (2001).

(viii) Human capital: Refers to tacit and explicit knowledge (years of education, entrepreneurial training and orientation, previous entrepreneurial experience and years of work experience) that the individual possess which enables him/her to identify entrepreneurial opportunity and successfully grow it.

Informal economy: Self-employment generating activities undertaken by the urban poor on pavements and streets without necessarily registering them but they largely fulfill their tax obligations.

Urban Poverty: It is a multi-dimensional situation where people do not have sufficient material resources such as food, shelter and clothing. They also do not have adequate access to basic services such as water and sanitation, good housing, education and health due to inadequate income. Urban poverty can be measured through Economic variables: enterprise income, household expenditure, savings and household assets; Political variables: informal power structure and effects of urban policies and Social variables: access to social services, family pattern and social networking.

1.8 Summary of Chapter

Poverty is a global phenomenon affecting a large number of people especially in cities of developing countries. To reduce it, global bodies and International Financial Institutions such as the UN and the World Bank are at the front of the fight using policy and research.
However, the debate about how to curb this hydra-headed problem is in a state of flux, oscillating between macro and micro policies irrespective of whether it is economic or social development policy. This may be due to the multidimensional nature of poverty and its geographical location. This study argues that reducing poverty on a sustainable basis starts from the human agency and the institutional framework within which the poor make their livelihood. Ghana ranks high on the league table of entrepreneurial activities and the size of its informal sector towards self-employment and subsequent contribution to poverty reduction. This brings into focus the inter-linkages between social and human capital of the individual poor in promoting entrepreneurial activities such as petty trade. Petty trade through globalization has a linkage to the global economy and therefore serves as the bastion for the poor to make a livelihood because consumable items are readily made available for sale. Every nook and cranny of the city is awash with tables and containers and all manner of structures where the poor trade mostly in convenience goods. Scholarly and popular literature appear to have built a consensus on the central role of entrepreneurial activity in the fight to reduce poverty. However, empirical evidence on its inter-linkage with social and human capital of the urban poor for petty trade to grow remains largely scarce.

1.9 Organization of the Study

The study has eight chapters. Chapter one (1) introduces the challenge of poverty and the various debates and policies employed by individuals and governments to address it. It starts with a background on the need to reduce urban poverty and sheds light on the debates and strategies employed in the fight against poverty, the contribution of
entrepreneurial activities in general and petty trade in particular as an entrepreneurial activity for self-employment and poverty reduction, the link between entrepreneurial activity and social and human capital as conduits to marshal resources for poverty reduction. It further clarifies the research questions, associated objectives and hypotheses of the study. The usefulness of the study with regard to academic research and policymaking has also been discussed in the chapter. The overview of the whole thesis was stated and a summary ends the chapter.

Chapter two (2) presents the empirical literature and theoretical underpinnings of the study. The empirical literature starts with an insight into the informal sector, conceptualization of petty trade, the role of social and human capital in poverty reduction, action related activities that promote enterprise performance, gender and micro enterprise performance and measurement of micro enterprise performance. The theoretical aspect critically reviewed theories such as “Social Capital Theory”, “Human Capital Theory”, “Action Theory” “the Theory of Self-efficacy”, “the Liberal and Social Feminist Theory” and the “Concept of Critical Moments”. The chapter also dealt approaches to poverty reduction and ends on the conceptual framework which was considered as a conduit for urban poverty reduction.

In chapter three (3) the study briefly reviews the geographical profile of Accra and the emergence of poverty in the city. The chapter further elaborates on the legal and institutional framework of petty trade in Accra and the description of the three research communities where significant proportions of the population of the city live in informal
settlements with the associated problems of low standards of living, unemployment and squalor.

The subject matter of chapter four (4) is the methodology of the study. It deals with the techniques and strategies employed to properly situate the research questions and the hypotheses derived from the theories and the relevant literature review. Additionally, the chapter addresses the survey instruments with regards to the questionnaire, the qualitative data and how the survey was conducted on the field. Software for the data processing and the statistical techniques adopted to explain the research questions and test the hypotheses are also incorporated in this chapter. The final segment of this chapter is devoted to the issue of validity and reliability of the data set collected for the study.

Chapter five (5) charts a pathway to the first and second parts of the data analysis and findings of the study. The results cover three subsections: the bio-demographic and social characterisation of the respondents; the effects of social and human capital on the poverty levels of petty traders and the action related activities of petty traders that promote the performance of their business. It ends with a chapter summary.

Chapter six (6) takes a closer look at the third and final part of the analysis and findings of the study. The empirical findings cover critical events that enabled successful petty traders to escape poverty and ends with comparison of the factors that affect the performance of male and female petty traders. The summary of findings ends the chapter.
The final chapter (7) wraps up the study and emphasizes the conclusions while making recommendations for addressing the problem of urban poverty. It addresses the central theme of the study and the implications for policy and the theoretical discourse. It takes a look at the main findings of the study in relation to the conceptual framework and discusses the relevance of social capital, human capital and entrepreneurial activity to urban poverty reduction. It ends with directions for future research on urban poverty from the interdisciplinary perspective.
CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction
The central role of human and social capital in any entrepreneurial activity to overcome the problem of urban poverty has generated an interesting discourse at the empirical level. Understanding the role of these key variables in enterprise performance might contribute to the fight against urban poverty. Furthermore, the theoretical underpinnings of this work cut across several academic disciplines and their associated schools of thought. This chapter, therefore, forms the fundamental building blocks for also anchoring the study on theoretical literature from which the analysis will be based.

The chapter starts with the importance of the informal sector and the need for petty trading, through the rise of petty trade to the conceptualization of entrepreneurial activity and the description of the five theories used for the study. The study depends on social capital theory and human capital theory, which trace their origin to resource-based entrepreneurship theories. Closely related to the human capital theory is the theory of self-efficacy which hinges on self-belief of the individual to be able to successfully take advantage of entrepreneurial opportunities. Action theory gives the needed energy to the study and focuses on the action of entrepreneurs and associated strategies which are key to the success of entrepreneurial activity (Frese, 2009). At the downstream level Frese recognizes human actions that can help enterprises grow to reduce poverty. The study also uses social and liberal feminism theories to interrogate the factors that affect the performance of female and male enterprises. Lastly, the study draws on the concept of “critical moments” to complement the other theories to identify successful micro business
owners that have grown and escaped poverty. The chapter ends on the conceptual framework, which integrates the modes and strategies opened to the urban poor to reduce poverty.

2.2 Importance of the Informal Sector and the Need for Petty Trading

Economic restructuring as a way of liberalizing transitional economies has been a paradigm shift pursued by many developing countries for the past several decades. The restructuring involves a significant role for the private sector participation in industrial development, deregulation, decentralization and downsizing of state-owned institutions, shift from manufacturing to service sector jobs, encouraging entrepreneurship and support for free market competition (Kalyuzhnova and Taylor, 2001; Osei-Boateng and Ampratwum, 2011, Lyles, Saxton and Watson, 2003 and Asfaw and Jones, 1999). These changes in the economy of most developing countries have triggered two things: personal employment decisions and the importance of informal economic activities. Many urbanites in developing economies such as Ghana earn their livelihood from informal non-agricultural activities (Greenstreet, 1981) and the increase in urban populations coupled with many people that were retrenched from the restructuring process of the 1980’s has made the informal economy a critical area for earning income especially for women (ABANTU for Development, 2004; Tsikata, 2001 and Amu, 2005).

The informal economy as a concept has attracted a lot of diverse interests from academia since the term was coined in the early 1970s. This comes against the backdrop that informal opportunities offer a ladder out of poverty (Hart, 1973). In surveying urban economic activities in Ghana, Hart (1973) coined the term informal sector to describe a
large swathe of people who eke a living outside the formal sector. However, the International Labour Organization (ILO) changed this to informal economy (Trager, 1987).

Many researchers in their explanation of informal economy look at it as the “various ways of generating income and resources” (Danesh, 1991), “the hidden economy” (Harding and Jenkins, 1989), “legal and illegal sources of income and services that do not appear as reported income” (McInnis-Dittrich, 1995) and “economic activities off the books” (Pyles, 2007). Todaro (1997) captures the informal economy as “the massive additions to the urban labour force that do not show up in formal modern economy unemployment statistics”. Further, Obeng-Odoom (2011a) holds the view that, the informal economy consists of “those who hawk goods on pavements or streets and sell their wares in informal market places”. Drawing attention to the same point, Ademu (2006) posits that the informal economy consists of ‘self-employment generating activities undertaken by the urban poor as a coping mechanism in the absence of formal employment’.

Xaba et al. (2002) documents that Ghana’s informal economy employs about 89 per cent of the total labour force with retail trade taking up 21%. Activities in this economy are made up of micro and small-scale enterprises such as producers, wholesalers, retailers and consumers (Osei-Boateng and Ampratwum, 2011). Accounting for work in the informal economy, Obeng-Odoom (2011a) points out that it largely involves self-employment which cuts across different occupations. He further argues that there is a thin
line between formal and informal economy where a person who works in the formal economy could as well work in the informal economy as a part-timer. Shedding more light on the close association between the formal and informal economy, Asiedu and Agyei-Mensah (2008) assert that a poor person who works in the informal economy may graduate to the formal economy. This position points to the fact that traders who graduate to become shop owners register their businesses and pay their taxes as required by law. Many argue that informal economic activities are unregulated and mostly do not live up to their tax obligations. However, once petty traders pay one form of tax or levy daily or monthly they are also qualified to be considered as hybrid enterprises, carrying out both informal and formal activities.

2.3 The Rise of Petty Trade

Petty trade as a form of informal retail activity has existed for centuries on the streets, home fronts, corners and alleys as a source of livelihood and is yet to be rivaled by modern large supermarkets (Bromley and Mackie, 2009). From the Roman Empire food bazaars to the dominance of capitalism, goods were exchanged at the micro level in every settlement. The growth of petty trade in the urban economy of third world countries is generally attributed to the dynamism of the urban centre and its ability to attract capital and labour (Dasgupta, 1991). The constant stream of migrant flow to the city has created competition for the non-existent jobs leaving many people unemployed. However, to survive, the migrants and other urbanites have to find a means of livelihood. In such a circumstance small-scale activities such as petty trade is of interest. The persistent high level of unemployment even among university graduates, Dasgupta (1991) argues, has forced many to enter the urban economy through petty trading. Petty trade therefore has
become a source for providing livelihoods for illiterates, unemployed graduates and other urban residents. It has also been the response of women largely to systemic crisis and opportunities to the maintenance of the livelihood of their families. It permits distribution of consumer goods at the downstream level of the larger official trade.

As a form of self-employment, petty trade is the most dominant non-farm activity in the economy of most African countries (Egziabher et al., 1994; Tripp 1990). Graham et al. (1991) in their study of Maputo noted that out of a sample of 366 households, they found 50% of the households have at least one member engaged in petty trade. They assert that income from such activity most often exceeds that of formal wage pay. Petty trade provides close to 75% of job opportunities for people in most countries in Africa (McLachlan, 2005). In West Africa where the informal economy dominates the national economy of various countries, trade in general and petty trade in particular accounts for a large percentage of the employment. It has become the dominant source of livelihood for many city dwellers in Ghana principally because of the shrinking of the formal sector, globalization and easy entry. Asiedu and Agyei-Mensah (2008) draw attention to the fact that, the continuous shrinking of the formal sector employment as a result of paradigm shift in global and national policies and massive rural-urban migration has seen an increase in petty trading activities as a way to cope with urban poverty. Indeed, it has become fashionable these days in the face of high-level unemployment and rising cost of living to see many urbanites opening small shops either on a table or in small kiosks to retail household goods. Lyons and Snoxell (2005) affirm the increase and importance of petty trading as a form of livelihood for the poor in Sub-Saharan Africa. Little (2000)
draws attention to this by concurring that petty “traders represent perhaps the fastest growing segment of the labour market in Africa, attracting the unemployed and the impoverished”.

2.4 Conceptualizing Entrepreneurial Activity

Entrepreneurial activity is an outflow from entrepreneurship, and the meaning of entrepreneurship is rooted in economic definitions. Authors such as Schumpeter in 1934, Leibenstein in 1968, Kirzner in 1973 are among the leading contributors to the understanding of the term and its related processes. Indeed, the long debate that ensued after their publications has led to the refining of the term and its applicability to human situations. According to Binks and Vale (1990), entrepreneurship is “an unrehearsed combination of economic resources instigated by the uncertain prospect of temporary monopoly profit”. An individual called the entrepreneur normally initiates this action. Defining entrepreneurship, Schoof (2006) argues that it is the ‘ability to recognize a window of opportunity to create value, act upon it, whether or not it involves the formation of a new entity’. Chigunta et al. (2005) on the other hand explains entrepreneurship as the “process whereby individuals become aware of the self-employment career option, develop ideas, take and manage risks, learn the process and take the initiative in developing and owning a business”. Contributing to the definition of entrepreneurship, Brück et al. (2013) contend that entrepreneurship is a person’s choice to be self-employed which leads him to start up an economic venture. The individual creator of such a venture earns income from this small-business source. Given the peculiar nature of the urban poor in developing countries, many of such individuals
include informally self-employed urban petty traders. This explanation of entrepreneurship brings on board normal behaviours that are associated with entrepreneurship such as Schumpeter’s (1961) position that the entrepreneur is an innovator (creative destruction); Kirzner (1973) observes that the entrepreneur is the person who identifies opportunities for profitable simultaneous buying and selling of commodities and Kanbur (1979) sees the entrepreneur as the one who “manages the production function”. The central theme of entrepreneurship is the adoption of improved ways of doing things, which involves organising and coordinating products and services. The presumption is that opportunities are rife in any locality, and so the individual has to take advantage of them. This, however, may involve elements of innovativeness and ability to bear risks. In line with this, Acs and Szerb (2007) posit that entrepreneurship gyrates from an ability to recognize opportunity and taking firm decisions to exploit this for financial gain through the establishment of a firm. This means there is a demand to which one responds to through supply. The prime mover of such an action is the entrepreneur who is “innovative and coordinates other factors of production in the creation of new products or services” (Phuc 2006). This individual has the skill to make critical decisions in the combination of the meager resources at his/her disposal in order to make gains (Casson, 1999). Contributing to the debate, Chigunta et al. (2005) define entrepreneur as the person who is willing and able to take risk in self-employment which varies from survival to growth oriented activities.

These scenarios point to the fact that the entrepreneur introduces a new idea into the locality given the opportunities; however, these ideas may not be new elsewhere. What is important here is the domino effect of the idea where others adapt and pass it on to other
generations. Binks and Vale (1990) christened this as catalytic. However, they added that only a small number of entrepreneurs “engage in such catalytic events due to market resistance” as variations occur with regard to each locality. Binks and Vale (1990) in their contribution to understanding the entrepreneurial debate carefully outlined the various levels of entrepreneurial activity. From catalytic they posit that the next level is where creativity is brought to bear on the rebranding of an old idea, product or service to meet the taste and demand in the locality. This level is followed by refining level where an entrepreneur “provides the same good without alteration but introduces a new attitude or practice that is not conventional in the locality” (Binks and Vale 1990). The refining activities, the authors argue, are a direct reaction to competition in the local market and positioning of the enterprise to revitalize and stand up to any competition.

Enterprises, especially the micro ones, have contributed immensely to the growth of many developing economies. Day-Hookoomsing and Essoo (2003) advocate the use of micro-enterprises as a strategy for fighting poverty because it creates employment and generates income for the poor. Berner et al. (2012) supported this view with the empirical evidence that it helps a large number of people to become less poor. However, the micro enterprise sector is dominated by survivalists who never grow. They serve as a last coping mechanism for the poor. A majority of them engage in low-cost goods which in turn generate low incomes, enough to take care of the basic needs of the poor. Enterprises at the micro level can therefore be divided into survivalist and growth-oriented.
2.5 Survivalist and Growth-oriented Enterprises
2.5.1 Survivalist Enterprises

In studying the dynamism associated with micro-enterprises in the informal sector, methodical investigators such as House (1984), Mead and Liedholm (1998), Rogerson (1997) and Berner et al. (2012) have identified survivalist and growth-oriented enterprises in the informal economy. The two have distinct characteristics which are used as the basis for classification. The survivalist enterprise according to Rogerson (1996) is dominated by the chronically poor who cannot secure employment of their choice in the desired sector of the economy. Key characteristics of the survivalist include: operating in an environment of overcrowded special markets, hostile and often negligent government agents, and unstable sources of household income (Berner et al., 2012). Further, Berner et al. (2008) acknowledged another important characteristic of the survival business as ‘diversification of activities driven by the aim of cushioning the entrepreneurs’ households against income insecurity’. Closely related to this assertion is free entry and exit and “copying and flooding of similar activities” by the survivalist (Kanothi, 2009). Many of the survivalist entrepreneurs have the freedom to set up such one-man enterprises which compete amongst themselves for the limited clientele thus driving profit margins down. This notwithstanding, Gomez (2008a) opines that the resilience of this category of entrepreneurs finds expression in their ability to garner enough income for their daily needs even when the overall economic situation is not good.

Survivalist economic activities have been documented to provide safety nets for survival of the poor (Gomez 2008b), bridge the difficult periods when there are economic crises (Knorringa (2007), create a safe haven for those without the necessary finance and
experience in entrepreneurship (Farbman and Lessik, 1989) and serve as a sure way to lessen the burden of poverty (Rogerson 1996). Many of such enterprises are dominated by women who aim to balance productive and reproductive roles (Marcucci 2001). It has also been noted that most of the enterprises could not expand and graduate into growth oriented ones. This has been attributed to a lack of specialization which is seen as critical to the development of sustainable micro-enterprise which is not what the poor are looking for (Berner et al., 2012). In this respect, Phillips and Bhatia-Panthaki (2007) in their study of survival enterprises allude to the fact that “owners saw their business as a survival effort and did not show any entrepreneurial traits”.

Related to this, Berner et al. (2012) attributed the lack of graduation to growth-oriented to the fact that “the income of the survivalists can barely satisfy their basic needs let alone plough back profit into the businesses. These micro businesses only play a complementary role in the income of the household. The gender argument was strongly used as potential source of lack of graduation for survivalist. Marcucci (2001) points out pregnancy, overworking in the household, lack of education, lack of social support and limited managerial capacities as militating factors against the graduation of the businesses of women. Contributing to the debate, Zandniapour et al. (2004) add that survivalist lack access to business development services and credit. They posit that where this category of business owners qualifies for credit schemes, the loans they obtain are too small to kick-start growth-oriented investment. These positions notwithstanding, Gomez (2008a) observed that there are some survival businesses that generate enough revenue for sustainability. For these businesses, she points out that intervention efforts,
no matter how small, will help minimize vulnerability, save enough income to guarantee an appreciable level of security against risks and meet the basic needs of the household.

2.5.2 Growth-oriented Enterprises

On growth-oriented enterprises, key characteristics such as reinvesting of earnings, hiring of additional staff and planning of suppliers and buyers (Gomez 2008a) willingness to take risks, specialization, ability to accumulate part of the income generated (Berner et al., 2012) have been identified. Many of these characteristics are associated with successful enterprises in the formal sector though growth-oriented enterprises start as family or one-man businesses. Berner et al., (2012) argue that the willingness of such enterprises to accumulate capital and re-invest revenues enables them to expand vertically. To support this position, Mead and Liedholm (1998) document that the ‘capacity to accumulate capital as well as create jobs even at the formative stage of the business helps them to expand at a faster rate. Mead (1994) further points out that the capacity for job creation is one of the key features that attract support for growth oriented enterprises.

Contrasting survivalist and growth-oriented enterprises, it was discovered that there is a horizontal and vertical difference between them. A survival entrepreneur who has surplus revenue prefers to create another of the same business in order to spread the level of risks (Nichter and Goldmark, 2009) instead of re-investing in the old business to grow it. In fact, success in survival businesses is likened to diversifying risks. The opposite, however, is the case with growth-oriented businesses that always re-invest in the business
and employ additional labour which may enhance their credit worthiness and for that matter increase their chances of growth. Table 2.1 captures the main differences between survivalist and growth-oriented enterprises.

### Table 2.1: Differences between Survival and Growth-oriented Enterprises

<table>
<thead>
<tr>
<th>Survivalist Enterprise</th>
<th>Growth-oriented Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Street businesses, Community of the poor, [Microenterprise,] Informal own account proletariat, Sub-subsistence)</td>
<td>(Small-scale family enterprise, Intermediate sector, [Microenterprise,] Petty bourgeoisie, Micro-accumulation)</td>
</tr>
<tr>
<td>Ease of entry, low capital requirements, skills and technology</td>
<td>Barriers to entry</td>
</tr>
<tr>
<td>Involuntary entrepreneurs</td>
<td>Entrepreneurs by choice, often with background in regular employment</td>
</tr>
<tr>
<td>Female majority</td>
<td>Male majority</td>
</tr>
<tr>
<td>Maximizing security, smoothing consumption</td>
<td>Willingness to take risks</td>
</tr>
<tr>
<td>Part of diversification strategy, often run by idle labour, with interruptions, and/or part-time</td>
<td>Specialization</td>
</tr>
<tr>
<td>Embeddedness in social relations, obligation to share</td>
<td>Disembeddedness, ability to accumulate</td>
</tr>
</tbody>
</table>


Berner et al. (2012) therefore suggest that survival and growth-oriented entrepreneurs are different groups, rather than different stages in the continuum of enterprises. Considering the large number of the urban poor who fall under survivalist and the wide range of human and social capital available to them, it can be argued that they can be re-oriented to see their business as means for vertical movement rather than a buffer against shocks and risks diversification.
2.6 Measurement of Micro Enterprise Performance

The provision of employment and income by microenterprises to urban dwellers has been critical in the reduction of poverty in urban areas (Kumi et al., 2014). This is because once enterprise register good performance owners are able to grow their business and meet their basic needs, thus reducing their level of poverty. The performance of micro and small-scale enterprises has generated a lot of research on how performance should be measured. Indeed, Neely (1999) use the phraseology “the performance measurement revolution” due to the over 3600 research articles that were published in a spate of two years (1994-1996) on enterprise performance. This revolution in performance measurement to a large extent is to find out the best performance measure at any given time and circumstance.

Two schools of thought dominate the review of the literature on measurement of micro and small-scaled enterprises’ performance: traditional measure and contemporary measure. The traditional measure is based on financial performance (Masakure et al., 2009; de Mel, McKenzie and Woodruff, 2009) revenue growth, profitability growth and productivity growth (World Competitiveness Report Yearbook, 2009) and return on investment type measures (Länsiluoto et al., 2004; Nohria et al., 2003; Phillips 1997). Most of these measures were criticized because of the inability of most micro enterprises to keep accurate financial records, failure to include non-financial measures such as importance attached to and satisfaction derived from the enterprise and lack of alignment between performance measures and strategy (Neely et al., 1994; Ghalayini and Noble, 1996). In contrast, the contemporary measure of performance incorporates intangible dimensions such as importance attached to the enterprise, number of employees and
satisfaction derived from the enterprise (Watson, 2011 and Van Praag, 2005).

The use of profit as a proxy measure for performance dominates empirical studies that investigated performance of micro and small-scale enterprises in developing countries. This measure according to de Mel et al. (2009) is key and important in studying poverty, inequality and the level of success of microfinance intervention given to an entrepreneur who establishes a micro enterprise. However, there are difficulties associated with using profit as a measure of performance because of recall error, poor nature of book keeping, inability to track household consumption that uses enterprise resources and the perennial fear of taxation (de Mel et al., 2009 and Ayambila, 2014). Daniels and Mead (1998) share the same view, observing that most micro enterprises in the developing world keep rudimentary accounting records which at best are woefully inadequate for the purpose of estimating performance. These issues notwithstanding, dependence on recent recall of business transactions has been documented to be relatively accurate but tends to be fuzzy with transactions in the distant past.

Empirical studies which sought to measure microenterprise performance through the financial means resort to two measures: asking the owner how much profit is made when all expenses are deducted and the detailed accounting method where all operating costs are deducted from total sales. Daniels (2001) in his review of 14 different approaches to the measure of enterprise performance financial means recommends that ‘value of products consumed must be added to money from the enterprise used by the household plus any money that is left’. She further recommends a second measure where “Sales
revenue - operating cost - depreciation cost within 12 months preceding the survey” could be used. Using the second measure recommended by Daniels (2001), Masakure et al. (2008 and 2009) in their study of micro enterprise performance in Ghana asked enterprise owners to clearly indicate the months in which monthly sales were high, low, medium and no sales at all on one hand and same procedure for cost on the other taking January to December of the year before the survey into consideration. Profit was thereafter calculated as the difference between total sales minus total costs. To make adjustments for seasonality Masakure et al. (2008 and 2009) give months that had no sales a zero score.

De Mel et al. (2009) in their measure of profit of microenterprises in Sri Lanka conclude that firm owners should be directly asked for their profits taking cognizance of business fungibility and household expenditure. For instance for the month of June, enterprise owners could be asked “What was the total income the business earned during the month of June after paying all expenses including the wages of employees, but not including any income you paid yourself”. For them, this measure is reasonable when the main object of interest is profit rather than asking for all the ingredients that go into the business. Furthermore, de Mel et al. (2009) said this method should be used with caution because of under-reporting. For this, they indicate that where one is interested in sub-components one should ask detailed questions about “revenue, expenses, mark-ups, and household uses”. To illustrate this, they suggest that “firm owners could be asked to indicate the total revenues of the firm in the last month, and then for the total expenses in each of eleven categories” (purchases of inventories; purchase of electricity, water, gas and fuel; interest paid; wages and salaries for employees; rent for machinery and equipment; rent
for land and buildings; telephone or cellphone charges; taxes; maintenance and general repairs; traveling expenses; and other expenses). Profit is thereafter calculated as the difference between revenue and expenses.

Currently, the general consensus as advocated by Yip et al. (2009) is for a blend between traditional and contemporary measures of performance. For instance Liedholm and Mead (1998) contend that the number of employees of micro and small enterprises should be used as a measure of performance. This, according to Ayambila (2014), is in place because counting of the number of employees at any given time is easy and this also helps eliminate recollection errors. One, however, needs to exercise caution here because the use of such a measure may not yield greater variation in terms of petty trading where most of the time the employees are 1 or 2, work on casual basis and mostly family members. Given the nature of petty trading, the detailed method of estimating profit was used as financial measure in addition to satisfaction and importance attached to the goals of the business as non-financial measures of performance.

In the resource-based entrepreneurship literature there are three major schools of thought that predict entrepreneurship and growth of business activity. The first is the liquidity theory, which argues that people with financial capital are able to take advantage of entrepreneurial opportunities and grow their ventures. The second is social capital theory, which posits that social connections help to transform business opportunities to successful ventures. The final one is the human capital theory, which on the contrary laid emphasis on education and experience as central to effective exploitation and growth of
business opportunities. Considering the main theme of this study social and human
capital theories were chosen.

2.7 The Role of Micro Credit in Micro Enterprise Performance
Access to credit has been identified as one of the factors in the expansion and for that
matter performance of micro enterprises (Akoten, et al., 2006). Fafchamps and Minten
(2002) document that microenterprise performance is related to the owner’s access to
start-up capital and the capital that accrues to the enterprise through retention of profits.
In accessing credit for a business start-up the difference between men and women is
clearly shown. While men find it relatively easier to access loans women are limited by
lack of collateral because most of them are engaged in sole-proprietorship
microenterprise. Loan officers are unwilling to grant credit to women or give them the
many opportunities that men enjoy (Abor and Biekpe, 2006).

Quansah et al., (2012) in their study of entrepreneurial activity in Ghana found that
micro-credit schemes have been very instrumental in transforming the businesses and for
that matter the lives of the poor in society. They posit that micro-credit has helped the
poor to boost their trading activities. Supporting the micro-credit poverty reduction
argument, Mwenda and Muuka (2004) maintain that if the poor is supported to create
his/her business with provision of credit, their businesses will surely thrive. Supporting
this viewpoint Ssendi and Anderson (2009) suggest that if small loans are extended to
support the self-employment business of the poor, material poverty could be reduced.
In their review of 15 relevant studies on the impact of microfinance in sub-Saharan Africa, van Rooyen et al. (2012) contend that microfinance does harm as well as good to the poor’s livelihood. They found that the expansion of businesses of micro-entrepreneurs and subsequent increase in income is attributed to their ability to access micro-credit. The increase in income, they maintain, is attributed to the fact that micro credit allows the poor to acquire assets and skills that enable them increase and manage their business activities well. In contrast, Bateman and Change (2009) and Copestake (2002) opine that microfinance does a lot of harm to the livelihood of the poor and vulnerable. They pointed out that microfinance exploits women, increases income inequality and creates child labour. Another study established that the longer a client stays in a credit scheme, the worse their business profits became (Nanor, 2008). This was attributed to repayment schedule and low margins of profit that accrue from the businesses.

Hulme and Mosley (1996) in their study of informal sector finance found out that “poor households do not benefit from microfinance…only non-poor borrowers (with incomes above poverty lines) who can do well with microfinance and enjoy sizable positive impacts”. Concurring, Chowdhury (2009) succinctly captures the argument as “vast majority of those with starting incomes below the poverty line actually ended up with less incremental income after getting micro-loans”. Banerjee et al. (2009) draw attention to the fact that the “poor entrepreneur lack the drive to take risks for fear of losing the little they have”. 

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2.8 Action Related Activities of the Entrepreneur and Performance of Micro Enterprises

The challenging nature of petty trading requires thinking outside the box if it is to survive and ensure good performance. In doing this, many studies (see Covin and Slevin, 1989; Miller and Friesen, 1983) have suggested that firms innovate and develop new ideas, take risks to cope with change and be proactive in order to stay ahead of competition. To innovate, Wiklund (1999) propounded that firms must develop the proclivity of doing things in a different way where new products and services must be adopted. Further, pro-activeness reflects a firm’s posture that allows it to stay ahead of all competitors through taking initiatives (Davis et al., 1991). The willingness of firms to take risks in resource commitment is what Stewart et al. (1998) refer to as risk-taking. These three together, are referred to as entrepreneurial orientation which has been documented to affect the performance of micro enterprises.

There appears to be a unanimous agreement that sustainable self-employment is a necessary condition for poverty reduction. Petty trading as a form of self-employment helps the poor to cope with poverty. Ackah and Baah-Boateng (2012) establish the fact that “poverty reducing effects of employment depend on increase in productivity in self-employment resulting in reduction in vulnerable employment”. The challenge of increasing productivity can be overcome when the self-employed try to innovate, be proactive and are prepared to take risks (i.e. entrepreneurial orientation). Empirically, the extant literature has examined the effect of entrepreneurial action on small businesses (Wiklund and Shephered, 2005, Runyan et al., 2008) the relationship between entrepreneurial orientation and family business (Casillas et al., 2010) and entrepreneurial
orientation and business performance of small and medium scale enterprises (Fairoz et al., 2010). These studies have revealed a positive effect of entrepreneurial orientation on the performance and growth of small and medium scale businesses.

Fairoz et al. (2010) examined entrepreneurial orientation and business performance of 25 manufacturing small and medium scale enterprises in Hambantota District in Sri Lanka. Findings from this research demonstrate that one critical factor that determines entrepreneurial orientation of small and medium firms is the owner’s innovativeness. Further, the study showed a positive correlation between entrepreneurial orientation and overall business performance. They also document that pro-activeness, innovativeness, risk taking were significantly correlated with performance. In a related study, Wiklund and Shepherded (2005) explored the correlation between entrepreneurial orientation and firm performance of 413 Swedish firms. This correlation was also found to be significantly positive.

Casillas et al. (2010) investigate the relationship between entrepreneurial orientation and growth of 317 Spanish family businesses. They found out that entrepreneurial orientation has a positive effect only on second-generation family business and that the generational involvement influences the risk-taking dimension. Similarly, Runyan et al. (2008) in their study of 267 small businesses found out that entrepreneurial orientation significantly predicts performance of younger firms.

Messersmith and Wales (2011) examine the effects of managerial practice and philosophy variables on the relationship between entrepreneurial orientation (EO) and
sales growth in 119 young high-technology firms in the United States. Their results indicate that for growth to occur in young firms entrepreneurial orientation depends on the extent to which human resource and philosophies of firms are embraced. Furthermore, Poon et al. (2006) in their study of effects of self-concept traits and entrepreneurial orientation on firm performance among 96 entrepreneurs using path analysis, found out that self-efficacy influenced firm performance positively through its effect on entrepreneurial orientation. Though businesses studied earlier differ from petty traders, the expectation is that similar positive relationship between entrepreneurial orientation and firm performance will either be confirmed or otherwise in the current study.

2.9 Micro Enterprises and Poverty Reduction

Work whether in the formal or informal sector plays a critical role in the poverty reduction efforts. It is from work that people earn an income and are able to fend for themselves. Through work provided by micro enterprises the government is also able to impose tax and get the necessary resources to provide basic needs such as education, health care, water and sanitation to the larger population (Kumi et al., 2014). In the formal sector most people work as employees but in the informal sector majority are self-employed owners of micro enterprises, which range from growth-oriented ones to survivalists. Owners of such micro enterprises most of the time work alone or employ a few family members and casual workers (ILO, 2006). Several instances point to the fact that the poor who work in these micro enterprises do so out of necessity or opportunity because they may not have the necessary skills and knowledge to get employed in the formal sector (Amin, 2009). The poor therefore work for themselves to reduce poverty
through these micro enterprises where “they create and sustain the jobs necessary to earn the income needed to purchase basic goods and services” (Kumi et al., 2014) for their sustenance.

The performance of micro enterprises whether through increase in profit, expansion or starting a new enterprise create employment, which provides jobs and subsequent income to the poor (Thorsten et. al., 2005). The income generated from such an employment in turn helps the poor to acquire their material and non-material needs thus reducing their level of poverty (Kumi et al., 2014). It therefore stands to reason that given the high level of entrepreneurial activity especially in the informal sector, the performance of micro enterprises will provide the needed employment, income, goods and services that are critical to the reduction of poverty. It is no wonder that the performance and subsequent growth of micro and small-scale enterprises feature prominently in many poverty reduction strategies. Eggenberger-Argote (2005) argues that when small-scale enterprises are promoted and they perform well, poverty is reduced through sustainable income and development of human and related resources. In the development of human and related resources that will enable these small-scale firms to perform and grow, social and human capitals become paramount.

2.10 The Role of Human and Social Capital in Micro Enterprise Performance

The performance of micro and small-scale enterprises has been linked to several factors critical among which are social and human capital. Freese (2010) points out that the capital stock such as social and human capital of an individual or household determines
the performance of any economic activity they may engage in. Confirming this position, Fatoki (2011) in his study of the impact of human and social capital on the performance of 122 SMEs in South Africa found a significant positive relationship between human and social capital on one hand and the performance of SMEs on the other.

Agarwala et al. (2003) argues that many studies carried out on the role of human capital on firm performance indicated that where human capital is enhanced, there is greater competitiveness and performance. Indeed, Lyles et al. (2004) in their study of managerial competence and venture performance concluded that entrepreneurs with appreciable level of education and related job experience tend to reap higher profits. However, profit levels are low when enterprise owner’s educational and experience in line of business are also low. Nonetheless, enterprise owner’s skills in terms of business related experience have been documented to affect enterprise performance (Verheul, Wennekers, Audretsch and Thurik, 2002). Affirming this position, Bosma et al. (2004) found that human capital in the form of owner’s previous business experience has a significant effect on performance measures such as profitability, survival and employment status of the enterprise. In contrast, studies by Appuhami (2007) and Chan (2009) find insignificant relationship between human capital and firm performance.

The inter-linkage between economic activity and social elements such as networking and information flow has been identified to affect performance of micro enterprises such as petty trade. Burt (2001) captures the main structural argument as “certain people (in most social structures) are connected to certain others, trust certain others, are obligated to support certain others, and are dependent on exchange with certain others”. Supporting
this view, Barr (1998) observes that networks provide entrepreneurs with information about how certain markets function. This in turn helps enterprises to be competitive, increase their productivity and reduce costs associated with their business transactions thereby increasing their performance. Further, Barr (2000b) contends that social capital is a paradigm that results from relations and trust with attendant benefits such as free access to information which lowers cost associated with doing business. Interrogating the network and information nexus, Barr (2000a) in her study of SMEs in the manufacturing sector of Ghana concluded that micro enterprise entrepreneurs maintain solidarity networks that help them reduce information asymmetry which leads to easy access to informal credit and sharing of risks.

Kuada (2008) argues that social capital can benefit an individual entrepreneur in the form of “new information about business opportunities, lower costs of transactions and the ability to leverage external resources by the aid of referrals”. This position was echoed by Chalfin (2001) who drew attention to the fact that one way traders can increase the performance of their enterprises is to reduce transaction costs through networking in the form of friendships and well-organized institutions. Affirming this view, Fukuyama (1995) and Lyon (2000) emphasize the need for trade networks to have common norms and cooperation if they are to function well for enterprises to reap the needed benefits.

Again, networking allows owners of micro enterprises to gain access to resources that are not immediately under their control at a lesser cost which in turn affects the success of such ventures (Zhao and Aram, 1995). Recognizing the central role of networking which is a key component of social capital, Jarillo (1989) insists that networking provides the
conduit by which micro and small-scale enterprise owners can get access to external resources crucial to their performance. To increase a firm’s chances of performance, innovation theory posits that, networks allow innovation to flow from one member to the other, therefore, enterprise owners who have such networks and make maximum use of it should outperform those who do not have and use any networks (Havnes and Senneseth, 2001).

Davidsson and Honig (2003) in their study on nascent enterprises found that being a member of business network allows one to have access to professional pieces of advice which have a significant correlation with enterprise performance. Similarly, Zhao and Aram (1995) point out that, owners of growth-oriented enterprises have a high intensity of business network than those enterprises that reported low growth.

2.10.1 Social Capital, Human Capital and Poverty Reduction

Narayan and Pritchett (1999), in a micro level study carried out to examine the relationship between social capital and household income from business activities in rural Tanzania found that social capital is one of the important determinants of household’s income. Indeed, they concluded that ignoring social capital in the analysis and understanding of poverty issues “could be missing a large part of the poverty puzzle”. They further found that “household’s social capital endowment not only has strong effects on welfare, but that the magnitude of the effect is notably larger than that of the household’s education and physical assets”.


Furthermore, Rupasingha and Goetz (2007) also demonstrated that social capital is vital in poverty alleviation, and that strategies such as improving the educational level of the poor and the creation of new jobs do not necessarily guarantee a reduction in poverty. These efforts must be complemented with the development of social capital if the strategy is to be effective. Similarly, Grootaert (1999) found that social capital is not only important, but has greater influence on economic well-being than human capital and other forms of capital.

Putnam (1993) holds the view that communities with high levels of social capital, i.e. what he calls ‘civic engagement’, are found to be more prosperous than communities with low levels of social capital. He also showed that the levels of social capital were strongly correlated with a number of social consequences such as lower levels of violent crime, lower mortality levels, and better educational outcomes (Putnam, 2000).

Social capital again holds a strong position in poverty reduction in that it helps share beneficial information (Rauch and Casella, 2003) that are very important to understanding economic performance (North, 1990), that reduces transaction costs (Pollack, 1985), that provides contract enforcement (Johnson et al., 2000), that enables households without access to credit to have easy access to funds (Besley, 1993) and provides avenues for risk sharing (Rosenzweig, 1988).

Human capital concept is based on education which in turn imparts knowledge and skills to an individual. The literature has demonstrated that education gives the poor a ladder to
escape from poverty. The direct effects of education, in term of financial benefits, accrue to an individual through more income or wages (Tilak, 2005 and Zuluaga, 2007). Investment in education increases the ability of the individual to be more productive and efficient (Lockheed et al., 1980, and Jamison and Lau, 1982) in what entrepreneurial activity s/he undertakes. An individual, with better skills has more choices and opportunities. Better opportunities help in doing good business and hence increase the income level. Thus, poverty is negatively linked to the income level of household where higher income implies low poverty (Awan and Ighal, 2011).

2.11 Resource-based Entrepreneurship Theories

2.11.1 Human Capital Theory

Human capital theory according to Schultz, (1959); Becker, (1964) and Mincer, (1974) propounds that “knowledge provides individuals with increases in their cognitive abilities, leading to more productive and efficient potential activity”. This pre-supposes that, individuals with higher quality human capital should be better in identifying avenues for economic opportunities that exist around them and take advantage. Translated to opportunities for business activity, such individuals should be the first to identify, exploit and make maximum use of such chances.

In gaining the needed knowledge, education has been identified as a key component of human capital. This makes amassing of knowledge possible thus endowing entrepreneurs with the necessary skills for identification and creation of entrepreneurial activities. Many empirical studies on the relationship between education and success of entrepreneurial
activity suggest that such a relationship is non-linear (Davidsson, 1995; Honig, 1996; Gimeno et al., 1997; Reynolds, 1997). Apart from formal education as a source of knowledge, human capital also has experiential knowledge acquired through practical learning as another component. “Thus, a broad experience of working in a specific market as well as specifically directed vocational experience may, in theory, increase human capital” (Becker, 1964).

Polanyi (1967) and Nonaka (1994) identified tacit (know-how) and explicit (know-what) knowledge as crucial in decision making concerning the type of entrepreneurial activity to adopt. Making entrepreneurial decisions as regards business activity of the individual will require utilization of both tacit and explicit knowledge as well as social structures and belief systems. Explicit knowledge normally stems from formal education. Education according to Tilak, (1994) imparts knowledge and skills to individuals and forms the basis of the Human Capital Theory. Those who invest in education are able to escape from poverty because there is a direct effect of education, in terms of pecuniary benefits which come in the form of more income or wages from formal or informal economic activity (Tilak, 2005 and Zuluaga, 2007). With more education the individual becomes more productive and an individual with ‘more productivity has better skills and more choices and opportunities’ (Awan, 2011) for livelihood and higher income. The higher income of an individual or household means low poverty thus poverty is negatively linked to income level of a household or individual.
On the other hand, it has been argued that tacit or experiential knowledge is deeply rooted in action, experience, thought and involvement in a particular context (Alavi and Leidner, 2001). Tacit knowledge according to Berman et al. (2002) is the most important asset for individuals and encompasses the concept of skill. Human capital is therefore not rooted only in formal education but through experience and practical learning, training that one may undergo outside formal educational structures. For this reason, “broad labour market experience, as well as specific vocationally oriented experience, is theoretically predicted to increase human capital” (Becker, 1964). Studies have shown that experience from the labour market as well as prior entrepreneurial experience has a significant relationship with entrepreneurial activity when gender and type of economic activity are controlled (Bates, 1995; Gimeno et al., 1997). This notwithstanding, other studies have found confounding variables affecting the relationship between human capital and entrepreneurial activity (Gimeno et al., 1997).

Knowledge, whether tacit or explicit, has played a major role in the changing market of the world economy. The advent of the various forms of technology driven by globalization and competition has made knowledge a powerful tool to surmount many challenges. One of the key elements of the knowledge economy according to Miller (2005) and Westlund (2006) is social networks because they serve as the conduit for the transfer of information. Individuals especially in the informal knowledge economy are owners of the core factor underpinning production. Knowledge spillover together with endogenous growth theory according to Doh and Zonik (2011) presumes that in different social systems, knowledge is produced and used differently.
A successful entrepreneurial activity involves the use of knowledge in an innovative way by an entrepreneur. This creates new ways of doing things and advancement for profit. Creating something new according to Davidsson et al. (2006) involves the “creation of new economic activity”. This new economic activity could be the application of a new idea to an existing phenomenon to create innovation. In essence, entrepreneurship is to recognize an opportunity and explore it. This, however, could involve risk taking and pro-activeness (Hessels, 2008).

Gonzalez-Alvarez and Solis-Rodriguez (2011), however, posit that an individual’s knowledge cannot simply determine entrepreneurial activity; rather an individual’s perception of his/her knowledge or ability is important. Clearly, self-efficacy has been identified as one of the main cognitive factors affecting the entrepreneurial spirit (Bandura 1997).

Davidsson and Honig (2003) criticize the human capital theory on the basis that it takes a black box view of educational outcome. This is due to the fact that social systems may affect an individual’s investments in education with consequent effects on career choices and entrepreneurial activity. Where an individual invests so much in education s/he may not take risks and vice-versa. They also posit that migrants like to engage in entrepreneurial activities because they are located in a new environment where there is little or no reward to their previous human capital investments. Further, informal learning helps individuals to acquire a vast stock of knowledge through experience which can also help them to initiate profitable business activities.
2.11.2 Self-efficacy Theory

Human agency forms a critical part of the poverty reduction equation. Indeed, people’s ability to participate in things that they believe they can do to change the course of their lives is an important ingredient for poverty reduction. Self-efficacy as a theory has its origins in Bandura’s (1986) social cognitive theory that lays emphasis on social experience and observational learning in the progress of the personality of the individual. The theory posits that the choices an individual makes in any given circumstance are fortified by the observations the individual makes of actions or behaviours of others in same or similar situations. “These observed behaviours are kept in memory by an individual that later on helps in shaping the individual’s cognitive processes and social behaviours” (Saleem and Shah, 2011). Wood and Bandura (1989) associate self-efficacy with the values an individual holds in terms of his/her capacity and ability to marshal the necessary motivation, thought process, resources and other actions necessary to meet the demands of a challenging situation.

For Bandura, self-efficacy symbolizes the level of confidence an individual reposes in himself/herself to accomplish a task, how to self-regulate the motivation, how much effort will be required in the choice of behaviours and activities and, above all, how to persist in dire circumstances (Wood and Bandura, 1989). Self-efficacy beliefs according to Bandura (1977) are formed from four major different sources: verbal persuasion, vicarious experience, psychological cues and performance experiences.
Efficacy and entrepreneurial activity have attracted quite a number of studies from academia. The viewpoint held by these studies is that efficacy influences entrepreneurial activity (Chen et al., 1998; Boyd and Vozikis, 1994; Krueger and Brazeal, 1994). These studies discuss the self-efficacy concept as “the perceived personal ability to perform a given task” (Verheul et al., 2002). Given this position, people may make livelihood choices founded on the perception they hold and how this fits into a particular occupation (Fagenson and Marcus, 1991). It has been argued by Chen et al. (1998) that individuals may evaluate their capabilities vis-à-vis the requirements of different jobs. The choice to take up a particular entrepreneurial activity therefore clearly rests on whether individuals can associate with the required features and corresponding behaviour of such an activity.

Koh (1996) argues that “…needs, drives, attitudes, beliefs, and values are the primary determinants of an entrepreneur’s behavior.” And, a reliable predictor of entrepreneurial activity and behaviour is entrepreneurial intention (Krueger, 2000). The motivation to undertake a venture and utilize the competencies one has is rooted in self-efficacy (Ayodele, 2013). Various studies have argued that whenever there is a strong sense of efficacy, an optimistic vision develops in relation to personal ability to deal with issues that concern everyday work and related responsibilities (Saleem and Shah, 2011).

Self-efficacy can be a predictor of an individual’s ability to cope with challenges by inferring from the environment. Where an individual holds positive beliefs, it can help in enhancing coping with challenges, whereas negative beliefs can cause a dip in the individual’s ability to cope with challenges. The self-efficacy link can be extended to entrepreneurship. People who are good performers in any business activity are likely to
be risk takers and also innovative thereby growing their businesses. An entrepreneur’s self-efficacy can be theorized as a belief regarding the perceived ability the individual possesses to perform in a way that can get the person out of a dire situation. Consequently, "individuals come to 'know' their own attitudes, emotions and other internal states partially by inferring them from observations of their own overt behaviour and/or the circumstances in which this behaviour occurs" (Bem, 1972). This provides the pathway to the fact that behaviour and environment influence self-efficacy. Explaining entrepreneurial self-efficacy and for that matter perception from behaviour, van Gelderen et al. (2000) supported this position in his study on what people perceive to be entrepreneurial about their own way of doing things.

Many economies especially in the developing world are not expanding enough to create employment options for the teeming population. Prominent among the few options left is trading especially in the urban economy which is characterized by availability of tradable goods as a result of globalization and free markets. The choice of petty trade as a source of livelihood by the urban poor may have arisen as a result of information gleaned from the immediate environment in terms of experience; seeing their peers able to do well at a particular business activity. The urban poor therefore believe they are motivated to better their lot in terms of growing their businesses and thus reducing their level of poverty.

On gender differences and self-efficacy, Wohlers and London (1989) and Lindeman et al. (1995) submit that females as compared to their male counterparts underrate their skills. This was attributed to women being modest and not taking credit for their skills given the influences of a patriarchal society. Further, the masculinity associated with
entrepreneurship activities such as “perseverance, high energy levels, self-confidence and decisiveness” (Chaganti, 1986) may account for this low perception.

In the context of this study, the causal relationship between business activity and self-efficacy may go in the direction of the activity influencing self-efficacy and for that matter the perception the person may hold. This comes against the backdrop of the fact that in the urban economy, the poor operate as business people by looking at what is thriving and profitable in the environment and their capability to engage in such a business activity. Such business activities include small-scale trading such as operating a small shop, hawking of items and tabletop mobile telephone businesses among others.

2.11.3 Social Capital Theory

Understanding human problems and developing collective strategies to solve them call for a critical interrogation of the social milieu within which such problems are generated. The new institutional view in economics calls for social context as a strong determinant of human choice (Rudd, 2000). Rudd further posits that “social relationships themselves constitute resources that individuals can appropriate to assist them in increasing their well-being” (p. 132). Indeed, social relations if well managed can lead to trust and reciprocity within the borders of larger society (Rudd, 2000). Institutions such as markets and structures of governance affect the social and cultural environments within which social relations are formed. This complex whole is what constitutes social capital (Coleman, 1987; Grootaert, 1988). The concept of social capital, which could be
considered as an input factor in enhancing entrepreneurial activity, needs the necessary attention in the reduction of poverty debate.

Social capital theory according to Lin et al. (1981) is the ability of actors to harness the benefits that are due them through their family ties, networks and associations. The networks provided by family and community members have been theorized to supplement the effects of education, experience and financial capital available to an individual (Bourdieu, 1983; Coleman, 1990; Loury, 1987) which help in the creation of business activity. The fundamental thought behind the theory is that “personal associations represent a value-added resource for social and economic affairs, that provide members with collectively produced capital or credit that can be used in the pursuit of individual goals” (Putnam, 1995: p. 67). The system of friendships that develop has been noted to take two forms: relationships that build strong trust and reciprocity (Bourdieu, 1986) or ties that are “weak” but help members to get easy access to critical information (Granovetter, 1973). Guiso et al. (2004) and North (2005) document that social capital has an influence on business activity. The ability of individuals to latch onto this influence depends on the nature of the social obligations, connections and networks that they have at their disposal (Bourdieu, 1986). In communities with closely knit ties where there is a proliferation of social networks facilitating relationships between individuals, the likelihood of repeated interaction between agents rises (Gonzalez-Alvarez and Solis-Rodriguez, 2011). Such an atmosphere helps consolidate shared values, strengthening social norms of trust, reciprocity and cooperation. It has been pointed out that the characteristics of the nearest environment – of which relatives,
friends and workmates form a part – impinge on individual capacity to identify opportunities (Hills et al., 1997; De Koning, 1999).

Social capital theory rests on the notion that norms are resources that people can use to obtain information, reduce risks and coordinate collective action (Grootaert, 1998). Collier (1998) posits that (1) there are social sanctions against opportunism by free-riding individuals to reduce transaction costs; (2) common pool resources can be effectively managed on a sustainable basis and societies can take advantage of economies of scale in non-market activities.

Adler and Kwon (2002) categorize social capital into three broad types which are the bridging view (connections between people – distant associates and colleagues – who share broadly similar demographic characteristics, irrespective of how well they know each other), bonding view (structure of relations between family members, close friends, and neighbours, and combination of both viewpoints.

Proponents of the bridging view suggest that “the actions of individuals or groups can be facilitated by their direct and indirect networking with other actors in the social network” (Burt, 2000; Portes, 1998; Knoke, 1999). This means that through networking it becomes easier for actions of individuals and groups to achieve their set target when they work in collaboration with others in the social network.

In comparison, studies that support the bonding perspective hold the view that social capital is a combination of the configuration of linkages between actors in a collectivity
and the features that ensure the unity of the collective, thus making it easier to achieve set goals (Adler and Kwon, 2002). The third view is a middle-of-the-road position between the bridging and bonding perspectives where the definitions vary according to the situation (individual or group). This means the bridging and bonding views are not mutually exclusive. Entering the debate, Nahapiet and Ghoshal (1998) called these different dimensions of social settings as structural, relational and cognitive aspects of social capital.

Social capital through the eyes of Putnam is an essential ingredient for developing society. Researchers such as Honing and Davidsson (2003), Doh and Zolnik (2011) link social capital theory to entrepreneurial activity and used many concepts associated with the theory to explain the many dimensions of entrepreneurship. Since the success of business activity hinges on participation, sharing of information, trust, reciprocity and network of friends, social capital may play a key role in harnessing the overall success of entrepreneurial activity to reduce poverty. In the words of Doh and Zolnik (2011), social capital is the driver of entrepreneurial activity because it makes it easier for economic actors to acquire knowledge and relevant information.

Shane (2000) identified key conditions for entrepreneurship amongst which are: ability to identify entrepreneurial opportunities, exploiting opportunities, differences in willingness to take up such opportunities, taking on risk and uncertainties and innovation that change the status quo. Given these conditions, the ability to pursue the challenge of incremental opportunities for entrepreneurship depends on the individual, his background and means to exploit the opportunities (Doh and Zolnik, 2011). Social capital in the form of
networks (Doh and Zolnik, 2011) is one of the instruments individuals can use to
discover and exploit new means-ends relationships in entrepreneurial opportunities.

Audretsch and Keilbach (2004) argue that entrepreneurship is related to some aspects of
social capital. This position was echoed by Maskell (2001) and Landry et al. (2002) who
posit that social capital makes it easier for those who engage in entrepreneurial activity to
acquire knowledge and valuable information. Further, Westlund (2006) documents that
social capital “promotes knowledge production and exchange in research, education, and
commercial research and development processes”. Clearly, a high premium is placed on
social capital in relation to entrepreneurship.

2.11.3.1 Trust

A critical factor that enhances the strength of social capital is trust which is the outcome
of obligations, risk of censure and exchange (Coleman, 1988; Granovetter, 1985). Trust
comes in two forms: how much people trust one another and how much they trust
organizations and institutions. The first type reduces doubts and makes it easier for
people to freely interact and share information (Beugelsdijk and van Schaik, 2005) on
one hand and the second type acts as a deterrent to make breach of contracts amongst
actors expensive. This creates a domino effect where people who are involved in a
business activity assist one another and expect reciprocation (Dakhli and de Clercq,
2004). Fukuyama (1995) documents that honesty and trust are factors that help in the
reduction of transaction costs.
Putnam (2000) concurs by stating that “a society that relies on generalized reciprocity is more efficient than a distrustful society” and “honesty and trust lubricate the inevitable frictions of social life”. Trust thus “forms a bonding (or exclusive) glue that holds closely knit organizations together and provides resources such as information, providing a bridging (inclusive) lubricant” (Putnam, 2000). Social capital therefore captures the networking between individuals or between individuals and organizations as well as the useful resources which can be drawn from these networks (Hessels, 2008). In addition, networks not only affect the entrepreneurial process, they also create new opportunities by internalizing other actors’ skills (Kogut, 1988; Hamel, 1991). Social capital thus provides networks that facilitate the discovery of opportunities, identification, collection and allocation of scarce resources such as a loan provided by a close family member and information about the location of potential business activity.

Trust plays an important part in enhancing economic activity because it is the product of social structure. According to the New Institutional Economics’ perspective, social environment is what helps rules of human behaviour to develop and shape social structure (North, 1990). Many formal and informal institutions have a great influence on the actions which an individual may take either through constraints or sanctions. For instance, because of the trust that people have developed over a long period of time, they can lend goods or render services on credit. It can be argued that “economic activity in society is affected by the complex of norms, rules and institutions which all form part of social capital” (Rudd, 2000). It can therefore be argued that the normative structure of social capital ensures that people lend goods on credit with the mind that they can be trusted to return the kind gesture based on cooperation and network of friends who can
act as a check on the borrower. This same normative structure in poor neighbourhoods of the city appears to have worked to aid the urban poor: norms, sanctions, trust and trustworthiness have made it possible for the poor to pay back whatever loan they have contracted. It appears to work better than the collateral that mainstream financial institutions normally ask for whenever one wants to contract a loan because these come with no interest charges.

2.11.3.2 Associational Activity, Norms and Cooperation

Voluntary participation in and belonging to neighbourhood and other associations bring with it many benefits and challenges to the individual. Social networks in the words of Coleman (1990) promote interconnected ties which make it easier for trust, cooperation and contact between members. He at the same time argues that such networks also promote closure. Putman (2000) agrees by pointing out that in a society where horizontal social relationships exist with mutual support, solidarity and shared values, there is greater participation that comes with a high level of social capital. To reap the benefits associated with neighbourhood associations, Beugelsdijk and van Schaik’s (2005) argue that active membership must be considered.

Closely related with associational activity is cooperation for the well-being of the collective. Doh and Zolnik (2011) argue that “people who want to improve societal well-being may be more willing to participate in various activities”. Here people share ideas and information readily and consensus building on what is the best option for everyone becomes the norm (Dakhli and de Clercq, 2004). By sharing knowledge through information, people’s awareness is widened and broadened. In addition, associational and
relational networks act as conduit to channel information that works to the benefit of the collective. This notwithstanding, many associations according to Olsen (1982) operate as interest groups with the sole aim of promoting the well-being of members, with membership sometimes closed to new entrants. Social capital which finds expression in trust, associational activity, networks and norms that people utilize for productive reasons could hinder the flow of information to others who do not belong to such associations.

2.11.3.3 Critique of Social Capital

The debate over usefulness of social capital has been divided into two schools of thought. The first borders on the narrowness of the definition and the institutions that produce social capital resources, and the second, the nature of endogeneity between key variables such as “social interaction, trust and economic and political performance” that result from social institutions (Rudd, 2000).

The definition of social capital to suit any situation has led to the challenge of operationalization of the concept. Here the debate rages from institutions that produce social capital to measures such as trust and reciprocity which emanate from social institutions. Taking a critical view of the definition and measurement of social capital, Adler and Kwon (2002) assert that researchers normally use their discretion in the definition and measurement of the concept. They state that researchers may choose to “focus on the substance, the sources, or the effects of social capital”. This creates a problem of uniform measure of the concept. The lack of consensus on the empirical evidence to support the theorized relationship between entrepreneurship and social capital
does not help matters either. Part of the problem has been blamed on the absence of a measure reinforced by a theory which operationalizes the multidimensionality of the concept (Doh and Zolnik, 2011).

Putnam (2000), whose work on social capital is unique, argues that it is best to operationalize the concept by taking an institutional (sociological) view of it. This position is supported by Woolcock (2002) when he posits that “the best and most coherent empirical research on social capital, irrespective of discipline, has operationalized it as a sociological variable”. The common argument that runs through these scholarly views is the fact that variables that emanate from the institutions that generate social capital are more stable over time than any other. Using the core constructs associated with social capital (groups and network, trust, associational action, information sharing, social cohesion, empowerment and norms) Abdul-Hakim et al (2010) constructed an index that measures the relationship between social capital and poverty which this study makes use of.

On the endogeneity of trust, Putnam (1993) saw trust as an exogenous variable which does not depend on social structure. However, Coleman (1987) viewed trust as endogenous “dependent upon social structure to create incentives for individuals to behave in a trustworthy manner”. For Putnam, trust develops whenever voluntary exchanges appear because such trust goes beyond the face-to-face interaction to affect economic performance. On the other hand, trust is seen as the result of social relations and networks that allow for influence and control; therefore, trust is seen as endogenous. Exploring the sources of social capital to resolve the debate, the New Institutional University of Ghana http://ugspace.ug.edu.gh
Economics sees the ‘social and political environment as what enables norms to develop and shape social structure’ (North, 1990). Formal institutions help shape human behaviour through constraints and sanctions. Economic activities often require people to rely on the future promises or actions of others; these types of transactions can be executed at lower costs in high-trust environments. The basic problem of trust according to Williamson (1985) is transaction cost. This cost changes whenever there is a change in credibility of economic actors. The fear of sanction and norms which guide contract between members of a society constitute part of the social capital therefore trust is regarded as endogenous.

Beyond the definition, measurement and the problem of endogeneity, social capital is also said to promote exclusive social networks that exclude the poor urbanites in terms of information about where to find a job or those who facilitate searching for a job (Loury 1977). Florida (2002) adds that “relationships can get so strong that the community becomes complacent and insulated from outside information and challenges. Strong ties can also promote the sort of conformity that undermines innovation”.

Given the theoretical overview, social capital within the framework of this study could be defined as “the stock of active connections among people; the trust, mutual understanding, and shared values and behaviors that bind the members of human networks and communities and make cooperative action possible” (Cohen and Prusak 2001). Concurring with this definition, The World Bank Social Capital Initiative (1998) sees social capital as “internal, social and cultural coherence of society, the norms and values that govern interactions among people and the institutions in which they are
embedded”. Basically, the underlying assumption of social capital is that, socializing is potentially good and beneficial. The involvement and participation of an individual in groups; that is, having social ties and relations with others in society, can have positive socio-economic consequences not only on the individuals, but also the community at large. Therefore, social capital constitutes an important form of capital, which is vital for the material advancement and welfare. Besides, the components of social capital such as family ties, ties with close friends and remittance among others can bring about reduction in poverty. However, these variables also combine with components of human capital such as tacit and explicit knowledge possessed by the poor, their skills and training to ensure a successful business activity.

2.12 Action Theory

In analyzing entrepreneurship and poverty reduction, some of the theories and models trace their roots to I-O psychology (Industrial Organization psychology). I-O psychology is concerned with theoretical and practical questions of how to improve the performance of people within the context of work to ensure their well-being. Action theory states that entrepreneurs’ “actions and action strategies are central determinants of entrepreneurial success” (Frese, 2009). Action theory indicates that the action that ensures success of entrepreneurial activity has five main steps: “forming a goal, seeking information, planning, monitoring the execution, and feedback processing” (Frese and Zapf, 1994). To understand how human and social capital of petty traders could be utilized to reduce poverty, the study draws on action theory to stimulate the resource based theories. Action is necessary to harness the needed resources for the start-up or improvement of the business (Gartner, 1985). Many activities that the entrepreneur performs (introducing a
new product or service, looking for the financial capital, securing business partners, location and equipment and registering the business etc.) require decisive actions. In the cases where these actions are not performed it is likely the business will not do well (Gielnik and Frese, 2013). This means that entrepreneurs that are more active and perform business related actions, spread over time, are likely to successfully negotiate the challenges associated with the business process (Lichtenstien, Carter, Dooley and Gartner, 2007) and perform better which ensures a constant stream of income which can help address poverty.

Development of expertise helps to improve the cognitive model of the entrepreneur (Gielnik and Frese, 2013). This, however, depends on repeated actions of the individual entrepreneur. In the start-up of any business venture, many people enter with rudimentary tools and knowledge of how certain actions should be taken and their associated conditionality and the results that are also associated with their actions (Frese, 2009). However, repeated performance of such actions can improve their cognitive models through the feedbacks that they get from such actions (Gielnik and Frese, 2013). Performing actions and a critical scrutiny of the results against the goals of the enterprise help to mend the cognitive model and hone the corrections and level of sophistication. These help the individual entrepreneur gain expertise and operate at the highest level of efficiency (Frese and Zapf, 1994). This line of reasoning especially in micro-enterprises in the informal sector where most of the entrepreneurs learned by taking business related actions every day means that people with less formal education can develop experiential knowledge and fine tune their cognitive models through repeated actions and corrections.
This can become a huge asset (human and social capital) for the poor petty trader as regards how to successfully exploit any business opportunity and get out of poverty. To analyse the role of social and human capital in the entrepreneurial activities of petty traders, it is important to look at actions the individual entrepreneur takes for the success of the enterprise.

2.13 Liberal and Social Feminism Theories

Social construction has assigned different roles to male and female human beings though both are born with the same capacities and capabilities. In interrogating gender differentials in terms of how female and male entrepreneurs perform given the same environment, Mirchandani (1999) argues that any small and medium enterprise research into gender differentials must adopt theories that will mirror the perspectives of males and females. The liberal and social feminist theories clearly answer this call. The literature on male and female owned businesses has identified key factors, which may affect their performance. Some of these factors are: inadequate institutional framework, personal values, lack of capital, poor business strategies, risks, lack of access to market, inadequate business skills, discriminatory government policies and lack of managerial experience (Bani, 2003; Daniels and Ngwira, 1993; Quainoo, 2001; Boohene et al., 2008).

2.13.1 Liberal Feminist Theory (LFT)

Liberal political philosophical thought in seeking change appeals to values such as equality, freedom and inalienable right to choose (Porter, 1994). And, liberal feminists also seek change through the same means. Liberal feminist theory therefore has its root in
this philosophy (Fischer et al., 1993). According to the liberal feminist theory, men and women are equally endowed with the same capacity; therefore, any observed difference between them in terms of under-performance by the female must be attributed to open discrimination or/and in-built systemic features that deny women critical resources (Fischer et al. 1993). Some of the factors that are discriminatory and systemic are denial of access to credit by moneylenders and lack of appropriate education in business. Some studies that have adopted this perspective assume that female businesses do not do well as compared to their male counterparts because of the various forms of discrimination they face (Ahl, 2006). Riding and Swift, (1990) in their study document that the discrimination against women by bankers has affected their access to credit thus their businesses were in dire need of capital to push them up. Aldrich (1989) on the other hand found out that limited access to business network is a systemic factor that has affected the performance of female-owned businesses. These findings notwithstanding, Ghana has signed up to many international treaties, adopted affirmative action and passed other legislations to bridge the discriminatory gap between men and women. Furthermore, trading activities have been traditionally dominated by women for ages in Ghana; therefore, the liberal feminist theory presumes that business activities undertaken by men and women should come out with equal performance.

2.13.2 Social Feminist Theory (SFT)

The Social feminist theory in contrast posits that men and women are essentially different by a combination of biology and socialization. These differences may cause them to differ in motivations related to entrepreneurship and ways of viewing the world
(Fischer et al., 1993). The differences notwithstanding, Robb and Watson (2010) argue that women will perform as equal as the men when it comes to business activities. The variation, they further argue, will only cause them to operate their business activities differently. This theory points out that discrimination cannot be the cause of how their (men and women) ventures perform. Anna et al. (1992) document that a possible variable that can cause a difference in the performance of male and female enterprises is in type of industry where ‘females are concentrated in retail and service sectors with low employment and revenue as against men in construction, manufacturing and high technology’.

Moore and Buttner (1997) reflecting on the SFT said that those who follow this tradition will expect differences in male and female owned enterprises in terms of motivation to start the business, measurement of success, business related skills, educational level, personal attributes, self-confidence and priority in terms of business task.

Regarding leadership roles, Eagly et al. (1995) advance the point that “women were more effective than men in leadership roles that were feminine in the sense that they required considerable interpersonal ability, defined as the ability to cooperate and get along with other people” (p.137). By contrast, “Men were more effective than women in roles that were masculine in the sense that they required considerable task ability, defined as the ability to direct and control people” (p. 137). Kepler and Shane (2007) showed that women take fewer risks in their business ventures while Morris et al. (2006) established that women also grow their businesses slowly. In addition, Jennings and McDougald
(2007); Kepler and Shane (2007) document that women strive to attain a fine balance between their work and family life. Robb and Watson (2012) drawing comparison between men and women suggested that females might choose to pursue different courses and degrees in college and university. On access to credit, they posit that women will be “less inclined to seek funds from a financial institution” (Watson, 2006; Watson et al., 2009). Extending the debate, Robb and Watson (2012) further argue that these differences in the choices made by men and women does not necessarily mean that male business ventures will do better than female businesses. Rather, key demographic factors should be controlled and appropriate measures adopted in gauging gender differentials.

In breaking the myth of female businesses under-performing male ones, liberal feminist theorists suggest that in the absence of discrimination, businesses set up by male and female entrepreneurs should perform equally. In the same vein, social feminist theorists argue for natural differences between men and women but did not expect male business ventures to perform better than female ones. Therefore, both theories appear to propose equal performance from male and female business ventures, other things being equal. This position appears to differ from the view that “female-owned businesses underperform relative to male-owned businesses” (Klapper and Parker, 2011). Given the varying positions in the literature, it is important that this issue is also looked at from the viewpoint of an important economic activity (petty trade) in the informal sector of a developing country. Furthermore, this issue can also help in resolving the myth so that women will not be discouraged from establishing business ventures (Zolin and Watson, 2012).
2.13.3 The Gendered Dimension of Entrepreneurial Activity and Performance

Entrepreneurial activity has not been spared the gender debate about the factors that account for the success or otherwise of enterprises set up by male and female entrepreneurs. The literature on small-scale enterprises pinpointed strategy as a key factor that undergirds enterprise performance. The strategy rages from proactive to reactive and is mostly not written down like in the formal sector but is inferred from the behaviour of the owners (Schindehutte and Morris, 2001). However, any strategy adopted by either male or female is informed by factors such as personal values, family situation, experiential knowledge, resources and level of education all of which are affected by the socialization process and cultural practices (Bani, 2003; Quainoo, 2001).

Traditionally in Ghana, male and female are taught to behave in specific ways relative to their gender. Children therefore act and internalize these gender specific roles (Dolphyne, 2000). Males are socialized to be head of household, breadwinners, aggressive and are put in charge of resources (Boohene et al., 2008; Amu, 2005; Dolphyne, 2000). These beliefs enable them to build a high level of confidence and self-esteem which later help the male to be innovative, assertive, risk taking and oriented towards achievement (Bortey and Dodoo, n.d. Boohene et al., 2008). The females on the other hand are socialized to be gentle, care for others and are governed by sanctions when they deviate from sexual division of labour (Dolphyne, 2000; Boohene et al., 2008). The socialization process has therefore made the female to be less aggressive, risk averse and not to even believe in their own capacity as the males do. These values and belief systems from the
socialization process reinforce the strategies and the performance of the enterprises established by males and females (Boohene, et al., 2008).

Cagatay (2001) posits that innovative ideas of women combined with their capabilities can equally match that of men to succeed as entrepreneurs. This was re-echoed by Aldrich et al. (1989) where they argue that women and men have the same potential to start a business and succeed. In contrast, Mulira et al. (2010) note that in many developing countries, women suffer from lack of confidence in their own ability and low level of confidence reposed in them by society in terms of their entrepreneurial capability.

Taking the low level of confidence argument further, Becker (1993) holds the view that because women have a low level of human capital they may work on part-time basis because at the start of the reproduction process they are likely to drop out of the labour force. And, the consequence of this action is the slim window of opportunities available to them to develop their entrepreneurial experience (Kalleberg and Leicht, 1991). Foxcroft et al. (2002) remark that the reason why men dominate entrepreneurial activity is the cultural and gender differences that exist between them. They pointed out that child-bearing which is a traditional role of women plays a crucial role.

Burt (2000); Hanson and Blake (2009) posit that men are more involved in network activities than women and that there is a high degree of difference between the networks established by men and women. To support this argument Lin (1999) demonstrated that
women’s network most of the time are limited to family links, which tend to be an inhibitive factor in their bid to establish a business activity and succeed. Concurring to this line of thought Cromie and Birley (1992) emphasize the fact that networks depend on personal drive, however, household chores of female entrepreneurs limits them to fewer networks in relation to their male counterparts.

As Munch et al. (1997) note, housework and childrearing are extremely lonely forms of work, and this isolation results in many women having limited network contacts compared to men. Even where women move directly from paid employment into self-employment, it is likely that they will have fewer network contacts because females typically occupy lower level positions within the organizations that they leave, compared to the typical male (Cromie and Birley, 1992). This points to the fact that whilst males lean on formal networks as a source of assistance females are comfortable accessing informal networks.

As Aldrich (1989) notes in his study, the sharp difference in choice of network and the intensity of use could significantly affect the performance of male and female enterprises. In contrast, Watson (2011) in his study of gender differences and performance with respect to networking examined 2,919 male and 181 female-controlled SMEs with at least one employee in Australia. He found out that women are not disadvantaged in terms of differences in their networking activities.
Empirical research in business and finance reveal that females and males differ in the entrepreneurial actions they take. Numerous studies have approached gender differences in the contexts of risk orientation (Jianakopolos and Bernasek, 1998; Williams and Narendran, 1999; Croson and Gneezy, 2009), which is for the most part a central dimension of entrepreneurial orientation. For instance, Powell and Ansic (1997) stated that females have lesser risk preferences than males. Furthermore, Gustafson (1998) validated the thought discussed above by revealing that females and males differ in risk perceptions both in qualitative and quantitative terms. Gustafson (1998) also argues that females are less oriented towards their working life because of risks of unemployment and economic problems, and more specifically, risk related towards their home and family. In summation, these findings advocate that females have a lower risk tolerance than males. Thus, they are less entrepreneurially oriented.

In their study of gender effects on entrepreneurial orientation and value innovation, Ayub et al. (2013) interviewed 120 professionals in Pakistan and discovered that male entrepreneurs have a higher entrepreneurial orientation tendency than female entrepreneurs. Watson and Robinson (2003) remarked that “the managed approach to business expansion may result in ventures that are able to out-survive those headed by entrepreneurs pursuing more risky, high growth strategies”.

On the relationship between gender and performance of micro enterprises, the literature is diverse in empirical evidence. Sabarwal and Terrell (2008) in their study of the formal sector of 26 transitional countries found that female-owned businesses performed significantly less than male-owned businesses when profit levels were compared.
However, Johnsen and Mcmahon (2005) who conducted a study on the financial performance and business growth of over 2000 SMEs in Australia concluded that, there are no significant differences in financial performance of male and female-owned enterprises when they controlled for demographic and other factors.

Rijkers et al. (2013) studied the effects of risks and shocks on non-farm enterprises in Ethiopia and found that female-owned enterprises were less productive than those owned by males. In contrast, Watson (2003) documents in his study of failure rates for female-controlled businesses that there is no significant difference between the performance of female and male-owned enterprises when he controlled for factors such as age, sector, number days business operates annually and enterprise size.

Boohene et al. (2008) studied the influence of gender on the performance of 600 Ghanaian small retail shop owners. They found that Ghanaian women owner-managers are more risk-averse than Ghanaian men, and this affects their pursuit of specific functional strategies and ultimately their performance in varied ways. The study noted that the differences between male and female retail shop owners are linked to acculturation and the socialization processes.

Darkwah (2007) posits that one differentiating factor between a male and female entrepreneur is the type of commodities they sell. She documents that women sell items (which do not command high price) that are related to stereotype social constructs of the role of women, that is, beautification items, children items, cooking utensils, grocery and
items related to the kitchen. She furthermore notes that many women entrepreneurs see trading as a duty and hone their skills very early on and sometimes takeover the business when their parents grow old or die.

Studies by Mead and Liedholm (1998) and Daniels (1999) have demonstrated that women owners of microenterprises had registered lower levels of sales revenue, lesser levels of profit margins and lower survival levels than enterprises owned by men. In fact, in Daniel’s study of microenterprises in Kenya he discovered that male entrepreneurs contributed 50% to the gross domestic product of the total micro and small enterprise contribution with female contributing 30% in spite of the fact that women dominate the micro enterprise sector.

2.14 Critical Moments and Transition of Entrepreneurial Activity

Transition from one stage of life to the other has traditionally been marked with movement from school to work. However, the focus has changed with the work of Coles (1995) where critical moments in education, employment, training, housing, family, income, consumption and relations on the continuum of transition were examined. In addressing the socio-economic mobility of people, life history is important as key events and choices people make shape their future lives (Bertaux and Thompson, 1997). They argue that “in choosing particular courses of action, structural constraints such as economic needs interact with value orientations, moral obligations, self determined goals, and the individual’s own perception of the situation and choices ahead”. In this way, an
individual’s life story captures the sequence of critical events that have definitive effects on him/her.

In drawing attention to the consequence of particular events in the life history of people, Denzin (1989) used narratives to identify what he calls ‘epiphanies’ “which represent interactional moments and experiences that leave marks on people’s lives by altering their fundamental meaning structures”. Mandelbaum (1973) refers to the same thing as ‘turning points’ that occur through a single event or experience. And, Humphrey (1993), who adopts the concept of the ‘social career’, describes the impact of such experiences as ‘career breaks’.

On the relationship between self and social structure, Giddens (1991) points out that as individuals struggle through life they experience ‘fateful moments’ where “events come together in such a way that an individual stands at crossroads in his/her existence or where a person learns of information with fateful consequences”. Giddens (1991) further argues that the key element in ‘fateful moments’ is that the individual needs to engage in risk assessment where s/he carefully considers the end product of the choices and actions. In doing this, the individual can seek advice, learn a new skill or undertake a personal research. These experiences and skills gained through fateful moments thereafter become tools that shape the individual’s life. Giddens (1991) again states that fateful moment is when one starts a business, intervention of events beyond one’s control, luck, chance and seizing of opportunity.
Similarly, Thomson et al., (2002) see critical moments as events that have important consequences for the lives and identities of individuals. Such events within a narrative serve as the pivot on which the narrative itself turns (Coffey and Atkinson, 1996). As a descriptive concept, one sees critical moments as an analytical tool to understand what Giddens (1991) christened as fateful moments.

In the transition of the poor out of poverty, it is important to identify key variables such as social structure and geographical location of the individual (Thomson, 2000), individual agency (Wyn and White, 1998) and the relationship between timing and opportunity (Thomson et al., 2002). It has been argued that where the poor is located especially in informal settlements, these spaces become synonymous with informal economic activity (Obeng-Odoo, 2011). However, the ability of the poor to recognize a business opportunity within their locality and take advantage of it hinges on capacity and the preparedness to take risks. Arguing further, it is also important for that individual to be pro-active and innovative in utilizing the opportunity to succeed given the intense competition in petty trading as a way of coping with poverty.

2.15 Approaches to Conceptualizing and Reducing Poverty

One of the critical problems facing many nation-states especially in sub-Saharan Africa is the challenge of how to reduce poverty: be it absolute or relative, urban or rural. The multi-dimensionality of poverty has given rise to many approaches to conceptualizing the phenomenon and how to reduce it. These approaches which constitute different views and sets of strategies have built-in principles which guide their choice in the design of policy programmes (Okosun et al., 2012). In the choice of these approaches, there has
been a huge debate regarding the relative advantages and disadvantages of each approach and which of them is appropriate for designing poverty reduction programmes. Underpinning this debate are different assumptions, values and spatial concerns which inform each strand. The critical point for this study is not to lean on any part of the debate for theoretical purity but to find out the complementary elements in each approach and how that can be used in the fight to reduce poverty. The approaches to the conceptualization of poverty span the three essential perspectives of poverty (income, the basic needs and capability). These three perspectives connect with issues such economic growth, assets and spatial level and socio-demographic characteristics.

2.15.1 Basic Needs Approach

The basic needs approach sees poverty from the material point of view where the basic needs of the poor are considered as fundamental necessity to their well-being. Such basic needs include: food, shelter, clothing, education, health care, safe drinking water and good sanitation facilities, employment and information (Spicker, 2007; Okosun et al., 2012). This approach, Streeten (1984) argues highlights the minimum needs that ideally should be satisfied for the well-being of everyone irrespective of location, class or culture. To design poverty reduction programme that use this approach, Okosun et al. (2012) document three key areas that should be of concern:

1. Promote broad-based economic growth that creates employment and income generating opportunities for poor people through intensive public work project and support for micro-enterprise in the form of credit;
2. Provide social services such as education, health and sanitation services, infrastructure, power supply and transport as necessary precondition to release their potential;
3. Create a safety net to provide relief for the aged, disabled and chronic poor.
They further recommend that line ministries and other existing development institutions be appropriately reformed and used to implement the basic needs programmes. The moral imperative of this approach Martinussen (1997) argues is that by helping the poor through the provision of their basic needs, their purchasing power will increase which could feed into demand for goods and services and thus ‘trickle up’ into the growth process. This approach is not without criticism. Palmer (2011) argues that what constitutes minimum standard differs from one place to another therefore quantification of basic needs into one universal composite unit is a challenge.

The basic needs approach it has been argued, is a sufficient condition to complement the growth of the economy. Zaman and Ahmed (2008a) assert that economic growth is only a necessary condition for poverty reduction but not sufficient. This assertion is true where there is a high level of inequality. The pervasive nature of inequality in Ghana for instance has ensured that economic growth in the form of employment creation has favoured a few to the detriment of the masses. The jobs that are created as an outflow of economic growth are in the formal sector and require skills and knowledge that the masses do not have. This creates the opportunity for only a few with such required skills sets to take advantage of such formal sector opportunities. The sufficient condition for poverty reduction comes when the basic needs approach complements the economic growth approach (Okosun et al., 2012).

Supporting the basic needs approach, Haughton and Khandker (2009) suggested that one needs to know three key features: regional level characteristics such as vulnerability to natural disasters, quality of governance and enforcement of property rights; community
level characteristics such as availability of infrastructure, amenities, social services and relationships; household and individual characteristics such as demographic (household size, age structure, dependency ratio and head of household sex), economic position (such as employment status, hours worked and property owned) and social condition (such as health, nutritional status, education and shelter). Once these key features are known it becomes easier to direct strategies toward each of them.

2.15.2 Capability Approach

As one of the critiques against the basic needs approach, Sen (1993) documents that what determines poverty is the capability to convert needs into well-being and not the needs themselves. He argues that the needs are only a means to the real end and the dichotomy between needs in the form of commodities and capability greatly helps to demonstrate the fact that “the capability to convert commodities into well-being varies greatly between individuals and societies” (Palmer, 2011). Sen (1993) further identifies capability as a function of personal characteristics, resources available to the person and the surrounding environment. For Sen, (1993), the capability approach, “can accommodate the real issues underlying the concern for basic needs, avoiding the pitfall of ‘commodity fetishism’ ”. This approach to conceptualization of poverty has led to the development of Human Development Index, Human Poverty Index and Gender-Related Development Index and their associated variables which are important measures of well-being in the fight against poverty. Moreover, the approach helps “to identify basic capabilities and the minimal acceptable level below which people may be considered poor” (Palmer, 2011). In support of this approach, Jones and Corbridge (2010) argue that prior enhancement of the
capabilities of the urban poor will improve their prospects of getting out of poverty. The capability approach also points to tangible capability and intangible capability categories. Broadly, Dutta and Kumar (2013) translated these categories to mean; natural (agricultural land and livestock); physical (consumer durables or household amenities and housing quality); financial (savings, credit, jobs and employment opportunities and non-earned income); human (skills, knowledge, labour and capacity to work) and social assets (relations and family members to fall on in times of needs). To effectively reduce poverty, Dutta and Kumar (2013) argue that for chronically poor households their asset base should be the reference point. However, diversified sets of strategies will help address transient poverty. Those households who are vulnerable, they posit, should be supported with social security schemes or pension schemes.

2.15.3 Income Approach

Urban poverty has been characterized by commoditization of every item where without income one will find it difficult to escape poverty. This approach argues that one needs a constant income above a certain level to stay out of poverty. In doing this, the urban poor normally device strategies to earn that income. However, this approach has a direct bearing on the economic growth of the country. It has been argued that economic growth reduces poverty. This assertion is based on the fact that macro and its corresponding micro economic policies and associated programmes ensure growth of the economy through increase in GDP, stability of consumer price index, availability of resources and related services (Okosun et al., 2012). Downstream to the micro level, economic growth
ensures availability of employment which leads to increase in income for poverty reduction (GoP, 2011).

The urban poor are integrated into the capitalist economy in a multitude of ways, for example, through the types of goods that they purchase or through subcontracting work from large firms (Roberts, 1995). Also, the urban poor have been shown, in various studies, to be resourceful economically and politically and fully attuned to the opportunities as well as the dangers of urban life (Roberts, 1973; Perlman, 1976) in earning income.

Pellow and Chazan (1986) have identified several survival strategies that the urban poor in Ghana have adopted to earn an income. The first is what they refer to as suffer-manage strategy, which involves survival within conventionally approved codes of conduct. The beat-the-odds-system strategy involves employing various illegal and/or immoral methods of earning additional income while the escape-migrate strategy involves the urban residents leaving the country in search of greener pastures. The last strategy they identified is the return-to-the-farm strategy adopted by urban residents who took up urban agriculture in a bid to either provide their subsistence requirement or to earn additional income through the sale of food items.

Criticisms have been labelled against these strategies of reducing poverty for focusing exclusively on the urban wage earner (typically male) in the formal sector in the analysis of urban poverty. According to Essamuah and Tonah, (2004), women and the young adult members of the household in the informal sector are known to make a substantial
contribution to the household income. Yeboah and Water’s (1997) study confirms criticisms of the survival strategies approach. They drew attention to the increasing number of women and young adults who had to work in the informal sector of Ghana’s urban economy to supplement household income during the 1980s. They subsequently referred to this arrangement as a *strategy of participation*.

In response to the limitations to the survival strategies of earning an income, several authors have used the concept of livelihood approach in the analysis of urban poverty reduction. This strategy takes into account all activities engaged in by all members of the household that contribute to providing a livelihood for its members. Owusu (2001) christens this as the “Multiple Modes of Earning a Livelihood” (MML). This strategy recognizes the existence of multiple means of raising extra income through acquisition of additional jobs. The focus is on all activities that members of the household are engaged in that provide livelihood.

The current study adopted an overarching approach where key aspects of contextualizing poverty were integrated into a composite unit. This is shown in table 2.1. For instance, the income approach to poverty helped to divide up the respondents into poor and non-poor with reference to a particular threshold of income. However, before one earns an income one needs certain resources. These resources allow for the use of the capability approach (human and social capital) to explain why under similar conditions, some are poor and others are not poor. The basic needs approach however, guarantees certain basic facilities necessary for the operation of an entrepreneurial activity.
Table 2.2: Approaches to Conceptualizing and Reducing Poverty

<table>
<thead>
<tr>
<th>Approaches</th>
<th>Conceptualizing poverty</th>
<th>Implication for poverty reduction</th>
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</thead>
<tbody>
<tr>
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<td>Economic growth, spatial and socio-demographic issues</td>
<td>Broad based economic growth and availability of goods and social services</td>
</tr>
<tr>
<td>Capability</td>
<td>Social capital and human capital</td>
<td>Focus on human agency to survive</td>
</tr>
<tr>
<td>Income approach</td>
<td>Poverty line of poor and non-poor</td>
<td>Focus on solutions that improve income (Credit to poor the entrepreneur and survival strategies)</td>
</tr>
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2.16 Conceptual Framework

Linking social and human capital and economic activity of the urban poor to provide a way of understanding and tackling urban poverty in the city is a difficult enterprise. The challenge lies in developing a methodology that will pull together all the key variables. Overcoming this challenge calls for integrating all the major variables that may influence social and human capital and business activities of the urban poor. The model in figure 1 attempts to pull together the possible variables, which may influence and shape the key concepts (social and human capital, informal entrepreneurial activity and urban poverty) of this study. This model though broad allows incorporation of new ideas and projection of new trends. In fact, it is not meant to be a finished product or an empirically accurate representation but rather to serve as a heuristic tool for asking questions and to initiate theoretical discourse. The theoretical pivot of this study is the integrated relationship that exists among these theories. For instance, self-efficacy explains self-belief and confidence which is an aspect of human capital. Also, feminist theory can be used to interrogate who has what kind of social and human capital and the collective effect on source of livelihood. These theories helped to identify resources available to petty traders, the actions they take and the constraints within which they operate. Figure 1 puts these
key ideas into a framework that demonstrates how social and human capital can affect entrepreneurial activity and the causal threads that link the key variables to the expected outcomes. The diagrammatic framework is read from left to right where social and human capitals have a direct bearing on the initiation of entrepreneurial activity, the operations of the resultant micro enterprises, the intervening actions the entrepreneurs take and the subsequent poverty reduction outcomes.

Figure 1: Conceptual Framework Linking the Relationship between Entrepreneurial Activity, Social and Human Capital and Urban Poverty Reduction

Source: Author designed with ideas from Kanothi (2009) and Gielnik and Frese (2013).
The conceptual framework as presented in figure 1 identifies the various informal business activities pursued by petty traders. The activities include: groceries and food items, household provisions, mobile phone accessories and repairs, petty household electronic goods and cosmetics. An attempt is made to evaluate the categories of traders that engage in these activities. In the evaluation, the study clearly identified itinerant hawkers, sedentary tabletop sellers and shop/store owners as three key levels of entrepreneurial activity available for the urban poor to make a livelihood under informal settings. These three levels of entrepreneurial activity are proposed to operate on a continuum within which the graduations of petty trade can be identified (one can however, enter at any point depending on the circumstances of the individual).

The poor urban informal entrepreneur is endowed with two main resources: social capital and human capital. Individuals in the three categories of petty trade utilize these resources in the pursuit of their business activity. Through conscious efforts (human action), petty traders develop entrepreneurial networks (Anderson and Jack, 2002) where they establish relationships with business partners such as wholesalers, moneylenders and family members. These relationships are likely to embody both social and economic functions through weak and strong ties in the market place. Furthermore, the petty trader will depend on his/her experiential knowledge of the business environment and the skills s/he has acquired over the ages to combine with their social networking. This allows them latitude to build trust which helps to reduce transaction cost in their business activities. To be successful and reach the growth-oriented level depends on the ability of the petty trader to take action (be pro-active and take risks) on the day-to-day operations of the business. To be innovative, the urban petty traders will “engage in multiple efforts
to support their livelihoods by mobilising resources through a mix of labour market involvement, savings, productive activities and social networking” (Devas, 2004b).

The next step in the causal chain is how human actions can lead to desired outcomes or otherwise. Like any perfect market situation, business activities in the informal economy are associated with a high degree of duplication and copying. Since there is free entry, competition is very keen, and this can lead to reduction of profit levels especially at the non-growth level. However, those who want to reach the growth-oriented level have to develop a specialty, do proper planning, be willing to take on new challenges, risks and explore areas they are not certain about. The application of these human actions, values and strategies will ensure appreciable level of performance of the enterprise, thus leading to a reduce poverty levels through increased income, reduced vulnerability to basic needs, increased asset ownership and improved social equity, among others. On the other hand, those petty traders who just copy and will not innovate and take risks are likely to remain at the survival level with less income, increased vulnerability and exposure to dire consequences. Nevertheless, the business environment facilitates or hinders the operations of such activities. In this direction, the government can provide the policy framework for such businesses to thrive or the legal and regulatory framework initiated by the city authorities may adversely affect such businesses. To complement government efforts, non-governmental organizations can also provide skills training and financial support to these micro entrepreneurs.

In the exploration of the business environment, for instance, a favourable climate as in the case of free market economy and increased globalization can lead to great influx of
imported goods in urban markets, which in turn can lead to a boom in petty trade. However, a policy (local by-law) such as banning street trading can hinder the gains such people can make to address their daily needs. Initial start-up capital also forms an important part of any business activity. Petty trading is not an exception to this. Availability of such a capital can be through family members, close associates and formal and informal financial institutions. The availability or otherwise of such financial capital is therefore important for the success of entrepreneurial activity.

2.17 Summary of Chapter

Instructively, the large urban informal sector has served as the bastion for making livelihood by most poor people who rely on social and human capital in their micro enterprise activities. The extant literature on social and human capital, petty trade and its performance has little room for the combined role of social and human capital on urban poverty reduction while the entrepreneurial orientation of the urban poor in coping with poverty remains largely uninvestigated. Despite this situation, advances have been made in Ghana to reduce the general level of poverty. Furthermore, females dominate the informal micro entrepreneurial sector, however, they underperform when comparing the performance of their business to that of the males. It therefore pertinent to find out how the issues raised in the extant literature play out in the case of Ghana.

Additionally, the available theoretical literature demonstrates the critical and definitive role of social and human capital on the one hand and entrepreneurial activity on the other as it relates to urban poverty reduction. In the same vein, there appears to be many variables that converge on petty trade to make it one of the key avenues to fight the
hydra-headed problem of urban poverty. This thesis therefore stands at the threshold of examining the degree to which the various schools of thought are supported within the urban context of Ghana. The theoretical literature was not certain on how micro businesses of itinerant petty traders can evolve into growth oriented ones. This is clearly an essential knowledge gap besides, the validation of some of the empirical findings in the extant literature to guide policies that will be recommended. This goes to say that interrogating the extent to which the entrepreneurial activity of the poor with respect to their human and social capital holds a positive promise to the reduction of urban poverty in the developing cities. At the same time, it creates the platform to disclaim the notion that survival businesses cannot graduate to growth oriented ones.
CHAPTER THREE

CONTEXTUALIZING GROWTH OF POVERTY IN ACCRA

3.1. Introduction

In spite of the large differences in urban and rural poverty in Ghana little research appears to be directed towards the causes of urban poverty in Ghana. Without in-depth knowledge of the causes of poverty in Accra it will be difficult to design strategies to address it. Urbanization in Ghana is closely linked with the emergence of Accra as the capital city and nerve center of Ghana’s politico-economic activities. This has given rise to concentration of most foreign and domestic investment in the city. As a consequence, there is a daily influx of migrants from the countryside to the city looking for jobs. In addition, the natural increase in the population has added to the ever-growing number of job seekers. However, the city authorities or central government is unable to provide the right infrastructure and services for the teeming population. This has led to a rise in poverty in the city.

In fact, a considerable number of the urbanites in Accra live in informal settlements with attendant problems such as unemployment, low living standards (living below the poverty line in relation to basic needs and caloric intake) and squalor. It is against this backdrop that this chapter looks at the growth of Accra and the subsequent pressure on the city infrastructure. The chapter starts with a geographical overview of the city in terms of location, population and spatial differentiation. It also looks at the urbanization of poverty in Accra and the growing pressure on the city’s infrastructure. This chapter
finally captures the selected communities where the study was conducted together with key approaches to poverty reduction.

3.2 Geographical Profile of the City of Accra

The city of Accra is located on the south-eastern shores of Ghana with geographic coordinates: 5 33 N, 0 13 W in terms of latitudes and longitudes. The Accra Metropolitan Assembly (AMA) largely constitutes the city of Accra (Grant and Yankson, 2003) though the city presently extends beyond the boundaries of AMA.

Figure 2: The City of Accra

Accra is demarcated by the Gulf of Guinea to the south, University of Ghana in the north, Tema and Ashaiman Townships to the east and by Korle Lagoon in the west (see Figure 4).

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4 The city of Accra within the context of this work comprises of the built-up area of Accra Metropolitan Assembly. Other broader definitions added Tema Metropolis; Ashaiman Municipal; Ga South, Ga East, Ga West and Ga Central Municipalities to the AMA to form the Great Accra Metropolitan Area. In the regional context, Accra is also defined to include: Tema Metropolis, Ashaiman, Municipality, all the Ga Municipalities, Dangme West and Dangme East.
2). As a result of political reclassification, AMA is currently made up of eleven sub-metros namely Ablekuma South, Ablekuma Central, Ablekuma North, Ashiedu Keteke, Ayawaso East, Ayawaso Central, Ayawaso West Wogon, Osu Klotey, La, Okaikoi South, Okaikoi North (GSS, 2010). The city is a built-up area of about 200 square kilometers with dimensions of about 25 km east to west and about 12 km north to south (Grant and Yankson, 2003). The continuous built-up area notwithstanding, there are open spaces such as the Efua Sutherland Children’s Park and a large Greenfield around Teshie normally used by the military. The city has developed traditionally from the waterfront inland as a result of its maritime trade and colonial influence. Indeed, a considerable part of the city is a low-lying area which has become floodable any time it rains.

Accra’s population at the beginning of the 20th century stood at 20,000, however, the population increased rapidly to 38,000 in 1921 (Essamuah and Tonah, 2004). As a consequence, Accra in a decade thereafter expanded beyond its centre (Ga Mashie) thus, leading to the creation of many suburbs (Robertson 1984). By 1960 the population of Accra had hit 388,396 persons. This figure further increased to 969,195 in 1984. Accra’s population by 2000 reached 1,657,856 people. Currently, the 2010 population census has put the population figure of Accra at 1,848,614 which is made up 887,673 males and 960,941 females (GSS, 2010). Comparing the population growth rate of Ghana and Accra in the last five decades, it is clear from Table 3.1 that the growth rate of Accra at every census year is more than double the growth rate of Ghana. This may be attributed to the rural urban migration to Accra and the natural increase within the city. The high growth rate if not properly managed may lead to a high dependency burden of economically
inactive people on the working population (GSS, 2010). This may be a cause for worry in terms of poverty among the lower income groups in the city.

| Table 3.1 Population Size and Growth Rates of Accra and Ghana (1960-2010) |
|--------------------------|----------|----------|----------|----------|----------|----------|
| Accra       | 338,396  | 636,667  | 969,195  | 1,658,937| 1,848,614| 4.7      |
| Ghana       | 6.7m     | 2.9      | 8.6m     | 12.3m    | 18.9m    | 2.8      |
|             | 2.9      | 2.7      | 3.3      | 2.8      | 24.2m    | 2.5      |


3.3 Growth of Accra and Poverty

The near 137 years of the development history of Accra when the capital was moved from Cape Coast to its present place is one dominated by colonial legacy, rapid population growth, inadequate infrastructure and lack of proper urban planning. Within this trail, the shadow of trade as means of livelihood for a large number of the inhabitants of the city looms large. Historically, the original Ga settlements were found inland, however, local experts posit that the people migrated to the coast to establish a fishing village east of the Korle lagoon out of which grew James Town and Ussher Town (Acquah, 1957) in the 17th century. Consequently, the establishment of three forts: Ussher Fort by the Dutch in 1650, Christiansborg Castle by the Swedes in 1657 and James Fort by the British in 1673 boosted lucrative trade between the Europeans and the local people. Spatially, Accra at this stage was referred to as “one compact mass of thatched buildings arranged in a haphazard manner and separated by narrow crooked streets” (Stanley, 1874).
Accra began to flourish as the administrative and commercial center when the colonial powers relocated their political capital from Cape Coast in 1877. The seat of government in Accra brought with it a large number of merchants, investment capital and a large expansion of trade (Grant and Yankson, 2003). Indeed, Accra became the busiest port on the Gold Coast by the beginning of the 20th century ((Dickson, 1969). Functioning as the political administrative center, Accra became part of the British colonial network of cities used for exploiting the whole country. It became linked with the wider hinterland through the development of road networks, albeit in a crude form (Taaffe et al., 1963). With the improvement of transport and communication facilities came increased interaction of ideas and influences between local communities and the outside world. This interaction has turned Accra into functioning as the chief port for exporting cocoa (Konadu-Agyeman 2001) from the southeastern regions of the Gold Cost.

Closely related to the transportation of goods is the building of warehouses to house most if not all of the goods brought for exchange or shipment. It is no wonder that the inner part of Accra is littered with warehouses especially where the old harbour had been located. Dickson (1969) pointed out that as volume of trade was stepped up in 1889 Accra possessed the largest number of private bonded warehouses along the coast of Ghana. It must, however, be mentioned that deliberate colonial legislative policy denied the establishment of manufacturing industries in Accra though a few, mostly for beverages and food exist (Grant, 2001) for most parts of the colonial period. If the colonial policy had favoured the establishment of industries in Accra, a large number of the migrants and indigenes of the city would have found meaningful work that could ensure a constant source of income and wellbeing from generations gone before.
A rooted historical understanding of the development of Accra is necessary to contextualize the struggle against poverty by a large number of the city dwellers. However, deliberate political policies in the post independent period can also not be discounted. At the dawn of independence, the growth pole development paradigm was pursued, thus, Accra served as the epicenter from which the rest of the country developed. Twum-Baah (2001) posits that the drive towards industrialization in the 1960s gave rise to a deliberate policy of selective development of social and economic infrastructure that favoured Accra and Tema. This national development strategy, with emphasis on maximum overall growth in the short run, required the economies of scale and infrastructure advantages as well as the maintenance of a favourable investment climate which Accra provided (Twum-Baah 2001). Government services were increasingly centralized in the capital, giving most people the impression that they could only get things done when they moved to Accra. Access to well-paid jobs, education, health-care and higher living standards became “pull factors” to Accra, whilst absence of state institutions and the deteriorating quality of life in the countryside were among the factors that pushed people out of the rural areas to the city (Essamuah and Tonah 2004).

The consequence of the concentration of economic activities and better job opportunities in Accra resulted in the influx of many people into the city with resultant problems that have plagued the city. The economic migrant to Accra is faced with three basic needs with regards to security, identity, and job opportunity. Trade-offs are made amongst these three needs. The poor migrant values unskilled job opportunities to make a living than any other thing. Indeed, the new migrant gives high priority to employment location generally found in the city centre where varied casual opportunities for the unskilled
labourer were provided. Most of these migrants who did not have any skill or formal training had to settle with family members in the city or erect temporary make-shift structures in unoccupied and often, publicly owned areas as shelter. This situation has brought a continuous stream of migrants into the city centre and has subsequently shifted the theatre of poverty from the rural and peri-urban areas into the city.

Recognizing the rural-urban axis of migration and the consequent urban transition in the last fifty years, the World Bank (2008) and Ravallion et al. (2007) reiterate the point that the rapid urbanization in developing countries without the commensurate economic growth has resulted in 25% of the world’s poor people living in urban areas. This, Ravallion et al. (2007) further argue, has led to urbanization of poverty. With rapid urbanization, cities such as Accra provide the opportunity for many rural migrants “a possible escape from joblessness, underemployment, oppressive agrarian structures or low productivity subsistence work” (Sirgiw, 2011 p.13). However, the urban economy of Accra does not have the absorptive capacity to cope with the waves of rural migrants who compete for non-existent jobs. This situation is further exploited by the urban producers who pay low wages for the cheap labour thereby maintaining a large army of insecure and unorganized workforce (ILO, 1989). It is therefore clear that the continuous existence of rural poverty and the subsequent migration to cities such Accra puts stress on urban labour processes which in turn give rise to an increase in low income strata in the cities (ILO, 1989). Hope and Lekorwe, (1999) also document that the insufficiency of jobs in the face of increase in the natural population growth rate has given rise to urban poverty.
Another cause of poverty in Accra can be attributed to demographic factors such as large family size without an analysis of the financial standing of parents (Olowu and Akinola, 1995). Agreeing with the two authors, Mabougunje (2005) posits that

“Perhaps the most important demographic transfer of poverty is parental status at birth; that is, if the parents are poor, invariably their children would be poor at least within the first few years of their lives. Actually, such children might not be able to liberate themselves until they start working. In other words, some people are poor because they were born to poor parents”.

The inter-generational transfer of poverty clearly perpetuates poverty. With the high level of fertility in poor communities of Accra coupled with low levels of infant mortality, there is bound to be a high level of dependency ratio on the few workers in such communities giving rise to high concentrations of poverty in the inner city of Accra and the informal settlements. (GSS, 2010).

Closely related to this was the relocation of the old harbour from James Town to Tema in 1962. In fact, Grant and Yankson (2003) document that the construction of the harbour in Tema led to the rejection of Accra harbour as commercial port. The relocation of the harbour affected the livelihood of many people in Accra because some of them served as tally clerks and head porters, whilst others who served in related areas such as the adjacent Sea View Hotel, the boat building industry and related trading activities all lost
their jobs thus depriving people of the inner city of their source of livelihood and making them poor (Hallow, 2008).

National liberalization policies most dramatically affected the city of Accra (Grant and Yankson, 2003). The introduction of SAP saw the removal of subsidies for key social services such as water, electricity, telephone and housing. Also, SAP led to a downsizing of the number of persons working in the civil and public services. This ultimately resulted in the laying off of thousands of workers, most of whom were unskilled or low-skilled personnel. Many workers that were laid off worked at the lower-tier level as labourers, cleaners, cooks, sweepers, and clerical/administrative staff. As a result of the retrenchment policy, many became dependent on friends, and could not meet their financial obligations. Life for such people had become difficult. The rippling effects of SAP were the worsening of the urban poverty condition and the swelling of the pool of the urban unemployed among others. Clearly, this position is corroborated by the findings of World Bank study which found that between 1987 and 1993, poverty levels in Accra had increased from 8.5% to 23%. Again, the number of registered unemployed rose during the same period and many of those unable to find work in the formal sector had to join rising numbers already working in the city’s informal sector (World Bank 1995).

Trade and commerce are functions performed by cities in Africa since ancient times. And one of the greatest attractions of a CBD is the location of markets where people barter and trade. The biggest market in Accra today is Makola. Robertson (1983) described the Makola market in the centre of Accra as “the centre of trade in Ghana, the chief wholesale and retail market in Accra and the heart of a market system that evolved over a
Gudeman (2001) argued that communities near markets depend on trade to attain their material needs to build their social amenities. Generally, the destruction of Makola market in 1979 has far-reaching consequences for all those whose neighbourhood the market is located. Many petty traders depended on wholesale stores in this market for the supply of goods; therefore, its destruction means lost of supply and consequent lost of income and livelihood.

### 3.4 Legal and Institutional Framework for Petty Trade in Accra

Petty trade as a form of entrepreneurial activity has been known and practiced in Ghana long before the advent of colonialism. Like anywhere in the developing cities of Africa and Latin America, petty trade has become part of the socio-economic structure and a way of survival of many urban poor in Accra. Certainly, petty trading activities fall under the informal economy where regulating such activities is problematic. Nevertheless, “efficient institutional and legal framework is important for ensuring the smooth operations of any business activity” (Mitullah, 2003, p.9). In fact, it is the duty of government and city authorities to provide a reflective regulatory framework within which every citizen can pursue his/her legitimate business, earn a livelihood and interact amicably with the use of space. The key sticky point, however, is that “the public needs clean and less congested city streets, yet hawkers and their dependents must also survive” (Owusu and Abrokwah, 2012).

By-law is a regulatory tool that provides the context for the safe management of an area. Under section 79 of the 1993 Local Government Act (Act 462), local district, municipal
or metropolitan assemblies are permitted to enact by-laws that permit or prohibit certain socio-economic activities that fall within their jurisdiction. To operationalize the functions conferred on the AMA by Act 462, the AMA in 1995 passed a by-law [1] which requires that “AMA shall publish in the Gazette a notification of the effect that street market has been established specifying the name of the street and notify the Ga Mantse [Ga Chief]”. Indeed, by-law (1995) (7) states that, “no person shall offer for sale or sell any article in a street market other than in the space of selling allocated to him by the AMA”. Many streets were therefore designated as off limits to petty trading activities.

As time went on the city authority of Accra (AMA) has faced three main challenges: congestion, poor sanitation and gentrification as a result of trading activities. To regulate petty trading activities therefore, the AMA passed the “Street Hawking By-laws, 2011” which prohibit certain petty trade related activities. These included:

1. Sale, offer of sale or purchase of merchandise to vehicle drivers or passengers
2. Trading on the street (except for street markets)
3. Littering on streets, pavements and from moving vehicles
4. Owners of vehicles required to provide waste bins for passengers and to use those
5. Solicitation of alms, aiding and encouragement of solicitation of alms (with exception of religious or charitable organizations)
6. Responsibility of a parent to avoid child delinquency
7. Promotional activities on streets or in markets without proper permit

[Street Hawking By-laws, 2011]
Enforcing the new set of by-laws in 2011, the AMA designated certain streets most of which are highways as off limits to vending activities. Any person who contravenes any of the by-laws is “liable on summary of conviction to a fine or in default to a term of imprisonment not exceeding three months or be commuted to perform communal labour” (Osei-Boateng, 2012, p.6). In this direction, the city authorities created satellite markets to decongest the city and “reclaim public streets from traders” (Bromley and Mackie, 2009, p.1485)). However, in decongesting the city, there appears to be little or no recourse to factors that underpin petty trading activities – strategic locations, foot and vehicular traffic and higher profits in the congested CBD – in the provision of alternative sites.

Kayuni and Tambulasi (2009) document that relocating petty traders (itinerant hawkers and table top sellers) outside the CBD and off the major streets has never been successful because such locations do not have the density of vehicular and foot traffic which form the basis of the customers. This situation has led to itinerant traders relocating to traffic intersections and tollgates within the city of Accra. Again, a scrutiny of the implementation of the by-laws also shows that the issue is about ‘location rather than activity’ (Steel, Ujoranyi and Owusu, 2014). Control over location affects the business operations of the petty trader in the sense that public spaces in urban areas are critical physical assets for the urban poor to trade on and make a living but licensing that gives the legal right to trade in such areas is in the hand of the city authorities and given only to shop owners. Meanwhile petty trade is an individual initiative that makes goods more accessible, provides employment for the large army of the unemployed and a means of
livelihood for the urban poor. In any case, article 36 [2] [b] of the 1992 constitution of Ghana instructs the state to afford “ample opportunity for individual initiative and creativity in economic activities and fostering an enabling environment for a pronounced role of the private sector in the economy”. Clearly, policies and by-laws on the use of public space in urban areas do not consider the strategic role and contribution of the informal sector workers such as petty traders. Vendors are seen as obstructing traffic, making the cities lose its aesthetic value and must be controlled instead of been viewed as individual production units that contributes to the growth of the economies of cities (Mitullah 2003; Steel et al. 2014).

The second dimension of the implementation of the by-laws is to create an avenue for city authorities to get the needed internally generated revenue that would enable them pay for sanitation, refuse collection and related management services of the city. In pursuant of Local Government Act (Act 462) of 1993, the AMA raises revenue through imposition of tax and levies on businesses that come under its sphere of influence. Petty traders are levied on daily basis whereas registered small and medium size enterprises or shops pay monthly income tax or sales tax based on the profit or sales declared. When the sum total of the daily tolls of itinerant hawkers or tabletop sellers over a month are compared to the monthly tax paid by store/shop owners, the itinerant hawker/table top seller pays more than the store/shop owner (Hallow, 2008). Paradoxically, those who pay more are deemed illegal by the city authorities and not allowed to operate. This clearly is an issue of convenience instead of clearly thought out integrated regulations and policies. The
AMA as an institution collects taxes from all businesses that operate within its jurisdiction without recourse to the legality or otherwise.

As a voice for the large army of petty traders against the restrictive regulations of the city authorities, trader associations are formed. Many of such associations are organized along commodity lines; for instance, StreetNet Ghana defends the rights of street traders in the face of evictions and threats to livelihood (Skinner, 2008b). Steel et al. (2014) document that AMA sometimes negotiates with umbrella associations of informal traders.

### 3.5 Study Areas

The magnitude of poverty in Accra continues to increase with each stream of migrants and the growth in the natural population. A huge number of the city’s population is living in informal settlements dotted in the inner city and close to the central business district. The study was conducted in three communities of Accra: Old Fadama, Jamestown and Sabon Zongo where the poorest people in the city are concentrated. Old Fadama houses the biggest informal settlement in Ghana and informal settlements are synonymous with poverty (Obeng-Odoom, 2011). James Town on the other hand is the inner part of the city and is associated with derelict buildings, run down infrastructure due to neglect (Hallow, 2008). Sabon Zongo which is a migrant community also shares most of the characteristics with the other two communities. The choice of the three communities was also supported by the severity of poverty as depicted by the poverty map (see map on page 117). Apart from the similarities, there is a clear difference in terms of entrepreneurial spirit and variation in survivalist and growth-oriented micro enterprises.
Whilst Old Fadama and Sabon Zongo are noted for starting micro-business, James Town has a lot of survivalists. Further, the three communities present different kinds of informal settlements. Sabon Zongo appears to be more established than Old Fadama which is under constant threat of demolition. James Town on the other hand has once been vibrant with economic activities but lost it when the habour was relocated to Tema.

One major source of livelihood for the three communities is petty trading. The socio-economic description of the three areas is informed largely by figures from the 2010 population census conducted by the Ghana Statistical Service. This data provided detailed geographic and socio-economic characteristics of residents of the research areas. It has been argued that census is an invaluable source of information on the socio-economic and demographic trends in any country. Dale (1993) succinctly captured the importance of population census thus, “Population census is the most authoritative social accounting of people and housing and a unique source of data for the social sciences”. It therefore becomes prudent to rely on this authoritative material in describing the socio-economic conditions of the three research areas.

### 3.5.1 Sabon Zongo

Sabon Zongo is a multi-cultural settler community made up of people from the three Northern Regions of Ghana, Hausas from Nigeria and other ethnic groups in Ghana (Acquah, 1957). Historically, the community was founded in the 20th century as a result of religious conflict among the Muslim community living in old Accra. According to Parker (2000), following the epidemic plague of 1908 in Accra, control over land became a source of conflict. This forced the Hausa leader Muhammad Baako to seek permission
from Kojo Ababio\(^5\) to relocate Muslims and their large herds of livestock from the old Zongo north of Kinka to a land near Lartebiokorshi to resettle his followers. Thus, Muhammad Baako founded what today is called Sabon Zongo (Parker, 2000).

Sabon Zongo shares its northern border with Ogbologo road, on the east by Ring Road, to the south by Market Lane and the west by Link Road. The area covers about 0.43 square kilometers with a high population density. The population of Sabon Zongo has seen a rise and fall over the years. In 1970, the population was 24,000 however, this reduced to 18,616 in 2000. The reduction is unusual but may be a sign of stress. The population has since soared to 27,668 in 2010 (GSS: 1970, 2000 and 2010). In Sabon Zongo, 82.9% of the houses are compound houses, 5.8% semi-detached houses, 2.8% separate houses 4.6% improvised homes such as kiosk and containers and 1.5% living quarters attached to shop/office. In the community, 73.3% of the dwellings are made up of cement blocks and concrete, 15.9% made up of wood, 5% made up of mud brick and 6.8% made up a combination of other materials.

In this community, pipe-borne water is the main source of drinking water. Forty three point eight percent (43.8%) of the pipe-borne water is located outside the dwellings, 31.2% located inside the dwellings, and 17.7% are public taps. Six point eight percent (6.8%) of drinking water comes from satchet water for this community with the rest 0.5% from other sources such as rainwater, tube well and protected spring. In Sabon Zongo, 87.4% of the households use public toilet with 7% using W.C located in their houses, 3% KVIP with the rest 2.6% using facilities such as open defecation, pit latrines among

\(^5\) Kojo Ababio was then the *Alata mantse* (chief of one of the divisions of the Ga State).
others. On education, 35.9% of the residents schooled up to middle/JSS level while 31% ended up at primary level. Further, 17% are secondary school graduates with 2.7% graduating from commercial/technical schools. A paltry 3.1% holds post secondary diploma, 1.1% bachelor degree and 8.9% in kindergarten level respectively. The informal sector (86.7%) serves as the source of occupation for most of the residents while 9.5% and 3.3% are private formal and public workers respectively. The main economic activity according to ISSER (2010) is petty trading. Here 46.7% of the household heads are service and sales workers, 19.7% crafts and related trade workers, 16.2% elementary occupations (menial jobs including petty trade) 5.4% plant and machine operators and the rest are managers and other professionals. 96.6% of the residents noted their lighting is electricity.

3.5.2 Old Fadama

Old Fadama has a character of an informal settlement with an estimated population of 27,353 people most of whom are settlers (GSS, 2010). This number according to Grant (2009) may vary depending on the time and season because of the direction of movement of people. This area used to be unoccupied government land until the 1980s when the informal settlement sprang up as a result of two factors: migrants who could not cope with high-price housing and the many workers that were laid off during the 1980s as a result of Structural Adjustment Programme (SAP) moving to the area. Further, many of the over one million Ghanaians deported from Nigeria in 1984 also settled here. Besides, the construction of the Non Aligned Movement (NAM) conference centre saw the relocation of squatters from the Osu area to this community. The area further expanded when the city authorities moved yam sellers who “used wood, mud, and concrete to build
shacks for themselves” (CHF International, 2007) there. The dominance of the population of people from the three northern regions is the result of a wave of migration to Old Fadama during the Kokomba-Nanumba war in the early 1990s. The total land area of the settlement is about 31.3 hectares.

In this community 34.9% of the dwellings are improvised homes made of kiosks and containers, 29.6% are compound houses, 16.2% are semi-detached houses, 15% are separate houses and the rest made up huts/tents and uncompleted buildings. Seventy five point five percent of the houses are made up of wood while 22.4% are made up of concrete/cement. The rest are made up of bamboo, metal sheets and concrete. In Old Fadama, the main sources of drinking water are satchet water (59.5%), followed by pipe-borne water located outside the dwelling (18.58%), 2% inside the dwelling, 18.60% being public tap (GSS, 2010). The other sources of water are rainwater, tube well and protected spring among others. A total of 95.1% of the households in this research area use public toilet, 2% of the households have no toilet facilities therefore take to open defecation. The rest have toilet facilities such as bucket/pan latrine, KVIP, WC, pit latrine among others.

Furthermore, waste disposal poses a great challenge in this community as 47.4% of the households dispose their liquid waste into gutters while 20% and 18.9% throw their liquid waste onto their compounds and streets respectively. Rubbish is dumped either in an open space (22.6%) thrown into an overflowing public container (10.4%) dumped indiscriminately (10.4%) or collected and burnt (55.7%). As a result of the stench emanating from the disposal of solid and liquid waste, the dumpsites which border the
Korle lagoon are euphemistically referred to as “lavender hill”. Electricity is the main source of lighting in this community (95.4%) with a few people using kerosene lamps and candles when the need arises. On institutional sector of employment, the informal sector employs about 96.2% of all those who are 15 years and older and 2.9% for private formal sector (GSS, 2010). Majority of the residents of Old Fadama participate in the urban economy through petty trading due to its proximity to the Central Business District. Indeed, 25.3% are service and sales workers, 8% crafts and related trade works and 61.3% engaged in elementary work which deals with petty trading activities because there is free entry and exit. On education, 36% of the residents are primary school leavers, 39.1% middle school or JHS leavers, 13.9% secondary school leavers with a measly 11% being diploma and degree holders.

3.5.3 James Town

Jamestown is one of the old districts in the inner city of Accra settled in by the Gas of the Ga-Dangme ethnic group at the beginning of the 17th century. Following the conquest of the Gas by the militaristic Akwamus between 1677-1681 there was the need for institutional reconstruction of the Ga social formation (Parker, 2000). This led to three akutsei⁶ (Alata, Sempe and Akanmaji) coming together to form what is today called James Town within the vicinity of James Fort. It is also known as English Accra (Nleshi in Ga).

James Town is bordered on the West by the Korle Lagoon, on the East by Kwame Nkrumah Avenue, on the North by Accra Railway Station and on the South by the Gulf

⁶Akutsei is the plural of akutso, which in Ga means town quarter or community.
of Guinea. Its population according to the 2010 population census is 16,221. In this settlement, 72% of the dwellings are compound houses while 13.8% are semi-detached houses. Indeed, 4.5% of the dwellings are improvised homes made up kiosks and containers. 3.3% and 3.9% of the dwellings flats and separate houses respectively. The common materials used in building most of the houses are cement/blocks and wood (GSS, 2010).

In James Town, 88.3% of the households use public toilet with 8% using water closets. Further, 1% each use pan latrine and the beach respectively. A total of 70.2% of the households dispose of their refuse at the public dump (container) provided by the city authorities, 26.8% dispose refuse through private service providers with the rest either dumping in open space or indiscriminately. Furthermore, liquid waste is disposed of by throwing it into open gutters (74%), through drainage system (18.1%), through the sewage system (2.9%), thrown onto the main compound (2.6%) and the rest thrown onto the street outside (GSS, 2010). The main source of lighting in this inner district is electricity (83.6%) followed by flashlight/torch (6%), kerosene lamp (5.5%), candle (3.7%) and the rest being either private generator or solar energy. The most common cooking fuel used in James Town is charcoal with a percentage point of 74.3 with 12% using liquefied petroleum gas. Nine percent of the residents do no cooking at all, while 1.4% and 1.6% use kerosene and wood respectively (GSS, 2010).

On source of drinking water, 42.9% of the residents depend on pipe-borne water outside the dwelling, 14.8% depend on pipe-borne water inside the dwelling, 12.1% depend on public tap/standpipe, 28.8% depend on sachet water and the rest depend on bottled water,
river water and protected spring. The highest level of education attained by 38.9% of the residents is middle school or JSS while 29.8% attained primary school as their highest level. Besides, 14.9% attained secondary school as their highest, 8.9% ended at pre-primary level, 3.7% vocational/technical school, 2% post secondary diploma, 0.9% bachelor degree and 0.09% post graduate certificate. On status of employment 61.4% of the residents are self-employed either with or without employees, 28.9% being employees, 3.7% apprentices, 3% casual workers and the rest are either domestic employees or contributing family worker. Further, segmenting the employment into institutional sectors, the private informal sector employs about 79.6% of residents while the private formal takes up 11.5%. Indeed, the public sector employs 7.9% of the residents with the rest of the residents employed by NGOs and other semi-public organizations. In James Town, 40.6% of the residents are service and sales workers, 19.1% crafts and related trade workers, 20.2% elementary occupations, 3% each for professionals, technicians and associated professionals and plants and machinery operators respectively. 4.7% are skilled agricultural, forestry and fishery workers. The rest are clerical support and related workers.

Table 3.2 captures the summary of key characteristics of the three communities. Indicators for the severity of poverty was based on demography, housing, urban services and economic variables (CHF International Ghana, 2010). Going by the poverty map of Accra, (see appendix 9) the different shades of colours depict the severity of the poverty situation within the Accra Metropolis. Area such as Sabon Zongo shared the darker shade which means there is a very high poverty pocket of about 80% of the residents. As one moves away from the darker shade to the lighter ones, the level of poverty decreases. A
lighter shade such as yellow means non-poverty pocket meaning less than 1% of residents are poor. For figure 3, Old Fadama has a green shade because of its extra legal status and the threat of demolition. Sabon Zongo is brown because it has been purchased and settled in and James Town is blue indicating it is an indigenous community.

Table 3.2 Summary of Key Characteristics of the Three Communities

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>James Town</th>
<th>Old Fadama</th>
<th>Sabon Zongo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age of settlement</td>
<td>Early 17th century</td>
<td>Early 1990s</td>
<td>Late 1908</td>
</tr>
<tr>
<td>Location</td>
<td>At the old part of the city and near the CBD</td>
<td>Located near the Korle Lagoon and close to the CBD</td>
<td>Sandwiched by Ogbologo and Ring Roads</td>
</tr>
<tr>
<td>Historical origins</td>
<td>Institutional reconstruction of the Ga social formation by three Akutsei (Alata, Sempe and Akanmaji)</td>
<td>Relocation of squatters from other parts of Accra; population fleeing from ethnic conflict in northern region subsequently swelled population numbers</td>
<td>Relocation of Muslims and their large herds of livestock from the old Zongo north of Kinka</td>
</tr>
<tr>
<td>Population size (2010 census figures)</td>
<td>16, 221</td>
<td>27,353</td>
<td>27, 668</td>
</tr>
<tr>
<td>Population mix</td>
<td>Mainly indigenes of the Ga ethnic group and some intra-regional migrants</td>
<td>Mainly internal migrants from northern Ghana; increasingly attracting some intra-regional migrants.</td>
<td>Mainly migrants from the three Northern Regions</td>
</tr>
<tr>
<td>Legal status by city authority</td>
<td>Legal</td>
<td>Considered illegal and under threat of demolition.</td>
<td>Legal</td>
</tr>
<tr>
<td>Layout and housing</td>
<td>Compound houses built with bricks, cement blocks and concrete. An old layout with lots dilapidated houses</td>
<td>Poor houses built mainly with wood and poor/no layout.</td>
<td>Compound houses built with bricks, cement blocks and concrete; improvised homes kiosk and containers/ some level of layout</td>
</tr>
<tr>
<td>Infrastructure and services</td>
<td>Pipe borne water, public toilet, health, entertainment, basic education facilities and electricity.</td>
<td>Poor except electricity</td>
<td>Pipe borne water, public toilet, basic education facilities and electricity.</td>
</tr>
<tr>
<td>Redevelopment and upgrading</td>
<td>Appreciable level of redevelopment and upgrading. Pockets of gentrification.</td>
<td>None</td>
<td>Some level of upgrading</td>
</tr>
<tr>
<td>Severity of Poverty</td>
<td>Moderate poverty pocket</td>
<td>Moderate poverty pocket</td>
<td>High poverty pocket</td>
</tr>
</tbody>
</table>
3.6 Summary of Chapter

Previously, it was commonplace among scholars to examine the growth of Accra within the framework of colonial legacy, a site for specialized institutions and political action. However, this assessment failed to acknowledge the nuances of settlements preceding planning and the emerging threat of poverty. In this direction, Grant and Yankson (2003) analyzed the growth of Accra through the lens of spatial planning and the influx of migrants to the city. This has shifted scholarship to examining growth of Accra and its urban character in relation to the attendant problem of poverty holistically. The poverty of Accra can be attributed to the colonial legacy, relocation of the harbour to Tema, rural-
urban migration, deliberate government policy, and natural growth of the city among others. These factors have given rise to spatial difference in the provision of social amenities and infrastructural services in the various suburbs of the city.
CHAPTER FOUR
RESEARCH DESIGN AND METHODOLOGY

4.1 Introduction

Quantitative and qualitative research methods combine to give any empirical study a more rigorous result, and this normally documents the needed value-added for total grasp and explanation of poverty. Indeed, this methodology according to Shaffer (2013) is at the heart of development studies and poverty analysis. Studies on entrepreneurial activities and human capital have been marked by an emphasis on quantitative techniques with some studies on social capital similarly enjoying qualitative procedures. Considering the objectives and research questions, the study drew on different kinds of research techniques from both approaches to help answer the research objectives. Indeed, this approach is inspired by the works of researchers such as Abdul-Hakim et al. (2010) ‘social capital index and poverty’; Doh and Zolnik (2011) ‘social capital and entrepreneurial activity’; Miller (1983); Covin and Slavin (1989) ‘entrepreneurial orientation’ and Thomson et al. (2002) ‘critical moments’.

The subject matter of this chapter is the methodology of the study and it specifically deals with the measurement of social and human capital, urban poverty and associated techniques with regards to objectives and hypotheses. It captures the sampling design in which the formulation of the main survey instrument (questionnaire) was explained together with how the survey was conducted and problems that arose. It further discusses the analytical techniques such as bi-variate and multi-variate analyses and the models that were employed for regression analysis. Attention was also given to how the qualitative
data was collected to supplement the quantitative data. Finally, data processing, issues relating to reliability and validity of the data collection procedures were addressed.

4.2 Population and Sampling Frame

A reliable sampling frame normally forms an important reference point for quantitative techniques in research. This is normally inferred from the total population of the phenomenon under consideration. The total population of the three communities according to the 2010 population census of Ghana was 71,242. However, a sample frame for entrepreneurial activities within the study area is non-existent. To overcome this challenge, a proxy for entrepreneurial activity – self-employment – was used. According to the Ghana Statistical Service (2010), there are 29,623 self-employed people in the three communities with 15,720 in Old Fadama, 4,646 in James Town and 9,257 in Sabon Zongo. It must be mentioned that not all the self-employed are into petty trade. An appreciable number engage in activities such as hairdressing, tailoring, shoe shining, driving, trolley pushing, mechanics, scrap dealing and head-potterage, among others. Those identified as petty traders were categorized into well-defined groups such as itinerant street hawkers, sedentary tabletop sellers and shop (store) owners.

4.3 Research Instruments and Data Collection

Data on informal sector activities and their measurement in developing countries such as Ghana is very problematic. This comes with the empirical difficulties associated with such data sets. To obtain a data set that is largely free of errors requires a lot of triangulation and use of formal and informal methods. Institutional data on self-employment in the three communities was obtained from the Ghana Statistical Service.
However, the main data set was obtained from a sample survey of 400 petty traders selected through systematic sampling.

A semi-structured questionnaire was one of the main tools employed for data collection; this is because semi-structured questionnaires are often used in empirical social research that straddles many disciplines. The questionnaire contained one hundred and sixty-eight questions that were categorized into six sections. Respondents answered by filling in the appropriate responses and ticking when required. The questions cut across a broad spectrum of demographic characteristics, socio-economic issues of the business environment, challenges and coping strategies and the way out of poverty.

To carefully glean information from selected key informants, in this case those who are successful petty traders, a carefully designed open-ended interview guide was administered. This in-depth interview in the form of narrative was used to elicit information from successful petty traders who graduated from survivalist to growth oriented enterprises. This was done in accordance with themes that were identified as critical moments in the transition from one stage to another.

In gleaning data from successful petty traders who have been able to make it to growth oriented enterprises, a descriptive concept of critical moment was used to elicit information on their biographical accounts within the context of social structure and processes. This allowed for a better understanding of how socio-economic structure helps to shape the survival instincts of such individuals who became successful store/shop owners. Three in-depth interviews were conducted in the three research communities.
where the respondents were purposively selected for their life stories. The interviews were concerned with describing the petty traders’ current life situations, reflecting on important episodic changes that have shaped their current situation and future aspirations.

The potential variations in the critical moments across the three categories of petty traders helped in discovering how successful petty traders are able to get out of poverty. Du Bois-Reymond (1998) posits that to find a way out of poverty, it is important to document how the poor have been able to negotiate their way out. In doing this data was collected on the codified and experiential knowledge of the respondents in addition to training, family, network of friends and associates, relationship, opportunities, location, among others. These interviews were done on individual basis to guarantee the confidentiality of the information provided. Detailed notes were taken during the interview though there was a recorded electronic version to supplement what was written. Each interview lasted for about 40 minutes on the average.

Another method that was employed was the Focus Group Discussion (FGD). This method was employed on the proposition of Nyanzi et al. (2000) that it generates more accurate and comprehensive information easily and is cost effective as compared to one-on-one interview. Moreover, it also allows for easy verification of information through triangulation within the group. Indeed, Dawson et al. (1992) assert that FGD is a critical method that should be used in understanding beliefs, social systems and ideas from unlettered communities. FGD also allows for generation of patterns and identification of common critical moments by the respondents.
Welfare and associational groups formed the basis of the three (3) FGDs that were conducted because they served as development points of vertical and linking social capital. Besides, such associations serve as the conduit for traders to meet others and act with one voice in terms of bargaining with city authorities. Indeed, such associations serve as “a bargaining counter with political or administrative authorities, on behalf of the group as a whole, or of individual traders” (Lyons and Smuts, 1999). These associations therefore offer the platform for many individual petty traders to develop vertical social capital. I paid special attention to linking social capital because I assumed that it might not be equally distributed in the group and could be skewed in favour of the leaders to the detriment of poor petty traders. Further, I selected membership of savings groups as an indicator of the gradual and possibly strategic accumulation of assets. In doing this, I examined rotating and saving groups as a source of bonding social capital among petty traders. In this arrangement a high degree of trust is critical. The study therefore looked at inherited or contingent relationships as the primary source. In the FGD, we took care to avoid comments and questions that had no bearing on the subject matter though some participants were allowed to veer off tangent to boost their confidence and raise their level of enthusiasm in the discussion. This created a congenial atmosphere for the flow of ideas. Eloquent participants were subtly controlled to encourage everybody to contribute.

Apart from the survey, in-depth interviews and FGD, the study also made use of secondary data from the Ghana Statistical Service. Specifically, the 2010 population census data on the three communities and the whole of Accra was used as well as other relevant publications. It must be mentioned that some of the data on entrepreneurial activity and poverty reduction is held in many documents and unpublished reports of
NGOs and on the shelves of many academic institutions. Many of these documents and reports were used to complement the analysis of the primary data from the field. After completion of the administration and collection of the semi-structured questionnaire, follow up telephone interviews were conducted amongst ten (10%) of the respondents. The purpose of these interviews was to determine the accuracy of the information on the questionnaire. Through this process, gaps identified during the post coding process of the questionnaire were filled to ensure the reliability of the information collected through the questionnaire.

4.4 Sampling Procedure and Methods

The three communities which are geopolitical zones have a combined 71 Enumeration Areas (EAs) with a total population of 29,623 self-employed people (GSS, 2010). Old Fadama has 18 EAs with 15,720 self-employed people while James Town has 20 EAs and 4,646 self-employed. In addition, Sabon Zongo with 33 EAs has 9,257 self-employed people. Each community was taken as a stratum in the stratified sampling frame. The rationale for using each geopolitical zone as strata was to ensure equitable coverage so that the peculiarities of each zone will be captured in the survey. In each stratum, EAs were arranged alphabetically and they were systematically selected at intervals of three. This exercise resulted in the selection of 23 enumeration areas out of the 71 for the purpose of administering the semi-structured questionnaire. The selection of the respondents was done with regard to the proportion of petty traders among the self-employed\(^7\).

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\(^7\) Self-employed was used as a proxy frame due to unavailability of data on petty traders in the study areas. Within the self-employed group, only those who qualified as petty traders (see p.4) were considered.
The number of EAs sampled from each community is in proportion to the number of EAs in each geopolitical zone. Thus, Old Fadama with 18 EAs, James Town with 20 and Sabon Zongo with 33; the numbers of sampled enumeration areas were 6, 6, 11 respectively. It must, however, be mentioned that the distribution of the questionnaire was in proportion to the number of self-employed in each community. Respondents were selected along the major and minor streets in the community. This procedure was adopted because the location of each business activity is along the streets. Systematic sampling technique was used, at intervals of 15, to select the individuals for the survey. On each street respondents were selected taking into consideration the three categories and if they owned the business entity. If they do owned the business, the next respondent was chosen and thereafter the sampling interval of every fifteenth respondent was adjusted and maintained. Itinerant hawkers were, however, selected alongside by convenience sampling on the streets in the research communities.

It must be noted that each geopolitical zone as well as each enumeration area serves as a stratum (Onyenechere, 2011). This makes it possible to describe the resultant technique as randomized systematic stratified sampling technique. All the self-employed in the 71 EAs of the three communities numbering 29,623 constitute the population frame of the study. And, sampling at 5% margin of error and a confidence interval of 95%, a sample size of 400 was considered adequate to conduct any significant test with the responses (Dattalo, 2009). (See table 4.1 for sampling distribution).
Table 4.1: Sample Distribution in the Three Communities

<table>
<thead>
<tr>
<th>Study Area</th>
<th>Population</th>
<th>Enumeration Area and sample</th>
<th>Self-employed</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Itinerant Hawkers</td>
</tr>
<tr>
<td>Old Fadama</td>
<td>27,353</td>
<td>18 (6)</td>
<td>15,720</td>
<td>72</td>
</tr>
<tr>
<td>James Town</td>
<td>16,221</td>
<td>20 (6)</td>
<td>4,646</td>
<td>22</td>
</tr>
<tr>
<td>Sabon Zongo</td>
<td>27,668</td>
<td>33 (11)</td>
<td>9,257</td>
<td>37</td>
</tr>
<tr>
<td>Total</td>
<td>71,242</td>
<td>71 (23)</td>
<td>29,623</td>
<td>131</td>
</tr>
</tbody>
</table>

*Figures for population, enumeration area and self-employed were gleaned from the 2010 population census of Ghana. Source: Ghana Statistical Service 2010. The rest of the columns are the sample distribution among the three communities.

In this study, 400 petty traders were surveyed. Out of 15,720 self-employed, 212 petty traders were selected from Old Fadama, and the number was made up of 72 itinerant hawkers, 77 tabletop sedentary sellers and 63 store/shop owners. In James Town, out of a total of 4,646 self-employed, 63 petty traders were selected. Their distributions in the three categories are 22 itinerant hawkers, 24 tabletop sellers and 17 shop/store owners. The number of self-employed in Sabon Zongo is 9,257 out of which 125 petty traders were selected for the survey. This was made up of 37, 52 and 36 itinerant, tabletop and store/shop owners respectively.

4.5 Respondents of the Study

Within the selected communities for the study, three categories of petty traders were identified: itinerant hawkers, sedentary tabletop sellers and shop/store owners. The respondents of the study were selected according to streets and clusters in Old Fadama, James Town and Sabon Zongo all in Accra. This was done in proportion to the density of the self-employed.
4.6 Conducting the Survey

The survey was conducted from January 2013 to April 2013. The start of the survey was preceded by an earlier rapport building session in which contact was made with community members and the purpose of the research explained. Despite this, volunteering of information did not come easily at the beginning. The reason for this was that the subjects of the research were suffering from the “syndrome of research fatigue” where community members are bombarded with one form of research or the other every now and then. After much explanation, especially through the help of a locally based NGO (People’s Dialogue), the survey was conducted. Each interview session took about 40 minutes on the average. However, due to the general nature of the entrepreneurial activities considered for the study, the interview sessions were often interrupted by people coming to buy one item or the other; otherwise the sessions were controlled. Commodities offered for sale by the petty traders include: perishable and non-perishable foods, household goods, electronics and cosmetics.

To ensure that sufficient information about each business activity and its management was available, owners of the businesses were interviewed otherwise the interview was terminated and the next business owner within the same classification was interviewed. The interviews focused on the role of social and human capital in petty trading activities, issues relating to low levels of earnings, opportunities for business strategies, financial investments in the business, performance of the business, coping with poverty among others.
It must be mentioned that both the semi-structured questionnaire and the interview guides were written in English. However, the research assistants who helped administer the survey instruments asked the questions in the local languages (Ga, Hausa and Twi and in some cases English). The research assistants were recruited because of their sound knowledge of the local languages after which they were given a two-day orientation on the data collection. This enabled them to administer the questionnaire to the respondents. In fact, most of the respondents are not fluent in the English language as a medium of communication.

4.7 Analytical Framework and Empirical Models

The quantitative dimension of the study used a variety of analytical techniques and empirical models in addressing the stated objectives and related hypotheses of the study. However, this was supported by qualitative data when the need arose. Measurement of key variables and associated challenges were also discussed in this section.

4.7.1 Modelling the Role of Social and Human Capital and Demographic Factors on the Poverty Status of Petty Traders

To determine the role of social and human capital and demographic factors on the probability of the individual petty trader being poor, the study employed a binary choice model based on the maximum likelihood method. A dummy dependent variable technique, which takes the value of 1 and 0, was employed to determine the individual probability of being poor. The value of 1 is assigned to a petty trader, if the income is less than the specified poverty line income (see page 130). On the other hand, the value of 0 is given to a non-poor petty trader, if the income of the petty trader is equal to or more than
the specified poverty line income. The regression technique employed in this study follows a probit model because it is appropriate and allows for the estimation of marginal effects and it fits the data. This model is specified as:

\[ P(y = 1|x) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu \]  

Where:  
- \( y \) is the 0-1 outcome with 1 corresponding to an individual (petty trader) being poor and zero otherwise.  
- \( X_1-X_3 \) corresponds to sets of factors such as social capital index, education, specific training, business age, gender, married, previous business experience, age, space, number of dependents, shop owners and itinerant hawker.  
- \( \beta_1-\beta_3 \) are the parameters to be estimated, and \( \mu \) is the error term, which is assumed to follow a standard normal distribution with mean zero and variance 1.  

The probability of a petty trader being poor or otherwise is assumed to depend on his/her social capital, human capital, demographic characteristics, and physical asset in the form of space to sell. The demographic characteristics of the petty traders are characteristics such as the age, gender and marital status. The sign of the estimated parameters according to Wooldridge (2002) will be enough to determine whether the independent variable has a negative or positive effect on the dependent variable. Furthermore, Abdul-Hakim et al. (2010) posit that the “magnitude of the impact of the independent variables on the dependent variable could be figured out by looking closely at the marginal effects” (p.561).

In measuring poverty level of petty traders, the study employed poverty line income and asset index. Calculating poverty by poverty-line method requires one to define poverty line income; this is an income level that is considered as necessary for individual
households to meet their daily basic needs such as food, shelter and clothing. The income measure of poverty was adopted because of the commoditization of urban poverty (Chamhuri, Karim and Hamdan, 2012) or the cash economy that is associated with the informal urban area (Levin et al., 1999). According to the GLSS 5 report (2008), one is considered extremely poor if one falls below an annual income of 288 GH₵ as the lower poverty line. On the other hand, people with annual income of 371 GH₵ fall in the category of upper poverty line. To deflate the effects of inflation and other related economic variables that might have affected the poverty line since 2006 (when the GLSS 5 data was collected), equation 4.2 was used in this direction.

\[ \text{Poverty line} = \frac{CPI (2013)}{CPI (2006)} \times (\text{Upper or lower poverty line calculated for 2006}) \ldots \ldots (4.2) \]

Where CPI (2013) = Consumer Price Index for 2013 when the survey data was collected and CPI (2006) Consumer Price Index when the GLSS 5 data was collected.

Poverty was indicated by respondents profit level falling below either the upper poverty line or the absolute poverty line that was calculated from Consumer Price Index (CPI) and the poverty lines indicated in the GLSS 5 report. Using Consumer Price Index of 2006 (110.92 points) when the GLSS 5 data was collected and Consumer Price Index of 2013 (438.20) when (February-April) the survey data was collected, the lower poverty line was calculated to be GH₵ 1137.77 and GH₵ 1465.67 for the upper poverty line.

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8 The lower poverty line captures the amount needed to meet basic nutritional requirements; people falling below this line are in extreme poverty. The upper poverty line includes both essential food and non-food consumption; people falling above this line are able to purchase essential food and non-food needs (GSS 2007).
respectively. This calculation is clearly in line with the World Bank’s poverty line of $1.25 set for developing countries (Ravallion, 2010) as the lower poverty line and also indicates the real standard of living of the poor. This is because at the time of the data collection for this study, the ratio of US dollar to Ghana cedi was 1:2.5 which translates into GH₵1140.63 per annum for lower poverty line (This figure is almost the same as the deflated figure from the CPI). For the purpose of this analysis, an individual petty trader is defined as poor if the income received from his/her business activities is less than GH₵1137.77 per annum.

Further, the number of days each individual petty trader engages in trading activities was also used to deflate the seasonality effects on the income that will accrue to each individual trader. To complement the income measure of poverty, asset index was also built for the three categories of petty traders. According to Johnston and Abreu (2013), asset index is valid at the local level and in cross-sectional analysis due to the “robust association with a range of other outcome variables across many settings” (p. 15). The following consumer durables were selected together with their value weights as indicated by the International Wealth Index: TV (8.612657), Refrigerator (8.429076), Phone (7.127699), Car (4.651382) Bicycle (1.84686), Cheap utensils (4.118394) Expensive utensils (6.507283)\(^9\).

The selected items according to Smits and Steendijk (2013) signify a trend in which there is a “universal human asset preference that does not differ much across place and time”.

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\(^9\) Cheap utensils comprise of items such as table, chair, watch or radio while expensive utensils computer, dvd player or tape recorder (Smits and Steendijk, 2013).
To calculate the International Wealth Index for each petty trader, the petty trader’s values on the indicators were multiplied with the weights and results added up for each petty trader. Table 4.2 shows the various variables and their corresponding measures for poverty, social capital and human capital. Here, it is hypothesized that SOCC, HUMC, PHYA, will have a negative relationship with the probability of a petty trader being poor. This is due to the fact that these variables are expected to contribute to an increase in individual income of the petty trader, thereby leading to a decline in poverty. On the other hand, it is expected that DEPEND will have a positive relationship with the likelihood of being poor, because the more dependents there are, the many mouths to feed and the deeper one sinks into poverty. However, the effects of AGE, GEN and MARST on the probability of being poor may not be determined a priori.

**Table 4.2: Description of Variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variables</strong></td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td>(Binary) Poor if yearly income is below 1137.77 = 1, Non poor= if otherwise=0 (Using Lower Poverty Line Income)</td>
</tr>
<tr>
<td><strong>Independent Variables</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Socio-demographic variables</strong></td>
<td></td>
</tr>
<tr>
<td>AGE (Age)</td>
<td>(Continuous) Age of each individual petty trader</td>
</tr>
<tr>
<td>GEN (Gender)</td>
<td>(Dummy) Male = 1, Female = 0</td>
</tr>
<tr>
<td>MARST (Marital status)</td>
<td>(Dummy) Married = 1, otherwise = 0</td>
</tr>
<tr>
<td>DEPEND (Dependents)</td>
<td>(Continuous) Number of dependents</td>
</tr>
<tr>
<td><strong>Human capital variables</strong></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>(Continuous) Number of years,</td>
</tr>
<tr>
<td>Previous business related experience,</td>
<td>(Dummy) If individuals consider themselves to have the necessary skills to start up an entrepreneurial activity Yes=1 otherwise = 0</td>
</tr>
<tr>
<td>Business specific training)</td>
<td></td>
</tr>
<tr>
<td><strong>Social capital variables</strong></td>
<td></td>
</tr>
<tr>
<td>SOCC (Social Capital)</td>
<td>(Continuous) Index of individual social capital</td>
</tr>
<tr>
<td>PHYA (Physical Asset)</td>
<td>(Dummy) Access to physical space to sell =1 otherwise = 0</td>
</tr>
</tbody>
</table>
Measures of Social Capital: The extant literature reveals disagreements on how social capital should be measured as well as what the main components of social capital are. However, the study picked the key components of social capital which followed the position of Grootaert et al. (2004) that social capital should be viewed as: i) groups and networks, ii) trust and solidarity, iii) collective action and cooperation, iv) information and communication, v) social cohesion and inclusion, and vi) empowerment. This classification was used by Abdul-Hakim et al. (2010) to develop a social capital index in their empirical study on household social capital and poverty reduction and found it to be very useful. This study followed the same classification with modifications to some of the questions in building up the social capital index.

Questions were asked to capture each indicator. For instance, if the respondents know someone who has set up a business entity in the previous two years (LINKAGE), strong ties (bonding) and weak ties (bridging) were captured by dummy variables measuring the varying degrees of bonding and bridging. The dummy for bonding was captured as whether a close associate or relative has offered initial start-up capital for the economic activity while bridging tried to find out if respondents have received financial or information assistance from a friend in running their businesses. Also, to identify social networks, mapping business relationships and group involvement were used to capture this. Table 4.3 depicts the indicators and the corresponding questions.
Table 4.3: Social Capital Dimensions and Related Indicators

<table>
<thead>
<tr>
<th>Dimension of Social Capital</th>
<th>Items</th>
</tr>
</thead>
</table>
| Groups and networks (bonding and bridging) | (i) Membership in formal or informal organization or association.  
(ii) Ability to get support for my business from those other than family members and relatives in case of hardship.  
(iii) I know someone who has set up a business entity in the previous two years who had helped me to establish my business (LINKAGE) |
| Trust and solidarity        | (i) Most suppliers I trade with lend me goods on credit because they trusted me.  
(ii) Most us of in petty trade help each other |
| Collective action and cooperation | (i) Some members contribute ideas or money towards my business  
(ii) Some members of this community helped me solved business related problems |
| Information and communication | (i) I get information through word-of-mouth for my business |
| Social cohesion and inclusion | (i) Strong feeling of togetherness within the community.  
(ii) My business is safe from crime and violence |
| Empowerment                  | (i) Have control in making decisions that affect everyday activities of the business |

Source: Adapted and modified version of Abdul-Hakim et al. (2010) measure of social capital.

All of the items representing each domain were in the form of “yes” or “no” answer. A value of 1 is designated to a “yes” answer, while the value of 0 is given to “no”. In order to derive the social capital index for each individual petty trader, the percentage of “yes” answers was calculated. This calculated percentage was then transformed into a scale of 1 to 10 by applying a linear transformation equation derived by Abdul-Hakim et al. (2010) as follows:

\[
Y = I \left( x \right) = 1 + \left( \frac{9}{100} \right) * x \]

(4.3)

Where, \( x \) is the raw score (percentage of “yes” answer), \( Y \) is the (social capital) index score and \( I \) is the individual petty trader.
Measures of Human Capital: For human capital, proxies for explicit and tacit knowledge were used. These proxy variables reflect a component of human capital. A variable such as formal education (EDUC): Primary/JHS studies, Secondary studies, University and post-graduate studies has five categories. Business training (BUTR) was the second variable under human capital to be measured. Respondents were asked if they had attended any workshop, conference and business training programmes in relation to their source of livelihood. A dummy variable was used to capture business training with 1 affirming and 0 otherwise. Further, experiential knowledge was also gauged with a test item which asked respondents if they had had any previous experience that they had brought to bear on their present entrepreneurial activity. Again, a dummy variable was used to capture this with 1 affirming and 0 otherwise.

Physical Asset: Measures of physical asset have assumed both economic and non-economic dimensions. Though the literature is dominated by economic measures such as total value of goods in monetary terms, most petty traders found it difficult to quantify the real worth of their goods because of rapid price variations, inability to practice book keeping and the fact that some of the goods were taken on credit. Besides, majority of the petty traders also do not have landed property. Given these difficulties, Brown and Rakodi (2006); Brown and Lloyd-Jones (2002) document that access to public space for trading activities is “a key physical asset in the livelihood strategies of the urban poor”. Given this assertion and the critical role of physical space in petty trading therefore, a dummy variable was used to measure physical asset where 1 = access to physical space, 0=otherwise.
Control Variables: Many characteristics related to the various categories of petty trading have an influence on the viability or otherwise of their business. Features such as business type, size of operation, location, number of dependents, marital status, gender and age have been controlled for in their introduction in the main equations. This comes against the backdrop of the fact that these variables play a key role in the successful running of any economic activity. Hypothesis 1 guided objective 1 of the study.

4.7.2 Measuring how entrepreneurial action related activities of petty traders relate to the performance of their business.

Entrepreneurial action related activities in micro and small-scale enterprises relate to the performance and development of such businesses (Kalleberg and Leicht (1991). Such actions are referred to as small business orientation (Runyan et al., 2008), innovation and pro-activeness (Gielnik and Frese, 2013). Entrepreneurial Orientation (EO), which encompasses innovativeness, risk-taking, pro-activeness, autonomy and competitive aggressiveness, is regarded as an integral part of human actions which can feed into enterprise performance. EO involves processes and decisions to exploit an opportunity or act upon an activity to gain competitive advantage (Covin and Wales, 2011; Miller, 1983; Lumpkin and Dess, 1996). Action theory recognizes the effect of EO on the performance of micro and small-scale enterprises. Indeed, Fairoz et al. (2010) used innovativeness, pro-activeness and risk-taking to measure the performance of small-scale manufacturing enterprises. Following from this method, this study tried to find out the relationship between EO and the performance of poor and non-poor petty traders. Three components of EO (innovativeness, pro-activeness and risk-taking) were used in this study and measured using a modified version of the nine items, which were developed and tested
for reliability by Khandwalla (1977), Miller (1983), Covin and Slevin (1989). This was done by using a five point Likert-scale ranging from "Strongly disagree" (1) to "Strongly agree" (5).

The study used three items to measure pro-activeness, three items to evaluate innovativeness and three items to gauge risk-taking behaviour of micro entrepreneurs. The total scores from these were aggregated and the mean for each of the dimensions was taken. If the mean score is closer to 5 then it is high; if closer to 1 then it is low. The mean score for each of the three categories of petty traders was then compared to find out which category has the propensity to take actions, which could reflect in the performance of their enterprises and subsequent poverty levels. Pearson correlation was thereafter used to determine the significance and the degree of correlation between entrepreneurial actions in the form of EO and the performance of the petty traders.

**Table 4.4: Entrepreneurial Orientation and Measures**

<table>
<thead>
<tr>
<th>Dimensions of EO</th>
<th>Description of Entrepreneurial attitude items</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovativeness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN1</td>
<td>In general, I favour new ideas from friends and others to push my business forward</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>IN2</td>
<td>In the past 2 years, I have added the sale of new items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN3</td>
<td>In the past 2 years, I have made significant changes in the products that I offer for sale</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pro-activeness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR1</td>
<td>In dealing with people selling the same products, I am always the first to initiate actions which others copy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR2</td>
<td>Very often, I am the first to introduce new products and techniques of sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR3</td>
<td>In general, my business has a strong tendency to be ahead of others in bringing up ideas that made it successful</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk taking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT1</td>
<td>I am not afraid to take big risks with my business activities if there is a chance of very high return</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT2</td>
<td>I believe that, owing to the nature of the business environment, bold, wide-ranging acts are necessary to achieve my business aims when confronted with decision-making situations involving uncertainty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RT3</td>
<td>I typically adopt a bold, original posture to maximize the probability of exploiting potential business opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Author's adapted and modified version of Fairoz et al. (2010) questionnaire*
Murphy et al. (1996) argue that objective and subjective measures can be used to measure business performance of micro and small enterprises. Studies (see Venkatraman and Rmanujam 1986; Dess and Robinson 1984) demonstrate that “subjective assessments of performance can accurately reflect objective internal measures such as profit and revenue”. This study tried to draw a middle ground where both financial and non-financial measures were used. The performance measurement literature in terms of micro and small-scale enterprises points out that such enterprises have limited capital and managerial resources, little formalized strategy, inadequate operational focus and lack of resources to implement complex performance measurements (Fuller-Love, 2006; Cook and Wolverton 1995; Garengo et al. 2005). For these reasons, limited but simple measures that provide clear and useful information should be used (Hussein et al. 1998; Laitinen, 2002) with reference to the reliability of the measurement system (McAdam and Bailie, 2002). Further, profitability has been highlighted as the most important performance indicator in terms of SMEs as growing relevance is placed on it (Dawkins et al. 2007). This study therefore used profit (financial) and owner satisfaction (non-financial) to measure the performance of petty traders.

De Mel et al. (2009) argue that profit is a good measure of micro enterprise performance and can be estimated through either a direct question or detailed accounting method. To estimate annual profit in Ghana Cedis (Gh¢), a detailed accounting method was used where respondents indicated average sales per month (months where sales are normally high, average and low) in the year preceding the survey. All these were added up and the costs incurred in low, average and high months in the year preceding the survey were
subtracted. Monthly savings in the form of *susu*[^10] were added to get the total profit. *Entrepreneur satisfaction* (non-financial measure) was assessed on a five-point Likert-scale ranging from "very low" (1) to "very high" (5) on a test item that asked respondents to rate their level of satisfaction with regards to the goals for setting up the business.

### 4.7.2.1 Motivation and Performance of Petty Traders

The motivation for an individual to start up a business activity has been considered as an intrinsic part of human action (Tabernero and Hernández, 2011) directed towards poverty reduction. Self-efficacy has been identified as an intrinsic force that drives an individual to believe in him/herself to overcome a given challenge. Measuring self-efficacy has sometimes been considered as a straightforward measure where an individual’s reply to a question on whether they consider themselves to have the necessary skills to start up an entrepreneurial activity and grow it. However, this has been considered to be task-oriented (Poon et al., 2006). To adopt a more encompassing view of self-efficacy, the study followed the scale developed for self-efficacy by Tabernero and Hernández (2011) to measure environmental behaviour with moderations made to the scale to suit the objectives of this study. The development of the scale follows from the guidelines espoused by Bandura (2006) in constructing such scales. The perception of carrying out key activities necessary for the performance and sustainability of business activity was evaluated using 3 items: (1) *To what extent do you feel capable of maintaining prudent financial practices to ensure progress of your business?* (2) *To what extent do you feel capable of securing loans from formal and informal sources to push your business*

[^10]: It is an informal savings system where small deposits are taken on daily basis over a month. The collector returns the accumulated savings to the client but s/he takes a day’s saving as a commission.
activities forward? (3) To what extent do you feel capable of overcoming business challenges facing petty traders in carrying out their business activity? Respondents were tasked to reflect on their level of confidence using a 5-point scale with responses ranging from 1 = totally not at all confident to 5 = totally confident. A composite score was then formed for each of the three dimensions of self-efficacy by finding the mean across each measure. The degree to which a measure (construct) is high or low reflects the extent of the measure (construct). For the three categories of petty traders, the composite scores for each lot were compared to one another to indicate the propensity of their performance. Further, Pearson correlation tests were performed to gauge the relationship between self-efficacy variables, entrepreneurial orientation variables and social and human capital variables amongst the three categories of petty traders. This helped to identify the variables that are associated with the performance of petty trade enterprises.

4.7.3 What Critical Events Accounted for Successful Petty Traders Escaping from Poverty?

To find out those petty traders who are able to grow their businesses from the survival to growth-oriented levels, the concept of critical moment was applied. This was done by way of life histories. Detailed information (from in-depth interview) on career changes and transitions, changes in personal circumstances and changes in socio-economic status were identified through accounts of current and retrospective work histories and personal histories. Such detailed accounts provided a platform for a better understanding of respondents’ histories of contingent and inherited social capital, acquired human capital as well as survival strategies. The transcripts that emanated from these qualitative interviews were methodically interrogated before classification. This was followed by
codification of the data set into meaningful segments with appropriate names. Themes were teased out for the segmentation of the interpretation of the data set. In the histories of successful petty traders, their responses were organized around themes such as: details of peak experience, nadir experience, turning point events, key achievements as a result of running petty trading business, challenges, persons or organizations that have had effect on the individual and the way forward. A suitable format was then adopted for the presentation and discussion of the data.

4.7.4 Comparing Male and Female Petty Traders’ Networking and Performance

The gendered dimension of the study was considered by comparing female and male petty traders economic and non-economic performance. In doing this, performance for male and female petty traders was compared with regards to networking and networking intensity.

(i) Networking and Performance

Networking has been identified as a key part of social capital that may affect the performance of male and female petty traders. And, according to the network hypothesis, social capital and innovation theories posit that networking is a potential source of successful enterprise performance. The conjecture put forth by Hanson and Blake (2009); Cromie and Birley (1992) is that there will be a significant difference between male and female enterprise performance due to networking. This proposition was based on the fact that females are saddled with reproductive, domestic work and social structural factors therefore enter self-employment at the micro level which makes them have fewer networks than males.
To examine the effects of network intensity on the performance of male and female petty traders, logistic regression was employed where petty trader performance was separately examined for male and female owners to find out their differences in terms of the relationship between networking and performance. Network here refers to the personal networks of the petty trader, which comes in the form of economic and non-economic benefits. The specified model follows from Watson (2011) where petty trader performance = f(gender, education, experiential knowledge, types if goods sold, household labour use, access to credit, age, size, intensity of networking). To estimate the effects of various factors on the performance of male and female petty traders, a binary choice model based on the maximum likelihood method was used. The logit model follows the latent variable specification as:

\[ Y_i^* = \beta X_i + \mu_i \] ..........................(4.4)

Where:

Yi = 1 (performance) if Yi* (profit) lies in the upper quartile
Yi = 0 (non-performance) if Yi* (profit) lies in the lower quartile or
Yi = 1 (performance) if Yi* (satisfaction derived from importance) ≥87.5
Yi = 0 (non-performance) if Yi* (satisfaction derived from importance) <87.5
Xi = vector of independent variables
\( \mu_i \) = error term

The error term is assumed to be logistically distributed and the probability of a petty trader’s performance or otherwise is hypothesized to depend on gender, education,

\[ ^{11} \text{Non-economic benefit is reassurance needed to continue in the enterprise in challenging times. For instance, consultation with an expert on how to make the business successful or the satisfaction derived from the enterprise.} \]
experiential knowledge, age, age square$^{12}$, size of household labour, type of goods sold, access to credit and intensity of networking.

**Measurement of gender:** Gender is assumed to be categorical where 1=male and 0=otherwise.

**Network measurement:** The performance of any economic activity from social capital theory has been found to depend on networking in terms of “access to information, new innovations and finance” (Kristiansen et al., 2005; Madill et al., 2004). Respondents were therefore asked to indicate the frequency of assistance they sought from formal networks (Banks, local NGO, National Board for Small Scale Industries (NBSSI) and informal networks (wholesalers, family and friends, religious group members and other petty traders).

**Networking variables.** The 7 variables identified with networking were each treated categorically. A network is coded 0 if it has not been used for assistance in the past year; code 1 is accorded a network where it has been used between one and three times in the past year and code 2 is given to a network when it has been used more than three times in the past year. Each petty trader will score between 0 and 7 depending on whether no network has been used in the past year or all have been used. Furthermore, for intensity of use of network, a petty trader will score 0 if no network has been used and 14 when all the seven networks have been used more than three times in the past year. By the same token therefore, formal (informal) networks will score a maximum of 3(4) and 6(8)

---

$^{12}$ Age squared captures the non-linear relationship between performance and the ageing petty trader.
respectively in the past year. These propositions follow from the fact that frequency of network use “is a combination of the number of networks used and the frequency of use for each individual network” (Watson, 2011).

*Performance variables:* Profit was used as a proxy for performance (see discussion on page 138).

*Measurement of performance:* For profit, the study concentrated on petty traders in the top 25% (upper quartile) which was coded 1 compared to those in the bottom 25% (lower quartile) coded 0. Watson (2011) documents that to establish the relationship between firm performance and networking, one must look at both ends of the performance continuum where it is likely to be indicated. Beside this financial measure of performance, a non-financial performance index built through rating for importance multiplied by rating of satisfaction was used in addition. Here, the goal for establishing the enterprise was taken into consideration since male and female entrepreneurs attach importance to such goals (Kotey, 1999). Further, Miles et al. (2000); Dess and Robinson’s (1984) method of measuring performance was followed with respect to this hypothesis where respondents were required to indicate the importance they attach to goals of the business on a five point Likert scale which ranges from 5 = extremely important to 1 not at all important. Boohene et al. (2008) and Runyan et al. (2008) goals for retail and small enterprises were modified to suit the objective stated. The goals include: *(i)* creation of own employment to become independent, *(ii)* income to look after my family, *(iii)* grow this business to become big in the next five years, *(iv)* support my spouse *(v)* increase profit levels *(vi)* lower cost of operation and *(vii)* fit with my family schedule.
The respondents were further asked to indicate their level of satisfaction with the performance of their enterprise using the same Likert scale but with variation in the response from highly satisfied = 5 and 1 being highly dissatisfied. Rating for importance was multiplied by rating for satisfaction to build a composite performance index for each petty trader. This procedure was in line with Dess and Robinson’s (1984) argument that there is high validity and reliability when performance is measured this way. This index was code-named “satisfaction derived from importance”. A dummy variable was again used where satisfaction derived from importance was coded 1 if the total score ≥ 87.5 and 0 otherwise.

**Control variables:** To clearly assess the correlation between networking and performance with respect to gender differentials of petty traders, variables such as level of education, experiential knowledge, age of the enterprise and size were controlled for.

**4.7.4.1 Description of the Variables Used in the Analysis and Priori Expectations in model 4.4**

**Dependent Variables:** The dependent variables used as proxies for performance are financial and non-financial measures of performance. For financial measure, annual profit in Ghanaian cedis was used (see discussion on page 138 and 142). The non-financial measure “satisfaction derived from importance” index was built through ratings for importance attached to the goals of the enterprise and the satisfaction derived from the functions of the enterprise (see pages 144 & 145).

**Independent Variables:** The independent variables used follows from Watson (2011) and consistent with social and human capital theories. The variables reflect the characteristics
and related actions of the petty trader on one hand and the nature of the enterprise on the other.

(i) Gender: From the empirical literature one expects female petty traders to underperform in relation to their male counterparts. It is also expected that the coefficient for female gender variable will be negative but significant.

(ii) No Formal education: It is expected that no formal education will negatively affect enterprise performance of females due to lack of formal knowledge and skills that are associated with mainstream formal education and subsequent management of the enterprise. This variable is expected to be negative and significant for females.

(iii) Formal education: It is expected that an individual with appreciable level of formal education will apply the skills and relevant knowledge acquired in managing the enterprise in a better way. From the literature, males spent more years in school than females who drop out for cultural and reproductive reasons. Such a variable is expected to be positive and significant for males.

(iv) Experiential knowledge: Experiential knowledge in the form of skills acquired through training and learning outcomes acquired through years of operating a particular or related enterprise is expected to positively affect enterprise performance. This variable is expected to be positive and significant for both genders.

(v) Age of the petty trader: As an individual petty trader ages, the expectation is that the experience the person has gathered together with skills will have positive effect on the performance of the enterprise.
(vi) *Age squared:* The theoretical and empirical literatures on micro enterprise performance posit an inverted U-shaped effect of age on enterprise performance. This proposition is underpinned by the fact that as the owner of the enterprise grows older s/he become less pushy and less amenable to changes that may affect the performance of the enterprise. The age squared tries to capture the nonlinear relationship between age and enterprise performance. The outcome of this variable is expected to be negative on enterprise performance.

(vii) *Size of household labour:* The use of household labour can increase enterprise profitability because it is less costly. Females who operate home-based shops are known to use household labour. Thus, it is expected that the number of household labour used by the female petty traders will exert a positive effect on enterprise performance.

(viii) *Types of goods sold:* The retail trade sector has been found to perform better as a way out of poverty than other service sectors. However, the types of goods sold affect the level of profitability. Whilst male petty traders are known to sell a combination of household electronic goods and household provisions which command higher prices, females dominate grocery which commands low prices. The expectation is that types of goods sold may demonstrate either positive or negative effect on performance.

(ix) *Intensity of networking:* Networking and the intensity of its use have been found to affect the performance of micro enterprises. The literature establishes the fact that women by cultural and reproductive roles enter entrepreneurship from the micro level and have fewer networks and make less use of such networks. It is therefore expected that the
intensity of networking will exhibit either a positive or negative effect on performance of both genders.

*Access to credit:* Access to credit acts as catalyst that enhances the performance an enterprise. It helps in the acquisition of other resources and assets that positively affect the performance of the enterprise. The literature argues that males normally have relatively easy access to credit than women. This variable as expected should have a positive and significant relationship with performance on the performance of male petty traders.
### Table 4.5: Description of Variables Used in the Logistic Regression Analysis of Performance and Network Intensity

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td>Annual Profits</td>
<td>1=upper quartile and 0=lower quartile</td>
</tr>
<tr>
<td>Satisfaction derived from importance</td>
<td>Importance attached to goals and satisfaction derived from functions of enter.</td>
<td>1= better performance if the total score $\geq 87.5$ and 0 otherwise</td>
</tr>
<tr>
<td><strong>Explanatory Variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>Gender of the petty trader</td>
<td>1=male and 0=otherwise</td>
</tr>
<tr>
<td>Age</td>
<td>Age of the petty trader</td>
<td>Number of years</td>
</tr>
<tr>
<td>Age2</td>
<td>Square of the petty trader’s age</td>
<td>Number of years squared</td>
</tr>
<tr>
<td>Education</td>
<td>Petty trader had formal education</td>
<td>1=yes, 0=otherwise</td>
</tr>
<tr>
<td>Elementary_educ.</td>
<td>Petty trader had had elem. education</td>
<td>1=yes, 0=otherwise</td>
</tr>
<tr>
<td>Sec_Voc_Tech EDUC.</td>
<td>Petty trader has been to Sec/Voc/Tech</td>
<td>1=yes, 0=otherwise</td>
</tr>
<tr>
<td>Tertiary_educ.</td>
<td>Petty trader has ever had tertiary educ.</td>
<td>1=yes, 0=otherwise</td>
</tr>
<tr>
<td>Credit</td>
<td>Petty trader had access to credit</td>
<td>1=yes, 0=otherwise</td>
</tr>
<tr>
<td>Size_Householdlabour</td>
<td>Petty trader household employees are&gt;1</td>
<td>1=yes, 0=otherwise</td>
</tr>
<tr>
<td>Type_goods_sold</td>
<td>Grocery and household provision and household electronic goods and prov.</td>
<td>1=household electronic goods &amp; prov., 0=otherwise</td>
</tr>
<tr>
<td>Experiential_knowledge</td>
<td>Training/workshop attended by petty trader</td>
<td>1=yes, 0=otherwise</td>
</tr>
<tr>
<td>YearsEnterprise</td>
<td>Years of the petty trade enterprise</td>
<td>Number of years of operation</td>
</tr>
<tr>
<td>YearsEnterprise2</td>
<td>Age of the enterprise squared</td>
<td>Number of years of operation squared</td>
</tr>
<tr>
<td>Networking_intensity</td>
<td>Frequency of seeking assistance from identified networks related to petty trade</td>
<td>0=network has not been used for assistance in the past yr.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1=network has been used between once and three times in the past yr.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2=network has been used more than three times in the past yr.</td>
</tr>
</tbody>
</table>
4.8 Data Analysis

The data collected were collated, hand coded and grouped into sections on the basis of the aims and objectives of this research for the analysis. The statistical software Stata (11) as well as SPSS (18) were used for processing the data and the subsequent running of tests for the necessary inferences to be drawn. The data set from the survey was analyzed both from the inferential and descriptive statistical points of view. In the descriptive statistics, summaries of numerical data and categories were built while statistical tests formed the basis for the inferential statistics. Initially, frequencies were run to obtain frequency distribution tables. These were then analyzed by percentages, means and standard deviations. Further, Pearson correlation, logistic and probabilistic regression analyses were employed to examine the association, causality and variation between some selected background characteristics and variables of social and human capital of petty traders and poverty. In doing this, two or more independent variables were regressed on a single criterion variable to identify the combinations of predictor variables. This helped to eliminate confounding effects through the control of certain variables. The regression models used in the present study and the selected variables were underpinned by previous empirical research. In addition, the Pearson analyses were made with either 99% level of confidence, that is $p = 0.01$ or a 95% level of confidence, that is $p = 0.05$.

4.9 Validity and Reliability

The quality of a data set to a large extent determines the validity and reliability of any research. To ensure this, the main survey instrument (questionnaire) was first piloted on
20 respondents chosen from Tema New Town and Ashaiman by a convenient sampling method. This was done to evaluate the validity and reliability of the test items. As a result of the pilot survey, a few of the original items were reworded, the duration of each interview and the sequencing of questions was noted and some of the test items were also completely deleted. Further, themes and guidelines were teased out from this exercise for the in-depth interview and FGD.

The two main issues of external validity are the representative sample and the reactive arrangements in the research procedure. In order to ensure that this study can be reliable, care was taken to select the sample using a sampling method that assures representation. Besides, data on particular issues, collected from different sources, was double checked while ensuring that the data was related to the operational objectives of the study. Indeed, triangulation of information was even made easier because the data was collected where the respondents were selling their wares. In many instances, other petty traders in the same categories who were not selected served as triangulation nodes. Cronbach Alpha test of validity and reliability with high scores (see appendix 6) was also performed on the selected variables used in the models. The results of these tests met the set criterion for validity and reliability. The Variance Inflation Factor (VIF) was in the acceptable range (see appendices 2, 7 and 8) for both the logit and probit regressions which means there is no linear dependence or multicollinearity. Further, autocorrelation is not a problem because this is a cross-sectional study and heteroscedascity, which is usually the problem of cross-sectional studies, had been solved by using logistic regression which does not assume homoscedasticity (Adekunle, 2011). This notwithstanding, Breusch-
Pagan/Cook-Weisberg test for heteroscedasticity was performed with results showing a low chi-square.

The researcher was the pivot around which the collection of data (both quantitative and qualitative) revolved. He was involved in all the phases of the data collection. This assured the respondents of confidentiality and so they happily volunteered relevant information. The presence of the researcher in all the phases also ensured that detailed responses were recorded both in the field notebook and on the electronic recorder.

The above measures ensured that the data collected represents the situation of the urban poor and therefore the research findings can be generalized to larger populations with similar characteristics. Indeed, the probabilistic sampling techniques and triangulation adopted by this study can guarantee validity of the findings; thus, the study can be applied to different social, cultural or political settings.
CHAPTER FIVE
SOCIAL AND HUMAN CAPITAL, ENTREPRENEURIAL ACTION, POVERTY AND ENTERPRISE PERFORMANCE

5.1. Introduction

This chapter captures the data analysis and findings on entrepreneurial activities and poverty reduction with respect to social and human capital of petty traders. The data analysis and findings are segmented according to the broad themes set out in the research questions and the objectives that guided the study. The first part captures the descriptive statistics in terms of the demographic background of respondents, the importance of social capital, the first model (equation 4.1) and related hypothesis which seek to test the role of social and human capital and associated factors on the poverty status of petty traders. The second part of the analysis and findings deal with how entrepreneurial action and related activities of petty traders affect the performance of their business. This theme was guided by research question 2, which seeks to find out if there is a significant relationship between entrepreneurial action of petty traders and the performance of their enterprise.

5.2 Social and Demographic Background of Respondents

Petty traders surveyed for this study come from the inner part of the city and the nearby informal settlement where poverty is endemic. Table 5.1 shows that 27.8% of the total respondents come from Sabon Zongo while 46.3% and 26% of the respondents come from Old Fadama and James Town respectively. The percentage of respondents who are
poor\textsuperscript{13} is higher than the non-poor in Sabon Zongo. However, Old Fadama and James Town have a higher percentage of their respondents being non-poor. This notwithstanding, 67.3\% of the entire respondents have reported being poor with 32.8\% of the respondents not poor. This indicates that a higher proportion of poor petty traders have settled in the three neighbourhoods as compared to the non-poor, that form the bastion of the study.

\begin{table}
\centering
\begin{tabular}{|l|l|l|l|}
\hline
\textbf{Study Area} & \textbf{Poor (N=269)} & \textbf{Non-poor (N=131)} & \textbf{Total (N=400)} \\
\hline
Sabon Zongo & 34.57 (93) & 13.74 (18) & 27.75 (111) \\
Old Fadama & 40.52 (109) & 58.02 (76) & 46.25 (185) \\
James Town & 24.91 (67) & 28.24 (37) & 26.00 (104) \\
\hline
\end{tabular}
\caption{Study Area of Respondents and Poverty}
\end{table}

Source: Author’s calculations of field data, 2013.

A description of demographic characteristics and key socio-economic features of the respondents will help to understand the urban poor micro-entrepreneur. Out of the 400 respondents who constitute the sample for the study, 40.5\% were male while 59.5\% were female. The Ghana Population and Housing Census (GSS, 2010) indicates a male female ratio of 1:1 however, the percentage of female to male in this study slightly favours the female indicating the fact that the people mostly engaged in micro-enterprises such as petty trading in the study areas are women. The 2012 Global Entrepreneurship Monitor

\textsuperscript{13} The poverty line derived by the Ghana Statistical Service has been used to calculate (see page 130) and subsequently classify respondents as being poor or not poor. Petty traders have been categorized as poor and non-poor based on the profits of their business venture. Though this method is not without criticism, given the commoditization of urban poverty in Accra, the categorization gives a fair idea about the poor in the city. An annual profit equal to or less than GHC 1137.77 (about 3.8 cedis a day) has been classified as poor and any profit above this figure is classified as non-poor. On account of price variations, correction for inflation was made using the consumer price index for the period when the GLSS 5 data was collected (2006) and the time (March 2013) when the field data for this study was also collected.
Report on Ghana confirms this finding where more females (38%) are micro-entrepreneurs as compared to their male (35%) counterparts.

Apart from gender, the respondents’ engagement in petty trade also varies along age lines. The age groups 30-39 years and 19-29 years account for 43.9% and 37.1% of the respondents respectively. Taken together, these age groups take up well over three-quarters of the respondents. Again, the 2012 Global Entrepreneurship Monitor Report on Ghana mentioned that, “the highest proportion of early-stage entrepreneurs is in the 25 to 34 range and a smaller but significant proportion in the 18 to 24 age group” (p.31). Demographically in Ghana, this age bracket is mostly affected by unemployment (GSS, 2013). Paradoxically, in theory, this is the age group that should be economically active in the formal sector and contributing officially to the economy of Ghana. However, majority of Ghanaians who fall into these age groups are in the informal sector where their economic activities are largely not officially recognized. No wonder, Ghana’s economy is not so resilient as is expected of a country with lower middle-income status. The age cohort 40-49 years is also engaged in petty trade with a significant percentage point of 13. Many of such people due to unemployment have to find solace in petty trade because they have family responsibilities. The mean age of the respondents (36.4 years) resonates with Langevang (2008) who in her study indicates that a large number of relatively young people in the city of Accra navigate their way through life by engaging in selling of petty items for livelihood. As figure 5.1 indicates, there are not many traders in the age categories of 50 years and above and those below 18 years.
The level of educational attainment of the individual is a critical feature that defines the capacity of that individual micro-entrepreneur to network and manage their businesses well. A significant percentage of the respondents (30%) were illiterate and have never attended school. Majority of the respondents (45.8%) have had six years of education (attended primary school) while 23.5% and 0.8% had nine years of education (up to JHS) and 12 years of education (secondary/technical/vocational) education respectively. Table 5.2 shows that the proportion of poor urban petty traders is higher among those who have had six years of education (52.8%) while a larger proportion of those with 9 years of education (33.6%) recorded the highest number of those who are not poor. This finding confirms what Krishna (2013) found when he investigated slum dwellers in Bangalore where he states that the mean number of years spent by slum dwellers in school is 8.6 years. Whether years spent in school have a positive effect on the entrepreneurial ability of the urban petty trader and for that matter being poor is not clear. However, Jiménez et al. (2015) in their study on the relationship between educational level and, formal and
informal entrepreneurship posit that, “tertiary education has a negative effect on informal entrepreneurship as it increases awareness of and sensitivity to the possible negative repercussions of informal activities in terms of fines, sanctions and social status” (p. 210). Nevertheless, for secondary education, Jiménez et al. (2015) document that ‘the negative repercussions are offset by lack of skills by secondary school leavers to deal with the complexities associated with formal entrepreneurial activities therefore are forced to create informal enterprises as the only viable alternative’.

<table>
<thead>
<tr>
<th>Years of Education</th>
<th>Poor (N=269)</th>
<th>Non-poor (N=131)</th>
<th>Total (N=400)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Educ.</td>
<td>28.6 (77)</td>
<td>32.8 (43)</td>
<td>30 (120)</td>
</tr>
<tr>
<td>6 yrs.</td>
<td>52.8 (142)</td>
<td>31.3 (41)</td>
<td>45.8 (183)</td>
</tr>
<tr>
<td>9 yrs.</td>
<td>18.6 (50)</td>
<td>33.6 (44)</td>
<td>23.5 (94)</td>
</tr>
<tr>
<td>12 yrs.</td>
<td>0.00 (0)</td>
<td>2.3 (3)</td>
<td>0.8 (3)</td>
</tr>
</tbody>
</table>

Source: Author’s calculations of field data, 2013.

Majority of the individual petty traders, which the study focuses on, are married. About 28.8% of the respondents have never married whereas 46.75% are married. The remaining 24.5% are separated, widowed, divorced or in consensual union. On poverty status, 78.95% of the respondents who are widowed are poor followed by 62.03% of the poor being married. This indicates that the proportion of the poor among married respondents is relatively lower than those who are widowed. And, the proportion of the non-poor (38%) is highest among respondents who are married. A significant asymmetric correlation (r-value = 0.081; p-value = 0.001) exists between marital status and poverty.
status. This means poverty level among petty traders to some extent is determined by the marital status of the person.

Urban petty traders in this study migrated from many areas in Ghana. According to the data gleaned from the field, Dagombas constitute the highest percentage of the respondents (35%) followed by the Akans (25.8%) and the Gas (18.8%). The rest Ewes, Gonjas, Mamprusis, Guans and Grussis constitute the minority of the respondents. Furthermore, micro-entrepreneurs usually do business in a terrain that they are familiar with, which is why almost half of the respondents (41.3%) have spent more than 5 years in the community where they operate. The modal number of dependents per respondent is 2 persons.

5.3 Role of Social and Human Capital and Demographic Factors on the Poverty Status of Petty Traders

The motives for an entrepreneur engaging in a business venture and the type of business activity the entrepreneur engages in vary from one community to another. Besides, resources available to that entrepreneur also play a key role in the success of the venture. The emerging trend in the mode of trading in goods and provision of related services by petty traders has been classified into three categories: itinerant hawkers, sedentary tabletop sellers and shop/store owners. This sub-section discusses the central place of social capital and other factors in the reduction of poverty of the urban poor petty trader.

5.3.1 Categories of Petty Traders and Types of Goods Sold

A large segment of urban dwellers in Accra face poverty from many fronts:
unemployment, inadequate income, lack of access to social services, inadequate housing and related assets. This situation has forced many of them to turn to petty trading as a way of coping with poverty. In fact, petty trading is widespread throughout the city of Accra with varying degrees.

5.3.1.1 *Itinerant Hawkers*

Itinerant hawking involves selling of vegetables, fruits of all kinds, bread and pastry, cooked food and different kinds of manufactured goods (most of which are imported) by moving from one part of the community to the other. The goods sold are in small quantities mostly taken from retailers on credit (based on trust) and offered for sale at the doorstep of the public. It is easy to operate, as the initial capital outlay necessary for start-up is very small. Due to the low barriers to entry, newcomers to the city, people with low education, the youth and women with little or no capital to engage in any ‘big’ business often opt for itinerant hawking as a way of coping with poverty. In the survey, micro-entrepreneurs engaged in itinerant hawking accounted for 33.3% of the respondents. Figure 5.2 captures the three categories of micro entrepreneurs in the petty trade business.

**Figure 5.2: Categories of Petty Trade Micro Entrepreneurs**

![Chart showing categories of petty trade micro entrepreneurs]

Source: Field data, 2013.
Most operators in the itinerant hawkers category of petty trading activity in the city are associated with foot and vehicular traffic anywhere in the city. In spite of the AMA bye laws {Bye-Law (1995) (1) (7); Bye-Law (2010) (1) (2)} which prohibit street hawking except at designated places and streets, itinerant hawkers operate anywhere in the city. In fact, there is a constant running battle between itinerant hawkers and the local city authorities, however, each itinerant petty trader operate according to his/her needs and ability to reach customers. They can be seen moving along traffic lights and road intersections, the streets in the inner city, around lorry parks and moving from house to house with their goods on their heads and hands. The clients of itinerant hawkers cut across all the classes of the Ghanaian society. They consists of market women, the middle class and even the upper class who buy one item or the other from itinerant hawkers at traffic intersections and toll booths along majors routes leading into or out of the city. The process of bargaining for the final price of items especially in moving vehicular traffic is very short because of the limited time available to bargain. This might have resulted in marginal profits for itinerant hawkers. Compared to the countryside, there is a marked difference from what pertains in rural areas where vehicular traffic is barely experienced and the hawkers normally move from house to house. The sphere of operation in rural areas is therefore very narrow and homogenous. Out of the total number of the poor micro entrepreneurs classified as poor by the study, itinerant hawkers took the largest percentage point of 47.2 (see table 5.3.1) However, the access to goods and services provided by this category of petty traders is invaluable.
Table 5.3: Types of Petty Traders and Poverty

<table>
<thead>
<tr>
<th>Type of Petty Trader</th>
<th>Poor (N=269)</th>
<th>Non-poor (N=131)</th>
<th>Total (N=400)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itinerant Hawkers</td>
<td>47.21 (127)</td>
<td>4.5 (6)</td>
<td>33.25 (133)</td>
</tr>
<tr>
<td>Sedentary Tabletop sellers</td>
<td>38.66 (104)</td>
<td>36.64 (48)</td>
<td>38.00 (152)</td>
</tr>
<tr>
<td>Shop/Store Owners</td>
<td>14.13 (38)</td>
<td>58.78 (77)</td>
<td>28.75 (115)</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from field data, 2013.

5.3.1.2 Sedentary Tabletop Sellers

The second category of petty traders investigated by this study comprises of people who sell at one place on tabletop. Items they deal in are mostly low order goods that people buy every day. The goods do not usually cost much money and people would not normally travel far to buy them. They include: groceries, food items, cooked food such as koko, snacks, roasted plantain, beans and plantain, waatche, kenkey and banku (this is the lifeline of many poor households), mobile phone accessories and repairs, satchel water and petty household electronic goods and provisions. One key survival feature of this category of petty traders is the high rate of copying of items sold by operators because of the daily demands for such items. Besides, there is a large network of supplies from major markets in the city especially of grocery items. The suppliers most of the time lend their goods on credit because of trust and easily identifiable location of sedentary tabletop sellers. The sedentary tabletop operators most of the time reciprocates by always paying up on weekly basis to ensure constant supply of goods on credit. This could be an astute low risk business strategy for dealing with regular customers with a low capital base. This appears to be a way of securing a wholesaler’s distribution base as well.
Sedentary tabletop sellers can also be found along streets, at the end of narrow alleyways, in front of houses and road junctions in the residential areas of the three communities. Concerning the type of market niche served this category of micro-entrepreneurs, the clear indication is that the greater part of the customers are mostly community members. As compared to the rural areas, sedentary tabletop sellers in the city share similar characteristics with their rural counterparts (Ayambilla, 2014). According to the data gleaned from the field, 38% of the respondents were sedentary tabletop sellers. Two major barriers to entry for this category of petty traders are physical asset in the form of location and the initial capital outlay. Naturally, micro entrepreneurs who operate this type of petty trade need to look for strategic location, get a large table on which to display goods and a form of shelter from rain and the scorching tropical sun. All these require substantial amount of money. To overcome these barriers majority of respondents in this category have to rely on networking with family members, friends and community members to get the business started. Sedentary tabletop sellers are mostly women and young high school dropouts some of whom have graduated from the itinerant level to this one. Poverty among petty traders who operate as sedentary tabletop sellers is relatively lower than that of itinerant hawkers (see table 5.3.1).

5.3.1.3 Shop/store Owners

The final group of petty traders; shop/store owners, sells similar goods as sedentary tabletop sellers but operate from concrete structures, kiosks and containers that have been converted to shops. An overwhelming majority of the shop owners opined that they
always choose intersection of major roads where commercial, business property and residential use of space converge. This, the respondents noted is strategic in that the location of their shops allows them to take advantage of foot and vehicular traffic in selling their wares. An emerging trend observed in the research communities is the emergence of gentrification where old buildings have been rehabilitated and converted into shops. Furthermore, the backs of some of the buildings in the communities where there are streets have also been converted to shops to take advantage of the foot traffic. Barriers to entry of this category of petty traders include: registration, payment of tax, ownership of or ability to rent the structure where the business operates, huge initial start up capital, level of education and family background. One important characteristic of this category of petty traders is the formal nature of their operations: they are obliged by law to register their business, continuously pay their taxes and have recognizable structure (itinerant hawkers and tabletop sellers though pay some form of tax – daily levy, they are not accorded such recognition). This category appears to be the nexus where informal trading businesses are legitimately recognized and absorbed into the formal economy. As a survival strategy and ability to be competitive, a feature noted among all the micro entrepreneurs who are shop owners is a mixture of copying and specialization in the items sold by shop owners. Inasmuch as all the shop owners sell similar items, others specialized in the selling of one or two particular items. Observation from the field points to the fact that some micro entrepreneurs specialize in the preparation of koko\textsuperscript{14} with a large sphere of influence and a constant threshold population. All the shop owners have family members who help them in their operations but are not paid. They also operate

\textsuperscript{14} Koko is a local beverage prepared from corn and served as breakfast in most homes in the research communities. It is normally served with loaf of bread or roasted groundnut. Koko is one food item for which demand is very high and micro entrepreneur engaged in its sale say it is very profitable.
throughout the year. Given this background of shop owners, there is a greater probability of growth and success due to their motivation and level of self-belief in their businesses doing well. Twenty eight point seven five percent of the respondents are shop owners and their level of poverty is the lowest amongst the three categories of petty traders. Table 6.3 shows the percentage of poor and non-poor petty traders amongst the three categories.

5.3.2 Reasons for Entering Petty Trading and Poverty

People in urban areas face poverty from many fronts: unemployment, inadequate income, access to social services, housing and related assets. This situation forces people to look for ways of making a livelihood. A test item aimed at finding out why the respondents are engaged in petty trade business revealed that 50.5% of the respondents were engaged in petty trading to diversify their trading activities to supplement household income. To most of these respondents, entering into petty trade has helped to reduce the risk of operating their other businesses and increased their level of generating additional income. Furthermore, 40.9% of the respondents are into petty trade because they see it as an opportunity to offer services, generate some income and accumulate wealth which can help them cater for their basic needs. These two groups of micro entrepreneurs play an important part in the informal economy because they provide employment for themselves and others. They are visible and can be seen everywhere in the community. A paltry 8.6% of the respondents indicate that their desire to secure greater economic independence was the reason why they entered petty trade. Engaging in petty trade is one thing and ability to escape poverty is another. According to the survey, 40% of the respondents who own the businesses are not poor whereas 59.1% of respondents who owns the businesses are
poor. This finding is interesting, however, a closer scrutiny of business owners who are poor reveals that majority of them are itinerant hawkers who according to Iyenda (2005) are only survivalist trying to eke out a living.

5.3.3 Operations of Petty Trade, Human and Social Capital

In using petty trade as a mechanism for coping with poverty, respondents have to rely on family and community members, friends, human actions and related practices to succeed. According to Saracostti, (2007) a certain level of human capital is needed to develop social capital in order to reduce poverty. The study tried to gauge the human and social capital levels of the respondents and how this can help in the operations of the business to reduce poverty. The results indicate that 41.1% of the respondents have had no specific business training and no previous business related experience. However, 58.9% of the respondents have had some form of business related training with vast previous experience in managing business. Testing the linear relationship between the previous experience of petty traders and poverty, the Pearson correlation coefficient was employed. The results showed a r-value of -0.3396 and a significant p-value of 0.000 meaning there is good evidence that the two variables have a non-zero pairwise correlation. This indicates that where the petty trader has business related previous experience there is the likelihood of poverty decreasing. With insights into business management as a result of previous experience and specific business training, 62.8% of the respondents opined that their present businesses were established through their own personal ideas and initiatives. An appreciable percentage of the respondents (22.3%) noted they had established their businesses through the help of friends whereas 15% of the respondents posited that relatives and parents help them to enter into petty trading
business. The combination of social and human capital factors has clearly helped the urban poor to establish their petty trade businesses.

Possession of specific skills is crucial for the operation of any business. The study tried to find out if the respondents considered themselves as having the necessary skills to start up a business are poor or not. From the results, 40.5% of the respondents who said they had all the skills before starting the business are non-poor whereas 54.5% of them are poor. Probing to find out the skills set possessed by the non-poor, the survey revealed that previous experience, knowledge about simple book keeping, separation of household expenditure from the business expenditure, ability to network and get the necessary business related information from formal and informal sources were prominent.

Inheritance of business acts as a foundation for take off for any business venture. This to a large extent cushions the individual against the challenges normally posed by initial start-up capital. According to the survey, 12.5% of the respondents most of whom are sedentary tabletop sellers posit that they have inherited the business from their parents and close relatives. However, 87.5% of the respondents had to toil to establish the business. Interestingly, 12.2% of those who inherited the business are poor. These results showed that inheritance of business is not a guarantee that one can escape poverty.

Availability of information about low priced wholesale outlets has an effect on the profit margins and level of income earned by traders. The low-priced goods which petty traders get from such outlets enables them to sell their goods at reduced prices thus increasing their profit margins. This information according to the study is provided through social channels that link friends, family members and other social or business organizations.
together. Interrogating this issue, 65% of the respondents posit that they obtain such information from their friends whilst 17% of the respondents claim friends and family members gave them information about such outlets in the city. About 9% of the respondents said they obtain the information solely from family members. A lowly 3.3% of the respondents normally glean such information from social group members. Interestingly, those who obtained information from friends argued that such information sources are always credible and effective when they followed up to the wholesale outlets. On the other hand, those who obtained the information from family members noted that they are not always successful when they followed up on such information leads. Provision of information by friends is a bridging form of social capital which has helped petty traders to get goods at a reduce price and increase their profit margins.

5.3.4 Social Groups and Business Associations

Most of the petty traders indicated that they did not belong to any social or business associations. However, the few that belong to social groups and business associations enjoy one form of assistance or the other from such groups. According to the survey, 15.8% of the respondents most of whom are shop owners claim they belong to social groups and business associations. Three key benefits derived by shop owners from such social groups and business associations include: financial support in the form of loans, guarantor to secure bulk purchase of items on credit and information or business advice on how to properly organize the business to be profitable. Probing to find out why the 84.3% of the respondents do not belong to any association or business groups the responses vary from apathy to lack of attention to the needs of individual members of
such groups. One petty trader in her response to why she does not belong to any business association intoned that “because we compete with one another, forming such an association will not be beneficial partly due to most competitors not sharing successful strategies that are working for them”.

It is pertinent to note that trader associations such as Ghana Union of Traders Association (GUTA), which is an umbrella body of all traders in Ghana has been at the forefront in dealing with the Accra Metropolitan Assembly (AMA) as far as space and right to sell at various locales of the city is concern. Indeed, two of the associations mentioned by respondents (Home Appliances Dealers Association and Accra Central Shop Owners Association) are part of this group. The frequent harassment of traders and confiscation of their wares especially of those fully licensed have abated considerably in the inner part of the city due to the intervention of these trader associations. This has enabled most petty traders to have space which Skinner (2008) argue is an important physical asset in the operations of business activities of urban street traders.

5.3.5 Social Capital Index and Poverty

Social capital comes in the form of groups and networks, trust and solidarity, collective action and cooperation, information and communication, social cohesion and inclusion, and empowerment (Grootaert et al., 2004 and Abdul-Hakim et al., 2010). The study tried to find out the linear correlation between the sum total of all the indicators of social capital and the level of poverty of the respondents. Pearson correlation was employed in this direction and results indicate a negative correlation between social capital and level
of poverty. The correlation was significant at 5% and a p-value of 0.0295 with r-value of -0.1107 was reported. This correlation means there is ample evidence to believe that the two variables have a non-zero pairwise correlation, though the correlation is weak. This indicates that a petty trader with a large sphere of social capital is likely to decrease his/her level of poverty. Table 6.4 captures the statistical values for this linear correlations.

Table 5.4: Social Capital and Level of Poverty Correlations

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of Respondents</th>
<th>r-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Capital Index and Poverty Level</td>
<td>387</td>
<td>-0.1107*</td>
<td>0.0295</td>
</tr>
</tbody>
</table>

Source: Field data, 2013.

5.3.5.1: Testing Hypothesis 1: Social capital, human capital and demographic factors influence the probability of a petty trader being poor.

In testing hypothesis 1 which is to determine the role of social and human capital and demographic factors on the probability of being poor among urban petty traders, a binary probit model was estimated. However, one critical issue of significant importance is multicollinearity where two or more of the predictor variables are highly correlated. To check this, the variance inflation factor (VIF) was employed. Kutner, Nachtsheim and Neter (2004) propose a tolerance limit VIF of 10 for every predictor variable beyond which there is the need for further investigation. The command vif was issued after the regression and all the variables in the regression recorded a VIF less than 10 indicating that the problem of multicollinearity does not exist (see appendix 2).
Table 5.5: Probit Regression, Reporting Marginal Effects

<table>
<thead>
<tr>
<th>Variables</th>
<th>df/dx</th>
<th>Std. Err</th>
<th>z</th>
<th>P&gt;lzl</th>
<th>x-bar</th>
<th>95% C.I.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>0.0387509</td>
<td>0.0599316</td>
<td>0.65</td>
<td>0.517</td>
<td>0.466321</td>
<td>-0.078713, 0.156215</td>
</tr>
<tr>
<td>Social capital index</td>
<td>-2.710695</td>
<td>1.230657</td>
<td>-2.21</td>
<td>0.027</td>
<td>1.04938</td>
<td>-5.12274, -2.98652</td>
</tr>
<tr>
<td>Gender</td>
<td>0.0036972</td>
<td>0.0626904</td>
<td>0.06</td>
<td>0.953</td>
<td>0.404145</td>
<td>-1.119174, 0.126568</td>
</tr>
<tr>
<td>Size of household</td>
<td>-0.0408901</td>
<td>0.023703</td>
<td>-1.73</td>
<td>0.084</td>
<td>2.04404</td>
<td>-0.087347, 0.005567</td>
</tr>
<tr>
<td>Specific training</td>
<td>0.0848759</td>
<td>0.0760459</td>
<td>1.03</td>
<td>0.304</td>
<td>0.093264</td>
<td>-0.064171, 0.233923</td>
</tr>
<tr>
<td>Education</td>
<td>0.0512514</td>
<td>0.0651187</td>
<td>0.81</td>
<td>0.420</td>
<td>0.696891</td>
<td>-0.076379, 0.178882</td>
</tr>
<tr>
<td>Previous experience</td>
<td>-0.1050935</td>
<td>0.0588114</td>
<td>-1.71</td>
<td>0.088</td>
<td>0.595855</td>
<td>-0.220362, 0.010175</td>
</tr>
<tr>
<td>Age</td>
<td>0.0088891</td>
<td>0.0038933</td>
<td>2.30</td>
<td>0.021</td>
<td>32.6528</td>
<td>0.001258, 0.01652</td>
</tr>
<tr>
<td>Itinerant hawker</td>
<td>0.5487844</td>
<td>0.0403219</td>
<td>7.22</td>
<td>0.000</td>
<td>0.329016</td>
<td>0.469755, 0.627814</td>
</tr>
<tr>
<td>Shop/store</td>
<td>-0.2792573</td>
<td>0.0750364</td>
<td>-3.97</td>
<td>0.000</td>
<td>0.282383</td>
<td>-0.426326, -0.132189</td>
</tr>
<tr>
<td>Business experience</td>
<td>-0.119097</td>
<td>0.0159781</td>
<td>-0.74</td>
<td>0.457</td>
<td>3.77202</td>
<td>-0.043226, 0.019407</td>
</tr>
<tr>
<td>Physical space</td>
<td>0.0635701</td>
<td>0.0635623</td>
<td>1.00</td>
<td>0.317</td>
<td>0.505181</td>
<td>-0.061186, 0.188326</td>
</tr>
</tbody>
</table>

Obs. P: .5958549
Pred. P: .7169156 (at x-bar)

(*) dy/dx is for discrete change of dummy variable from 0 to 1, where a unit change in the explanatory variable in question leads to a subsequent increase or decrease in the probability of being poor or non-poor.

z and P>lzl correspond to the test of the underlying coefficient being 0.

Number of obs = 386
Wald chi^2(12) = 113.99
Prob > chi^2 = 0.0000
Pseudo R^2 = 0.3730
Log pseudolikelihood = -163.29181
Table 5.5 shows the results of the probit regression analysis in terms of marginal effects on poverty given a unit change in the predictor variables. Variables such as social capital, age, previous experience, number of dependents, itinerant hawkers and sedentary shop/store owners are significant determinants in explaining the probability of a petty trader being poor. In contrast, marriage, gender, specific training, business experience and education were however found to be insignificant in the explanation of poverty. The estimated coefficient of social capital as indicated in table 5.5 is -2.710695 and significant at 5%. This result is important because all things being equal, social capital has a negative relationship with the probability of an urban petty trader being poor. The marginal effect of social capital on the probability of being poor is -2.7106952, which implies that all things being equal, a unit increase in social capital will decrease the probability of an urban petty trader being poor by 2.710965 units. Therefore, there is ample evidence that social capital has a crucial role to play in the scheme of poverty reduction amongst petty traders. This finding confirms Abdul-Hakim et al (2010) findings on the role social capital plays in reducing poverty amongst rural households in Malaysia.

The study furthermore revealed that human capital in the form of previous experience is also a significant factor in clarifying the likelihood of a petty trader being poor. This variable is solid and significant at 10%. Indeed, the relationship between previous experience and the likelihood of urban petty trader being poor is negative. This implies that a petty trader with previous experience is likely to use this experience and become successful, thus not likely to be poor. In a similar vein, demographic characteristics of the
urban petty trader are equally important in explaining the chances of the petty trader turning poor or otherwise. For instance, the age of the petty trader has a positive connection with the petty trader turning poor. This variable is significant at 5%. This means that the older petty traders have higher probability of turning poor. That is, one additional increase in the age will increase the probability of the petty trader being poor by 0.0088891 all other things being equal. This observation may however, be true depending on the category into which that petty trader falls because the priori expectation is that as the individual petty trader ages, the expectation is that the experience the person has gathered together with skills will has a positive effect on the performance of the enterprise. In the case of this study, if a petty trader is an itinerant hawker, it means he/she has to do a lot of walking in order to make sales. However, the older the itinerant petty trader gets, the less active the person becomes thus making it difficult for ageing itinerant hawkers to traverse the various streets in order to make sales hence they may end up being poor.

Advancing the category of petty trader argument further, the results show that the category of petty trader (itinerant hawker and shop/store owner) is important in explaining the prospect of the petty trader being poor or otherwise. It is important to note that sedentary tabletop seller was the reference category so the two variables (itinerant and shop owner) are interpreted with reference to sedentary tabletop sellers. Both variables are significant at 1% but with different relationships with the probability of being poor. Itinerant hawking has a positive relationship with the probability of being poor. This suggests that when a petty trader falls into this category of hawking, the
probability of that petty trader being poor is 0.5487844. However, shop/store ownership has a negative relationship with the likelihood of being poor. The marginal effect of shop/store ownership on the probability of being poor is -0.2792573. This implies that all other things being equal, with a unit increase in shop ownership (when a petty trader becomes a shop owner) the probability of that petty trader becoming poor will decrease by 0.2792573. The research literature has clearly identified two categories of distinct informal micro entrepreneurs: survivalist and growth oriented which fit itinerant hawkers and shop owners. Key findings of research on both groups by Grimm, Knorringa and Lay (2012), Iyenda (2005) and Kanothi (2009) indicate that profits made by survivalists are unable to lift them out of poverty. However, growth oriented micro entrepreneurs are able to escape from poverty due to gains made from their businesses. The finding on itinerant hawkers and shop owners confirms what these earlier studies have found.

One key household characteristic that this study has identified as being of significant importance in the explanation of the likelihood of being poor is the size of household. The estimated coefficient of the size of household is -0.0408901 and significant at 10% level. The negative sign indicates that when the size of the household of the petty trader becomes large, the probability of the petty trader being poor decreases. This may be true because members of the household in Ghanaian settings normally join the trade of their benefactors and contribute additional income to the household. This finding confirm Owusu’s (2001) *Multiple Modes of Earning a Livelihood* approach to poverty reduction in that members of poor households help in earning additional income to the household. Given these findings therefore, the study fail to reject hypothesis 1. This means there is
ample evidence to believe that social capital, human capital, category of petty traders and other household factors of individual petty traders have a significant relationship with the probability of that petty trader being poor or otherwise.

5.4 Entrepreneurial Action Related Activities of Petty Traders and the Performance of their Businesses

5.4.1 Introduction

This section of the study considers the various actions taken by petty traders and the effects of these actions on the performance of the business. Using empirical data, this section highlights key actions that have been taken and the impact on the performance of the three categories of petty traders. Furthermore, locus of control (motivation for establishing the business) and the effect on the business operations of petty traders was also considered. The foundations established by the analysis in this section also inform germane policy package suggested by this study in the reduction of poverty.

5.4.2 Characteristics of the Micro Enterprises

The number of years of experience a micro entrepreneur engaged in petty trade have given an insight into the degree of knowledge of that entrepreneur in operating that particular business line. Considering the experience of petty traders 41.3% of the respondents have engaged in petty trade for more than 5 years whereas 17.8% and 16.5% of the respondents have been engaged in petty trade more than 4 years and 3 years respectively. A significant percentage point of 24.4% of the respondents have less than 2 years of experience in operating their businesses. Table 5.4.2.1 captures the statistics in terms of the years of experience of the responding petty traders.
Table 5.6: Years of Experience of Petty Traders

<table>
<thead>
<tr>
<th>Variable</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 5 years of business experience</td>
<td>41.3</td>
</tr>
<tr>
<td>4 years of business experience</td>
<td>17.8</td>
</tr>
<tr>
<td>3 years of business experience</td>
<td>16.5</td>
</tr>
<tr>
<td>Less than 2 years experience</td>
<td>24.4</td>
</tr>
</tbody>
</table>

Source: Field data, 2013.

Probing to find out the various business categories of petty traders, 30% of the respondents deal in groceries, 41.3% sells household provisions, 13.3% vends household electronics, another 13.3% trades in phone and accessories and 2.25% peddles jewellery and perfumes. The survey also revealed that 59.4% of the respondents who are itinerant hawkers deal in household provisions while majority (59.9%) of sedentary tabletop sellers deal in groceries. For shop/store owners 47.8% of them also deal in household provisions.

In terms of number of employees, 46.2% of the respondents (tabletop and store owners) said their businesses have 1 full time employee with family members supporting when the need arises. It must be noted that most hired full time employees are normally experienced and productive and their inputs into the day to day running of the business definitely affect the performance of the enterprise (Ayambilla, 2014). Probing this line of argument, one other key characteristic of micro enterprises identified by this study is access to cheap labour, which lowers the cost of running the business. Low cost labour for petty traders comes in two forms: household members and casual workers. From the survey, 20% of the responding petty trade entrepreneurs (tabletop and store owners) have 4 household members who are not paid as employees while 42.9% of the respondents
(tabletop and store owners) have 1 paid part-time worker. Indeed, the use of household members and part-time workers might have led to less employment of full time employees in the petty trade industry. This situation is likely to lead to lowering of transactional cost on labour on the one hand and shoring up the profit margins of the enterprise on the other. In fact, ILO (1989) maintained that urban micro entrepreneurs pay low wages for the large army of cheap labour they employ to make high profit on one hand and maintain insecure and unorganized workforce. The long-term effect of this cheap labour will be the lowering of livelihood outcomes of the labourers. It must, however, be mentioned that apart from the storeowners, most of the other two categories petty trade do not necessarily require the employment of additional hands.

The literature on entrepreneurship argues that as micro enterprises grow from informal to formal they gain a degree of credibility through registration that allow them license to operate and honour their tax obligations. Furthermore, registration enables them to get access to resources that can trigger reduction in transaction cost thereby contributing to increase profit and improved performance (Sleuwaegen and Goedhuys, 2002). According to the survey, 12.5% of the respondents have registered their business while 87.6% did not register. Testing the linear relationship between registration and poverty reveals a negative correlation, which was significant with a p-value of 0.000 and an r-value of -0.8191. We can infer from this that as petty traders begin to formalize their business operations through registration and gaining operational license, they are likely to get access to resources (in the form of loan, space, business training and government assistance) which can enhance their operations and increase their profit and satisfaction
levels and subsequent reduction in poverty. The counterclaim to this argument is that those who evade registration and gaining license will not pay tax thus, the tax money they did not pay will increase their profit margins. Inasmuch as this appears plausible, micro businesses operate in space that requires authorization from local city authorities without which there is seizure of wares and harassment by the city authorities. Besides, micro businesses also require loans, government assistance and business training to grow. One key characteristic of all shop owners is that they are registered and city authorities know their locations. It is interesting to note that all the respondents (12.5%) who have registered their business are all shop owners. Looking at the consequences of non-registration of business, it is quite clear that the benefits of registration appear to outweigh the inhibitions in terms of growth. This is one human action that appears to be the cog in the development of micro enterprises. However, the difficulty will be how to register itinerant hawkers and sedentary tabletop sellers.

Keeping regular, accurate and up-to-date written records of business transactions is another set of human actions that have been considered as one of the key tools of strategic management of businesses. The strategic management literature argues that keeping of up-to-date written records give the owner a tunnel vision of the progress of the business besides meeting the financial obligations of the business. Records also help in proper monitoring of expenditure and tax obligations. However, record keeping and monitoring of expenditure go with some level of financial education. The results of the survey indicated that 50.4% of all the respondents who kept regular records of their business transactions are non-poor petty traders. However, 65.5% of the respondents who
do not keep records are poor. Probing further to find out the effect of separating business expenditure from personal ones the results show a clear difference between those who separate their personal expenditure from that of the business. According to the results, 59.4% of the respondents who keep separate expenditure accounts were able to know how much is taken from the business daily and its effect on profit. However, the 40.2% of the respondents who do not separate both expenditures were not able to say how this affects the business.

Petty traders that operated for a lot of days during the past year are expected to perform better than those who operated for a fewer number of days. This position is informed by the fact that petty traders who operated for many days in the year are active in the business and making sales thus translating into a better performance. The relationship between this variable and performance is expected to positive and significant. Applying the Pearson correlation to profit (a performance measure) and number of days operated in a year yielded a positive correlation. In fact, this relationship was significant at 5% with a r-value of 0.1013 and significance value of 0.0430. However, this relationship is weak. It therefore follows that the more the number of days petty traders use in the year for their business activities the higher the their profit. The non-economic measure of satisfaction however has no correlation with number of days petty traders use for their trading activities in the year. We can infer from this that the satisfaction they derived from their trading activities is not tied to the number of days they trade in a year. Table 6.6 captures the Pearson test result.
Table 5.7: Number of Days of Trading and Performance Measures

<table>
<thead>
<tr>
<th>Variables</th>
<th>Obs</th>
<th>df</th>
<th>P-value</th>
<th>r-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yearly Profit</td>
<td>400</td>
<td>398</td>
<td>0.0430</td>
<td>0.1013**</td>
</tr>
<tr>
<td>Number of days operated in a year</td>
<td>400</td>
<td>398</td>
<td>0.2608</td>
<td>-0.0564</td>
</tr>
<tr>
<td>Satisfaction derived from business</td>
<td>400</td>
<td>398</td>
<td>0.0430</td>
<td>0.1013**</td>
</tr>
</tbody>
</table>

**Significant at 0.05, two tailed test.

5.4.3 Entrepreneurial Dimensions and Performance of Petty Traders

The empirical literature on entrepreneurship argues that human actions through entrepreneurial orientation have a relationship with the performance of many businesses among which is micro enterprises (Freese, 2009). To measure the effect of entrepreneurial orientation on the performance of the three categories of petty traders, mean values and standard deviation of EO dimensions and business performance variables were calculated as shown in Table 5.8. According to the survey, shop owners showed a high level of innovativeness, proactiveness and risk taking in their business operations. These human actions taken by shop owners have translated into better enterprise performance by way of their profit margins where they earned on the average GH¢1,404.53 Ghana per annum. This amount appears to be more than the average annual household income which the GLSS report of 2008 pegs at GH¢1,217.00. Other performance measures such as satisfaction and number of employees for shop owners were on the average very high compared to the other categories of petty traders. Itinerant hawkers recorded the lowest averages on the two of the dimensions of EO but a higher average on risk taking than sedentary tabletop sellers. From Table 5.8 the mean value of risks for itinerant hawker is 3.692112 which is relatively higher than 3.509934 for sedentary tabletop sellers. The high propensity to take risks by itinerant hawkers is
understandable given the fact that they have to cross streets, chase vehicles at lorry parks, traffic intersections and stand under the scorching sun just to make sales. Itinerant hawkers also recorded the least annual profit, the lowest level of satisfaction and employ no one among the three categories of petty traders. No wonder, this lower level of earning led to their classification in the entrepreneurial literature as survivalist (Kanothi, 2009).

Table 5.8: Calculated Mean Values for EO Dimensions and Performance of Petty Traders

<table>
<thead>
<tr>
<th>Business category</th>
<th>Innovative</th>
<th>Proactiveness</th>
<th>Risk taking</th>
<th>Profit</th>
<th>Satisfaction</th>
<th>Number of full time Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itinerant hawker</td>
<td>3.561404</td>
<td>3.386768</td>
<td>3.692112</td>
<td>821.015</td>
<td>2.451128</td>
<td>0</td>
</tr>
<tr>
<td>Sedentary tabletop seller</td>
<td>3.585526</td>
<td>3.488389</td>
<td>3.509934</td>
<td>1182.368</td>
<td>2.947368</td>
<td>1</td>
</tr>
<tr>
<td>Shop/store owner</td>
<td>3.881159</td>
<td>3.628655</td>
<td>3.678261</td>
<td>1404.53</td>
<td>3.73913</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from field data, 2013

Probing further, the study tried to find out the inter-correlations between performance variables and the dimensions of entrepreneurial orientation. Results as indicated in Table 5.9 show that innovativeness has a positive correlation with business age. This result was significant at 1%. The r-value 0.1769 is a weak positive correlation, however, it indicates that as the business grows in age innovativeness should also grow. Given the nature of petty trading business where there is a high degree of copying from one another and competition for customers, there will be the need to innovate if the petty trader wants to survive. Results further indicate that the number of employees has a negative correlation
with proactiveness and risk taking. These correlations were significant at 1% and 5% respectively. These results imply that the more employees in the form of family members a petty trader uses there is the likelihood that proactiveness and risk taking behaviour of the business owner to be less. Frazer (2006) in his study found that micro enterprises normally use a blend of unpaid family members and hired workers. Advancing this argument further, Ayambilla (2014) in his study of non-farm enterprises in Ghana posits that hired labour is highly skilled and contributes positively to the performance of non-farm enterprises, however, unskilled labour’s in the form of family members may not contribute same. Looking at the nature of petty trade activity most of which are home based, it is likely that the labour used may be family members hence the negative relationship with enterprise performance. Similarly, risk taking also has a negative correlation with satisfaction.

**Table 5.9 Correlations Among Dimensions of EO and Business Performance Variables of Petty Traders**

<table>
<thead>
<tr>
<th>Business Performance Variables</th>
<th>Entrepreneurial Orientation Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Innovativeness</td>
</tr>
<tr>
<td>Profit</td>
<td>0.0007</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.0557</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>-0.2033</td>
</tr>
<tr>
<td>Business age</td>
<td>0.1769***</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from field data, 2013. Results significant at 0.01(***), 0.05 (**) and 0.10(*).

Disaggregating the data into poor and non-poor to find out the effect of overall entrepreneurial orientation on the performance variables, Table 5.10 captures a
significant positive relationship between poor petty traders and the age of the business. The computed r-value of 0.3029 is significant at \( p = 0.000 \) for a two-tailed test because \( 0.000 < 0.01 \). This result points to the fact that as the business of a petty trader grows older new innovations are needed if not the poverty position of the owner may be affected adversely. This may be a reflection of the belief that petty trade business is mostly kept by the owner and there is a high proclivity for the owner to become less motivated and determined with time, which may reflect in his/her inability to adapt to changes in the industry, which ultimately will affect the performance of the business (Daniels and Mead, 1998; Vijverberg, 1991).

Table 5.10: Comparing Overall EO with Performance Variables for Poor and Non-Poor Petty Traders

<table>
<thead>
<tr>
<th>Business Performance Variables</th>
<th>Overall Entrepreneurial Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Poor Petty Traders</td>
</tr>
<tr>
<td>Profit</td>
<td>-0.0736</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>-0.0534</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>0.0536</td>
</tr>
<tr>
<td>Business Age</td>
<td>0.3029***</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from field data, 2013. Results significant at 0.01(***)

To find out if there is any significant difference in the EO of non-poor petty traders and the poor ones, a t-test was employed on the assumption that there is no difference in their EO. On a five-point scale, the non-poor petty traders have a slightly higher EO (mean) of 3.83 as against 3.46 by the poor in the sample. The null hypothesis is that the difference in the EO mean of non-poor and poor = 0 with the alternative hypothesis that the
difference in the EO mean of non-poor and poor is different from zero. From Table 5.11 the p-value (0.0001) is smaller than any conventional level of significance, which is enough evidence to reject the null hypothesis and to conclude that there is a difference between poor and non-poor EO (means) in the population. In fact, the non-poor has shown a slightly higher EO than the poor. This finding implies that the EO of petty traders plays a role in their level of poverty.

Table 5.11: T-Test of the EO of Poor and Non-poor Petty Traders

<table>
<thead>
<tr>
<th>Group</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Err.</th>
<th>Std. Dev.</th>
<th>[95% Conf. Interval]</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>129</td>
<td>3.826873</td>
<td>.0809199</td>
<td>.9190737</td>
<td>3.666759 3.986987</td>
</tr>
<tr>
<td>1</td>
<td>264</td>
<td>3.463805</td>
<td>.0531109</td>
<td>.8629503</td>
<td>3.359228 3.568381</td>
</tr>
<tr>
<td>combined</td>
<td>393</td>
<td>3.58298</td>
<td>.0452469</td>
<td>.8969844</td>
<td>3.494023 3.671937</td>
</tr>
<tr>
<td>diff</td>
<td></td>
<td>.3630687</td>
<td>.0947171</td>
<td>.1768501</td>
<td>.5492872</td>
</tr>
</tbody>
</table>

diff = mean(0) - mean(1)  
Ho: diff = 0  
deptes of freedom = 391
Pr(T < t) = 0.9999  
Pr(|T| > |t|) = 0.0001  
Pr(T > t) = 0.0001

5.4.4 Motivation and Business Categories

The motivation that predisposes a person to engage in entrepreneurial activities and succeed is of significant importance especially in developing countries with a large informal sector. Finding out the role of motivation among the three categories of petty traders, a higher motivation mean score of 4.269565 was recorded for shop owners. This high mean score (see Table 5.12) which is closer to the maximum score of 5 indicates that shop owner command a high level of motivation to succeed in their business.
transactions. Indeed, shop owners possessed almost twice the level of motivation of itinerant hawkers. This result reinforce the notion that growth-oriented enterprises like shop owners are likely to succeed given their ability to plod on in the face of challenges.

On the degree of EO as a way to find out the extent to which motivation can drive petty traders to take certain human actions, it came to light that shop owners again have a high mean score for entrepreneurial orientation.

Table 5.12: Calculated Means and Standard Deviation for Motivation and Business Categories

<table>
<thead>
<tr>
<th>Business category</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itinerant hawker</td>
<td>133</td>
<td>2.33584</td>
<td>0.5573148</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Sedentary tabletop seller</td>
<td>152</td>
<td>2.925439</td>
<td>0.538711</td>
<td>1.7</td>
<td>4</td>
</tr>
<tr>
<td>Shop/store owner</td>
<td>155</td>
<td>4.269565</td>
<td>0.3416952</td>
<td>3.3</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from field data, 2013.

Finding out the correlation between motivation and performance variables such as: traders satisfaction, business growth, EO and the number of employees, there is a positive correlation between all these variables and motivation. A growing body of work suggests that self-motivation is important for improving firm performance. Table 5.13 suggests a statistical relationship between motivation and performance measures such satisfaction \( r = .4463, p < .01 \); and also between motivation and business growth \( r = 0.3974, p < .01 \). In addition, the bivariate correlation between motivation measure and over all EO \( r = .1383, p < .01 \) is statistically significant, as is the relationship between motivation and number of employees \( r = .1532, p < .01 \). While the main effect of age of business is
non-significant, the results reinforce the notion that age of business has a contingent value (Lumpkin and Dess, 1996). Given the earlier findings from Table 5.9 and 5.10 we can infer that human action related activities such as the number of employees correlates with risk taking and proactiveness of the entrepreneur. On the other hand, business age also has a significant correlation with innovativeness and the overall EO. Similarly, motivational variables correlate significantly with the performance measures such as satisfaction, business growth, number of employees and overall EO. This study therefore confirms the independent effects of innovativeness, proactiveness, and risk taking, and the overall EO on some business performance measures.

<table>
<thead>
<tr>
<th>Motivation/Performance Variables</th>
<th>Obs</th>
<th>df</th>
<th>p-value</th>
<th>r-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation/business age</td>
<td>400</td>
<td>398</td>
<td>0.1020</td>
<td>0.0819</td>
</tr>
<tr>
<td>Motivation/satisfaction</td>
<td>400</td>
<td>398</td>
<td>0.000</td>
<td>0.4463***</td>
</tr>
<tr>
<td>Motivation/business growth</td>
<td>400</td>
<td>398</td>
<td>0.000</td>
<td>0.3974***</td>
</tr>
<tr>
<td>Motivation/ overall EO</td>
<td>393</td>
<td>391</td>
<td>0.0060</td>
<td>0.1383***</td>
</tr>
<tr>
<td>Motivation/number of employees</td>
<td>400</td>
<td>398</td>
<td>0.0021</td>
<td>0.1532***</td>
</tr>
</tbody>
</table>

Source: Author’s calculations of field data, 2013. Results significant at 0.01(***)

5.5 Chapter Summary

Petty traders in Accra are divided into three main categories: itinerant hawkers, sedentary tabletop sellers and shop/store owners. This coincides with the three main groups identified in the research literature on micro entrepreneurs. Results from the probit regression model indicate that social capital, human capital, size of household, previous
business experience, age, itinerant hawking and shop ownership have a significant relationship with the likelihood of a petty trader being poor. Indeed, social capital, size of households, business experience and shop ownership all have a significant negative relationship with the chances of being poor. This means that a unit increase in any of these variables will lead to a decrease in the probability of being poor.

The quantitative analysis of human action related activities and dimensions of entrepreneurial orientation points to the correlation that exist between entrepreneurial orientation of petty traders and the performance of their enterprises. The study employed the Likert scale developed by Khandwalla (1977), Miller (1983), Covin and Slevin (1989) with variations and Pearson correlation to find out the entrepreneurial action related activities that determine the performance of poor and non-poor petty traders. Similarly, the force that drives petty traders to undertake such a business venture was also investigated. Results for EO enterprise performance indicate that business age has positive correlation with the overall EO of poor petty traders. This means that as the business of the poor petty traders ages, he/she needs to innovate, be proactive and be prepared to take risks if that business it to remain competitive, record profit and help the owner get out of poverty. Similarly, innovativeness again has a significant positive correlation with business age. Again shop owners have the highest mean scores for all the three dimensions of EO which reflects in a high level of profit their business. Motivation also showed a positive correlation with performance variables such as satisfaction, business growth, number of employees and the overall EO of petty traders. These
findings point to the central role played by human actions related activities in the performance of petty trade micro enterprises.
CHAPTER SIX

CRITICAL EVENTS AND THE GENDERED DIMENSION OF PETTY TRADE

6.1 Introduction

The third and final parts of the empirical analyses and findings capture the critical events that enabled successful petty traders to escape from poverty and compare the gendered dimension of petty trade. The comparison of the gendered dimension of petty trade was guided by equation 4.4 and hypothesis 3 which try to compare networking and network intensity effect on the performance of male and female petty traders.

6.2 Critical Moments and Reduction of Poverty of Selected Successful Petty Traders

Survival has always been a primal instinct for most humans. Some individuals develop an extraordinary formula from life’s sometimes hard unfair life changing challenges. In this case, that formula becomes a technique that elevates one’s life from dire situations to a more comfortable one which gives hope and inspiration to the younger generation and those in similar situation. The descriptive concept of critical moments, was used as an analytical tool to look at brief biographies of three selected petty traders from different locales in the research communities. Key criterion in their selection was their ability to rise through the challenges of life and become successful petty traders. Besides, “their situations and trajectories, point to some shared ways of navigating urban space common to the poor in Accra” (Langevag, 2008 p.2041). Each of these three successful petty traders went through moments of crisis with significant consequence for their success or otherwise. In the first case, Munira dropped out of school and married very early to ease
the burden on her mother for taking care of six children. In the second episode, Alhassan at an early age migrated to Accra to escape poverty in northern Ghana and he is now a successful entrepreneur with different shops in Accra and Tamale. Kabuki who was abandoned and left on the street as a young girl now owns a grocery shop in the inner city of Accra. In the narratives, the reaction by the respondents to events is understood as ‘critical,’ ‘fateful’ or ‘epiphany’ moments with broader consequences.

Case 6.1 Munira, female 46, a migrant, multiple cooked food seller (Old Fadama)

Munira is a 46-year-old woman who is a native of the Brong Ahafo Region of Ghana. She was one of six children raised by a single mother who did not have enough income to cater for all her children. She was forced to leave home at the young age of 14, dropped out of middle school, married at a tender age, gave birth to three children and had to cater for her children single-handedly.

Munira made a courageous and fearless decision to lighten the burden of her mother by marrying at a tender age and moving out with her husband to Abidjan in her bid to fend for herself. She gave birth to three children and came back to Ghana in 1992. Back home, she took to selling koko to earn livelihood in her native Sampa in Brong Ahafo Region. This event, according to Giddens’ (1991) definition could be seen as a fateful moment with a domino effect. All that Munira wanted was to marry and for her husband to provide her basic needs and that of the children. She never envisaged her poverty status could degenerate. She explains that:
…I thought that by marrying, my husband would take care of me, the children and extend some help to my mother and my other siblings. However, I provide livelihood for the children without any meaningful employment.

This situation forced her to resort to selling “koko”. This she does by head porterage, moving from house to house in the community to make sales. Making ends meet became difficult for Munira so she left her children with her mother and moved to her auntie in Accra in 1996 to help her with her trading business. Things did not go well at her auntie’s house, so she left for her uncle’s place which was also in Accra. Her uncle volunteered to provide only shelter and food if she can help with the domestic chores. Whilst she was in her uncle’s house, she always went menial job-hunting with friends on so many occasions without success. However, her uncle who knew about her background in koko selling encouraged her to start selling koko in their community. Although she had considered it, she had no start-up capital. Her uncle, clearly qualifies to be an expert by suggesting something that could be beneficial to Munira thus leading to her empowerment. In terms of social capital, her uncle again could be seen as a source of bonding social capital because of their family relationship.

Munira’s moment of epiphany came when she met an old classmate, narrated her plight and plan to her and she was willing to provide the initial start-up capital for the purchase of the items she needed for the koko business. She started as usual as an itinerant hawker moving from one house to another to sell koko. She later on started selling the kokko under a tree near her friend’s house. Seeing that there was the need to locate near a major road, she begged a neighbour whose house was closer to the main street to sell at the back of his house. She started selling there with a constant stream of customers who were
patronizing her products. When the business started flourishing, she was sacked from this location for no apparent reason. And, for two months, she had not got a place to sell her koko. It was at the same time (1999) that her three children from Brong Ahafo came to join her. Things became difficult for her during this period and the little money she saved from the business was the only source of funds for her and the three children to live on. She said:

…I was overwhelmed by providing for the children, remitting home to my mother and younger siblings and at the same time making sure I do not dissipate all my savings from the business.

Her third critical moment came when one of her regular customers who owns a communication center not far away from where she formerly sold her koko was leaving the community and wanted to rent the structure to her on the basis of work and pay. She used the rest of her savings as a deposit for the structure. However, there was no fund to rehabilitate the structure but again her former classmate, his wife and a few known members of the community knowing how industrious she was contributed some money as a loan for her to recapitalize and continue the business. This situation affirms Woolcock and Narayan’s (2000 p.3) observation about social capital that “… a person’s family, friends and associates constitute an important asset; one that can be called on in times of crisis, enjoyed for its own sake and leveraged for material gains”.

A customer one day suggested that she should package the koko in a more innovative way than the usual polythene that other koko sellers were using. She then went to KENEM factory to buy small plastic containers, tissues and disposable spoons. This was a new thing in the community and many people were drawn to its hygienic nature thus
increasing her customer base. She admitted copying part of her packaging from koko king\textsuperscript{15}. She thereafter established contact with the factory, which demanded an initial payment for the designed 5000 plastic containers which she paid for. Her regular payments to the factory have led to the development of a bond of trust where the customized small plastic containers are supplied on credit basis. Similarly, suppliers of the raw materials for the preparation of the koko also give the items on credit to her because of the trust. In the branding of the small plastic containers, she decided to use her name and the pictures of her daughters to design the logo for the business. This caught on very well and she expanded her business and added the sale of doughnut, bread, koose\textsuperscript{16} and groundnut. One thing she does not compromise on is the quality of her products and the hygienic conditions under which the products are prepared.

The business currently employs 15 personnel made up of 9 family members and 6 others who are paid monthly. Profit margins soars to 1800 Ghana cedis in a good month and 1200 in a month when sales are not too good. She keeps records of her expenditure and progress of the business.

The business has enabled her to look after all her three children and six other family members who are currently living with her. She has managed to buy a house in which she currently lives and acquired a truck which sends the products to institutions that require

\textsuperscript{15} Koko king is a popular vendor in the koko industry who introduced packaging and labeling of his products. This has led to a large market niche for him.

\textsuperscript{16} Koose is a locally fried paste fritters made from beans. It is highly nutritious in protein and well patronized by Ghanaians of all ages. It is eaten with beverages for breakfast and snacks and sold by vendors on the street, in marketplaces, and at bus stations.
their products. She classifies herself as not poor because she can meet her basic needs. She has also saved some money in the bank. She sees the future as very bright if she maintains the quality of her products.

Case 6.2 Alhassan, male, 53, migrant, multiple item shop owner (Sabon Zongo)

Alhassan hails from Gareshegu, a poor suburb of Tamale in the Northern Region of Ghana. He grew up in a poor home with seven other siblings. When he finished middle school at the age of 17 he had to look after his father’s cattle but nursed the ambition of becoming a business mogul. At the age of 18, he examined his life in relation to his future goal and saw no link. He therefore decided to migrate to Accra to look for job because of the fanciful things people have told him about Accra. “To fulfill my future goal, I needed to escape from the traditional drab life in the bush taking care of cattle and I know Accra is the place of hope.” He discussed the idea of migrating to Accra with his father but the father took offence and counselled him seriously against it. Faced with this challenge, he decided to leave without informing his father. This critical moment for Alhassan needs to be understood within the context of family traditions and his future aspirations.

Making the decision to migrate was a difficult one for him but he eloped with a friend to Accra against the wishes of his father. However, upon arrival in Accra Alhassan’s optimism disappeared. He found himself pushing trolleys just to earn a living. On weekends he engaged in menial jobs such as slaughtering and helping skin animals for a fee. Though the work was strenuous and physically demanding he kept plodding on. His
epiphany came when the woman (Narki) whose wares he carries everyday to the market suggested to him to stop the trolley pushing and switch to helping her sell the used clothing items for a fee. Since this suggestion was in line with his ambition, he accepted the offer and took to hawking the used clothing around the popular Agbogbloshie market. Narki later introduced him to wholesalers from whom she takes the bales of the used clothing. His benefactor however, suddenly fell ill and died in 1981. After her burial, the family members of his benefactor allowed him to keep the few unsold wares. This was what he used to start the business of dealing in used clothing.

“…I sold the wares left and asked the wholesale suppliers for a bale of used clothing to sell on credit basis which they obliged because of the goodwill established by my late benefactor with them. This was the beginning of my business”…“and a year later\textsuperscript{17}, I realized that the sale of household consumer items was the fastest selling item. I therefore diverted the little capital I had into buying some of these items from neighbouring Togo for sale in Accra”.

Alhassan used his small kiosk (where he sleeps) as a corner shop. From here he sells items such as sugar, tinned fish, soap, bread, exercise books and pencils and many other low order goods. He packs up the items into cartons in the evening and sleep in the kiosk. From this business he remits home to his parents. However, he lost his father in 1997 and had to travel up north for his burial. After his burial, he was given three cows from his father’s kraal which he sold and used the funds to recapitalize his business which has ever since flourished. He changed the kiosk into a container and added the sale of household electrical appliances, became an agent for the distribution of mobile phone

\textsuperscript{17} The early 1980s in Ghana was very turbulent in terms of economic hardship and non-availability of consumer items. Cross border traders who saw this business opportunity took advantage and reap the benefits therein.
airtime credit for the three major telephony companies and above all established an outlet shop in Tamale which is manned by one of his younger brothers. He has employed 4 permanent store assistants but his last two children and wife always lend support. His business is registered with the Accra Metropolitan Assembly. Interestingly, his profit margin ranges between 2500 Ghana cedis a month when the market is good and 1500 when sales are low. On the social side he is married with four children two of whom have finished university.

Several critical moments emerged in Alhassan’s short biography. His elopement to Accra against his fathers’ wish, his disillusionment when he came face to face with the reality of city life which meant he had to do menial jobs for survival. These moments occurred when he was trying to find his feet in the city. His fateful moment according to the description of Giddens (1991) was when his benefactor Narki suggested he joined in sale of used clothing which coincides with his life ambition. Narki’s death the subsequent events chart the pathway and legitimize his career path, which he took maximum advantage of. Experiential knowledge of the skills necessary for trading were developed and honed from his association with Narki and his father’s death, though a critical event led to him gaining access capital to recapitalized his business. He also fed into the social network of Narki which enhanced his business aspirations.

Case 6.3 Kabuki, female, 52, an indigene, grocery shop owner (James Town)
Kabuki belonged to a family of five, who had difficulty in meeting their every day needs of life. Her mother, a divorced fishmonger, drove her from home when she became
pregnant at the age of 15 years and in middle school, form two. “I became a destitute, a street girl and virtually did everything on the street”…“however, a local church elder took me home at an advanced stage of my pregnancy”. This was a critical moment in her life especially as the future looked uncertain for her.

After giving birth, Kabuki stayed in the local church elders house and started trading in ice water, which was not bagged then to cater for her petty needs. She later added the sale of groundnut and sugar. However, in the third year she had to move out of this house because of the frequent taunting from the children of the church elder. She went to live with her grandmother who reprimanded her mother for driving her away from home. The grandmother took over the care of her baby boy. This gave her some degree of freedom to start selling fish, which was the commonest form of livelihood in the community for their day-to-day survival. She normally got the fish on credit from their next-door neighbour who was a fisherman. She paid back as soon as she made sales. Her grandmother served as her collateral and guarantor at the same time.

At the time the famine hit Ghana in 1983, a friend suggested to her to switch to long distance trade. She gathered the little money she saved through susu and followed her friend to Juapong, Asesewa and other satellite villages to buy maize and kokonte and other food stuffs for sale. The maize and the kokonte were ground into powder and sold with olonka in the community. This was a lucrative business then.

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18 Kokonte is a dried peeled cassava that is ground into powder for the preparation of a local sticky, cooked marsh usually eaten with sauce or soup
19 Olonka is a measuring tin used by local traders to sell foodstuffs.
“...This business was very profitable and I developed a network of suppliers from whom I took goods on credit and payback every fortnight. In fact, I am able to make good profit to take care of my grandmother and son”.

On one of her travels, she was involved in a gory truck accident but escaped by God’s grace. She claimed she was so scared that she vowed never to travel by car again. She lost all the goods she had on board the truck and decided to become a sedentary tabletop seller. To do this, she needed a strategic place in the community to sell her wares and capital to recapitalize her trade. Her grandmother volunteered to give the space in front her house, which faces the main road, and she mobilized 5 cedis from her debtors and took goods on credit to start this new phase of her trading activities. Her former customers were able to locate her and she gradually added the sale of one item after the other as the years progressed.

She later got married to a man who had helped in financing her business. She spoke about him fondly and clearly stated that he had been her source of encouragement and inspiration. The husband helped her to secure a loan of 2000 cedis from her local church welfare group and 300 cedis from Sinapi Aba group respectively in 2008. These loans enabled her to expand her shop through the sale of different consumer items. She was able to buy a container from her susu savings and relocated into the container-shop. She employed three store assistants who started stealing items from the shop. This forced her to relieve them of their duties. Now, three children from her marriage help in the running of the business. Her business is registered and she pays 70 cedis as annual tax but anytime she adds the sale of a new item to her stock the tax goes up. She is a regular susu
contributor and has sent all her children to school. Currently, one is in the university. The business enables her to fend for all the 7 members of the family. By her standard she is not poor.

6.2.1 Key Elements of Critical Moments in Navigating Paths out of Poverty

Each of the three anecdotes paints a vivid account of the complexities in the lives of some successful petty traders and how they were able to develop strategies to circumvent the economic hardships they faced in the ever-changing life in the city. Simonsen and Vaiou (1996) document that the formation of people’s lives hinges on the interplay between “specific human relations which they have been involved in during their life course, and the social conditions dominating their generation and their locality” (Langevag, 2008). Although, the circumstance of each of the three petty traders is unique, how they responded and dealt with each situation to escape from poverty is different. It is possible to identify a common thread that helped them to surmount each obstacle.

When participants in a focus group discussion attempted to explain how to escape from poverty, they spoke about the family background of the individual, the determination of the individual, previous experience in running business, help from friends, community members and society in general, economic opportunities available for employment and availability of credit to those in the informal sector to start a business. Descriptions of how to escape from poverty are expressed in statements like ‘if I find work, it will be possible for me to earn an income and take care of my basic needs’ or ‘with my experience, if I have access to credit facility to support my business, I will grow my
business into a big one and be far away from poverty’ and ‘I am a determined person so if I have a network of friends who can give me information about how to have access to resources for my trading business, my business will succeed and I will be well to do’. These statements by the three petty traders on how to escape from poverty are constructed on the premise that a petty trader must not only be determined and experienced but must work hard with some form of help to succeed. As Pottorff (2012) advocated, “raw talent hardly ever spelt great success… but hard work has produced many successful traders who continue to make money”. And, ‘the living proof of a successful live of a trader is money’ (Van der Geest, 2007) which comes in the form of profit to any entrepreneur and helps in the acquisition of material wealth.

The narratives of the petty traders appear to have paradigms along similar lines in relation to how to escape from poverty. However, their circumstances and how they responded differ. Munira had to leave home at an early age thinking that by marrying, her circumstance will change but this appears to be a big gamble with monumental risk. Alhassan on the other hand also took a great risk and had to bear the consequences. Kabuki’s youthful exuberance got her pregnant and sacked from home. The circumstances that shaped the situation of the three petty traders was their family background, however, they claimed responsibility for their actions. Indeed, the circumstance provided them with stimulus to take control of the consequences, working hard to overcome the challenges.

Critical events shape people’s live, however, the extent to which human agency and the
accompanying choice they make depends on financial and non-financial resources. All the three petty traders in material terms are able to draw on the network and help offered them by people in order to improve their situation. In the case of Munira the fateful moment of marrying was within her control. Here she could have rejected the marriage proposal, however, the future was peacefully shielded away from her. She could not clearly see the risks involved in the marriage and the subsequent bearing of children. The response of her uncle, friend and other community members served as an important milestone in her life and she was able to take full advantage and exercised human actions which to a large extent has changed her life for the better. Indeed, Munira was able to draw on the resources offered by her uncle and expert advice from her customer on the suggestion that she packaged her koko in a more hygienic way which she adhered to.

Similarly, Kabuki took advantage of the help offered by the church elder and her grandmother. Alhassan had to depend on the magnanimity of Narki and her family to jump-start his trading business. In some ways, all of them also benefited from social capital in the form of network of family, friends and suppliers. Reflected in this social capital was a clear element of luck which all of them have no control over but made good use of. Though their fractured initial relationships with families threatened their future with dire consequences at the time they have few material resources, they are able to draw on intangible resources like self-efficacy, determination and previous experiences to turn a bad situation into an opportunity.

Furthermore, family and societal support in terms of financial capital was a central
resource in the success story of the three petty traders to escape poverty. Munira had to depend on the funds mobilized for her by her uncle and friends; Alhassan had to sell the portion of his father levirate to recapitalize his business and Kabuki’s loans were the conveyor belts that helped expand her business.

Though the narratives have variations in the transition of these people from obscurity to success, the stories are similar. Each identifies a critical moment in their responses and to a large extent there were fateful moments. However, the objective position can only relate to the biographical background of each person and the resources that they marshal in response to each event to change conditions.

### 6.3 Comparing Networking and Performance of Male and Female Petty Traders.

This section sets out to analyse and compare the level of network use among female and male petty traders as well as ascertain whether there is any association between networking and performance. The performance of male-owned and female-owned micro businesses had had various strands of argument in the empirical literature especially from the social and liberal feminism perspectives. Putting these into context, the empirical discourse intimated that male-owned enterprises always outperform female-owned ones with little attempt on the role played by social and human capital variables. This comparison has become very important in the context of this study and for that matter Ghana given the fact that almost two-thirds of the respondents of this study are females. Similarly, close to 72% of micro enterprise operators captured in the 2008 GLSS 5 report are females. It is therefore imperative to find out performance of petty traders using
formal and informal networking variables, education, business experience, credit facilities, business permit and demographic variables. Equation 4.4 and hypothesis 4 guide the test for the hypothesis.

6.3.1 Gender and Differences in Petty Trade Enterprise Characteristics

In finding out the gender differences in relation to micro enterprise characteristics, the t-test was employed to establish if there is a difference. Results gleaned from the data are indicated in Table 6.1. From this table there is no significant statistical difference between male and female petty traders in terms of level of education. One key attribute of human capital is the level of education of the individual, which empowers the individual in terms of relevant knowledge. This result implies that any difference in performance of petty traders cannot be adduced to differences in education. In terms of previous experience related to business, male petty traders are more likely to be more experienced than their female counterparts. The difference between them in relation to previous experience is statistically significant. About 3% of the male respondents have previous business experience against 2.4% for the female petty traders. This result is not surprising because Ghanaian men by their cultural orientation are socialised to be leaders and can take care of the household (Amu, 2005; Dolphyne, 2000). Many of the men have left one job or the other before taking up petty trading. Therefore, they are likely to have more business related experience than women. Indeed, Kalleberg and Leicht (1991) posited that women are less likely than men to exhibit entrepreneurial behaviour necessary for the performance of business.
Savings also registered a statistically significant difference between male and female petty traders. From Table 6.1, this result was significant at 5% with a t-value of 2.6737. Again this result may be tied to the scale of trading activities as the larger the scale the more likely the owner is in making good turnover which will reflect in savings made per month. This result is consistent with Amu (2005) who argues that while men are concentrated in large-scale trading activities, women are concerned with small-scale trading activities. Business registration also showed a marked difference between male petty traders and their female counterparts. Business registration also showed a marked difference between male petty traders and their female counterparts. The result from Table 6.1 indicates that male petty traders are most likely to register their business formally as compared to female petty traders. It could be argued that as the business grow maybe from itinerant hawker to shop ownership it will be compelled by the law guiding retail trade to register and honour tax obligations. This confirms the findings of Sleuwaegen and Goedhuys (2002) who documented that when enterprises are registered they are also licensed and they pay tax. These obligations they further argued, enable them to gain credibility and enhanced access to scarce resources, which lowers the cost of transaction and subsequent improved performance.
Comparatively, initial start-up capital also showed a marked difference between male and female petty traders. This result is significant at 1% with a t-value of 4.9153. Initial start-up capital is a crucial element in nascent enterprises because firms at their embryonic stage are most likely to fail because the challenges that face them in terms of cost variability as they learn about management of the industry is daunting (Jovanovic, 1982). It needs to be mentioned that though there is difference between male and female petty traders in relation to credit facility and record keeping, they are not significant.

Hours of operating business did not showed marked difference in terms of male and female petty traders though the t-test for this factor was significant at 1%. From Table 6.1 male petty traders work 6.8 hours a day compared to female petty traders who work similar number of hours (6.3). This finding can be explained in terms of the location of the businesses and domestic chores performed by women. According to Amu (2005)
women’s retail trade is located close to their homes in kiosks or containers along the street’ where they shuffle between selling and domestic chores. It is therefore not surprising that male petty traders have more business operating hours than their female counterparts. The number of hours spent in operating the business a day could feed into the profit margins of both genders. From Table 6.1 there is a marked difference in terms of profit made by male petty traders as compared to female ones. This finding was significant at a p-value of 0.000, the conventional level of significance with enough evidence to say that there is a difference between male and female petty traders in terms of profit earned and for that matter the performance of the enterprise.

6.3.2 Wealth Status of Petty Traders and Gender Differentials

To supplement the income measure of poverty and find out the gender differentials the study also measured the value of assets using the International Wealth Index (IWI). This index provides weights which are universally accepted (Smit and Steendijk, 2013). This aspect of the study investigated gender and assets and also considered assets levels across the petty trader categories (itinerary, table top and store owners). In general, the mean value of wealth index was 23.04. The analysis revealed that male petty traders owned more assets than female petty traders. On the average, the value of assets using the IWI for male petty traders was 26.65 whiles that for female petty traders was 20.58. It is obvious from Table 6.2 that male petty traders possessed more assets (IWI) than female ones across the three categories of businesses. A two-sample t-test confirmed that the difference between male petty traders’ value of assets and the female ones was statistically significant at 1%. (See appendix 6).
Table 6.2: Value of Assets (IWI) by Petty Trader Category and Gender

<table>
<thead>
<tr>
<th>Category</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itinerary</td>
<td>23.88</td>
<td>17.42</td>
</tr>
<tr>
<td>Table top</td>
<td>25.60</td>
<td>20.37</td>
</tr>
<tr>
<td>Store owners</td>
<td>29.79</td>
<td>25.76</td>
</tr>
</tbody>
</table>

Source: calculations from field survey data, 2013.

The study also revealed that shop/store owners tended to own more assets (IWI) than itinerary and tabletop sellers except the case of mobile phones. All the petty traders across the three categories owned mobile phones. In the case of car ownership, only some shop/store owners possessed cars. Figure 6.1 captures the pictorial view of assets possessed by the various categories of petty traders.

**Figure 6.1: Assets (IWI) Owned by Categories of Petty Traders Businesses.**

![Chart showing assets by category and gender](image)

Source: calculations from field survey data, 2013.
6.3.3 Number of Networks used by Petty Traders

Information is important for decision making but it is costly to obtain hence networks constitute an important means of acquiring information in a cost-effective manner (Coleman (1988). Literature suggests there might be significant differences between males and females in terms of their network use in relation to their business transactions (Hanson and Blake, 2009). Cromie and Birley (1992) noted that networks are the product of personal drive and historical experiences, and considering the social structure and domestic duties of many women, it might result in female entrepreneurs having fewer networks than their male counterparts and this difference in network use could have a significant impact on the rate at which women (compared to men) start new ventures and the performance of those ventures (Aldrich, 1989).

Petty traders were asked to indicate the frequency of assistance they sought from formal networks (Banks, local NGO, National Board for Small Scale Industries (NBSSI) and informal networks (wholesalers, family and friends, religious group members and other petty traders). Table 6.3 shows the number of network used by male and female petty traders during the year in obtaining assistance. The results show that none of the petty traders in the study area used less than three network sources. The results further revealed that 47.5% of all petty traders (76.1% of females and 5.6% of males) used at least three network sources during the year. About 73% of all petty traders (approximately 79% of females and 64% of males) used five or more networks. These findings are consistent with Cooper et al. (1989), Robson and Bennett (2000) and Watson (2011) who found that entrepreneurs sought information from a variety of sources. The results indicate that
statistically there no significant difference between males and females in terms of network (see t-test in Appendix 4). The mean number of networks used by male and female petty traders were approximately 5 and 4 respectively. This finding is consistent with Munch et al. (1997) who found that housework and child rearing are extremely lonely forms of work, and this isolation may result in many women having limited network contacts for their business as compared to men. Aldrich (1989) further argues that past research indicates that female entrepreneurs might not only have fewer networks than their male counterparts, but are likely to be embedded in different types of networks.

<table>
<thead>
<tr>
<th>No of networks</th>
<th>All Petty traders N=400 %</th>
<th>Cumulative %</th>
<th>Female N=238 %</th>
<th>Cumulative %</th>
<th>Male N=162 %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>47.50</td>
<td>47.50</td>
<td>76.05</td>
<td>76.05</td>
<td>5.56</td>
<td>5.56</td>
</tr>
<tr>
<td>4</td>
<td>14.25</td>
<td>61.75</td>
<td>2.10</td>
<td>78.15</td>
<td>32.10</td>
<td>37.66</td>
</tr>
<tr>
<td>5</td>
<td>11.25</td>
<td>73.00</td>
<td>0.84</td>
<td>78.99</td>
<td>26.54</td>
<td>64.20</td>
</tr>
<tr>
<td>6</td>
<td>27.00</td>
<td>100.00</td>
<td>21.01</td>
<td>100.00</td>
<td>35.80</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Author’s calculations of field data, 2013.

6.3.4 Frequency of Formal and Informal Networks used by Petty Traders by Gender

There was a significant difference between male and female petty traders in terms of the overall frequency of network use (formal and informal). The t-test results in Appendix 4 shows that on the average, male petty traders frequency of usage of networks was more than that their female colleagues. The average frequency of network usage was 17 for male petty traders and 13 for female petty traders. This finding is contrary to the findings of Watson (2011). Watson found that there was no significant difference between male and female entrepreneurs in terms of their overall frequency of network use. The disaggregation of the network use into formal and informal offered the opportunity to
glean interesting results. None of the petty traders had less than 10 frequency of use of formal network in the past year. On the average, 43% of male petty traders had frequency of formal network use between 10-20 as compared to only 4% of females. However, about 96% of female petty traders had frequency of formal network use more than 20 times per year as compared to 57% of male petty traders. Turning to informal network frequency of use, Table 6.4 further revealed that on the average less than 1% of male petty traders had a frequency of network use less than 10 as compared to 14% of females. About 58% of male petty traders had a frequency of informal network use between 10-20 as compared to 31% of females. However, more female petty traders (55%) had frequency of network use of more than 20 times as compared to 42% for male petty traders.

Table 6.4: Frequency of Network Used by Male and Female Petty Traders

<table>
<thead>
<tr>
<th>Networks</th>
<th>Frequency of Network Use per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 10 Male</td>
</tr>
<tr>
<td>Formal</td>
<td></td>
</tr>
<tr>
<td>Banks</td>
<td>0%</td>
</tr>
<tr>
<td>NGO</td>
<td>0%</td>
</tr>
<tr>
<td>NBSSSI</td>
<td>0%</td>
</tr>
<tr>
<td>Average formal networks</td>
<td>0%</td>
</tr>
<tr>
<td>Informal</td>
<td></td>
</tr>
<tr>
<td>Family and friends</td>
<td>1%</td>
</tr>
<tr>
<td>Religious group</td>
<td>1%</td>
</tr>
<tr>
<td>Other petty traders</td>
<td>0%</td>
</tr>
<tr>
<td>Average informal networks</td>
<td>1%</td>
</tr>
<tr>
<td>Average all networks</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from field data, 2013.
6.3.5 The Relationship between Female and Male Petty Traders Financial Performance (Profit) and Network Intensity

The relationship between network intensity and financial performance (profit) of the petty trading business was examined using a logistic regression model (equation 4.4). The measure of financial performance here is profit. The results of analysis of petty traders performance (profit) and network intensity are presented in Table 6.5. The results are presented using pooled data (both male and female enterprises combined) and disaggregated data based on gender of respondent. The results clearly show that there is a positive and significant relationship between frequency of network use (intensity) and firm performance. Frequency of network use was positive and significant at 1% significance level for pooled data and for male-owned and female-owned enterprises. This is consistent with the findings of Kristiansen et al. (2005) and Madill et al. (2004) that the performance of any economic activity from social capital theory depends on networking in terms of access to information, new innovations and finance.

Watson (2011) also found a positive and significant effect of frequency of network use on firm growth. Access to credit was positive and significant for pooled data, male and female enterprises. This emphasizes the importance of access to credit on enterprise performance. As observed by Akoten, et al. (2006) and Fafchamps and Minten (2002), access to credit has been identified as an important factor in the performance of micro enterprises. Petty traders with previous business experience are 5.5640 times (pooled data) more likely to be profitable and for that matter perform better than those without previous experience. The variable was positive and significant in both the pooled data
and female-owned enterprises suggesting that petty traders with previous business experience will more likely increase enterprise performance than those without. The variable was not significant for male-owned enterprises suggesting that it is not relevant for male-owned enterprises.

Table 6.5: Modeling Petty Trade Performance (profit) against Intensity (Frequency) of Network Use; Odds Ratio Reported

<table>
<thead>
<tr>
<th>Variable</th>
<th>Pooled data</th>
<th>Male-owned</th>
<th>Female-owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>39.37075***</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(30.01164)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>1.11724</td>
<td>0.2027</td>
<td>25.7738*</td>
</tr>
<tr>
<td></td>
<td>(0.7192)</td>
<td>(0.2101)</td>
<td>(59.1224)</td>
</tr>
<tr>
<td>Business_permit</td>
<td>1.0590</td>
<td>0.2745</td>
<td>6.5478*</td>
</tr>
<tr>
<td></td>
<td>(0.9032)</td>
<td>(0.4062)</td>
<td>(2201.5840)</td>
</tr>
<tr>
<td>Education</td>
<td>1.5847</td>
<td>2.4064</td>
<td>12.2794</td>
</tr>
<tr>
<td></td>
<td>(1.4509)</td>
<td>(3.6672)</td>
<td>(22.8444)</td>
</tr>
<tr>
<td>Previous_bus_exp</td>
<td>5.5640*</td>
<td>1.3076</td>
<td>15.6781**</td>
</tr>
<tr>
<td></td>
<td>(4.8955)</td>
<td>(1.4387)</td>
<td>(25.6298)</td>
</tr>
<tr>
<td>Age</td>
<td>0.9478</td>
<td>0.9453</td>
<td>0.7750**</td>
</tr>
<tr>
<td></td>
<td>(0.0406)</td>
<td>(0.0441)</td>
<td>(0.0838)</td>
</tr>
<tr>
<td>Keep_records</td>
<td>0.8624</td>
<td>4.0374</td>
<td>0.0028**</td>
</tr>
<tr>
<td></td>
<td>(0.6501)</td>
<td>(7.2513)</td>
<td>(0.0071)</td>
</tr>
<tr>
<td>Credit</td>
<td>14.2330**</td>
<td>19.1042*</td>
<td>5.1927***</td>
</tr>
<tr>
<td></td>
<td>(14.0746)</td>
<td>(32.2082)</td>
<td>(864.6948)</td>
</tr>
<tr>
<td>Household_labour</td>
<td>0.9277</td>
<td>0.7658</td>
<td>222.8220</td>
</tr>
<tr>
<td></td>
<td>(0.7426)</td>
<td>(0.6850)</td>
<td>(800.4656)</td>
</tr>
<tr>
<td>Itinerant</td>
<td>2.3219</td>
<td>0.6669</td>
<td>0.7946</td>
</tr>
<tr>
<td></td>
<td>(1.9617)</td>
<td>(0.8027)</td>
<td>(1.6334)</td>
</tr>
<tr>
<td>Store</td>
<td>2.3219</td>
<td>3.1146</td>
<td>0.6898</td>
</tr>
<tr>
<td></td>
<td>(1.7187)</td>
<td>(5.0389)</td>
<td>(1.8840)</td>
</tr>
<tr>
<td>Business_age</td>
<td>0.8496</td>
<td>1.2658</td>
<td>0.05634**</td>
</tr>
<tr>
<td></td>
<td>(0.2307)</td>
<td>(0.5744)</td>
<td>(0.0812)</td>
</tr>
<tr>
<td>Network_intensity</td>
<td>3.0508***</td>
<td>2.4317***</td>
<td>14.0118***</td>
</tr>
<tr>
<td></td>
<td>(0.6629)</td>
<td>(0.5301)</td>
<td>(8.5023)</td>
</tr>
</tbody>
</table>

Robust standard errors are reported below the estimates in parenthesis. *, ** and *** are levels of significance at 10%, 5% and 1%, respectively.

Married female-owned petty traders are more likely to perform better than non-married
ones. Also, female-owned petty traders with business permit are more likely to increase business performance as compared to those not having permit. Female-owned petty traders that kept records are 0.0028 times more likely to improve performance than those who do not keep records. Older female-owned petty traders are less profitable as compared to young ones. Generally, the results support the hypothesis that female and male-owned petty traders performance is positively associated with network intensity.

6.3.6 The Relationship between Female and Male Petty Traders Performance (Satisfaction Derived from Performance) and Network Intensity

The measure of petty trade enterprise performance here is non financial (satisfaction derived from importance). Satisfaction derived from importance was calculated by multiplying the importance values by satisfaction values and adding them up (see Appendix 3). The maximum value on the Likert scale for importance is 5 and satisfaction is also 5. The maximum score for importance and satisfaction will then be 25 (5*5). There are 7 questions for both importance and satisfaction and assuming that a respondent scores the maximum (25) for all the seven questions, in this case the respondent satisfaction derived from importance will be 175 (7*25). The average value of satisfaction derived from importance was 87.5 so any figure below this was coded 0 and any figure above this coded 1. This was then used in the logit regression. The regression results from satisfaction derived from importance in Table 6.6 are generally consistent with the Table 6.5 (profit measure). Four variables (credit, gender, previous business experience and intensity) were significant in both models. However, having formal education was an important determinant of satisfaction derived from importance. Results from the male-owned petty traders in the satisfaction derived from importance
model are similar with the profit model. Two variables (credit and intensity of frequency use) were positive and significant in both cases. On the gender disaggregated data, education was important determinant in the satisfaction derived from importance model and not relevant in the profit model. Variables such as having previous business experience, business permit, age of business and the individual’s age were significant determinants in the profit model.

Table 6.6: Modeling Petty Trade Performance (Satisfaction Derived from Importance) against Intensity (Frequency) of Network Use; Odd Ratio Reported

<table>
<thead>
<tr>
<th>Variable</th>
<th>Pooled data</th>
<th>Male-owned</th>
<th>Female-owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>0.0721***</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(0.0191)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Married</td>
<td>1.0467</td>
<td>1.6609</td>
<td>0.5133*</td>
</tr>
<tr>
<td></td>
<td>(0.2563)</td>
<td>(0.7769)</td>
<td>(0.1889)</td>
</tr>
<tr>
<td>Business_permit</td>
<td>0.9476</td>
<td>0.9360</td>
<td>0.9082</td>
</tr>
<tr>
<td></td>
<td>(0.3018)</td>
<td>(0.5073)</td>
<td>(0.3750)</td>
</tr>
<tr>
<td>Education</td>
<td>1.7102**</td>
<td>2.0389</td>
<td>3.7445***</td>
</tr>
<tr>
<td></td>
<td>(0.4678)</td>
<td>(1.1182)</td>
<td>(1.3055)</td>
</tr>
<tr>
<td>Previous_bus_exp</td>
<td>1.6657*</td>
<td>0.8184</td>
<td>0.7446</td>
</tr>
<tr>
<td></td>
<td>(0.4454)</td>
<td>(0.3862)</td>
<td>(0.2791)</td>
</tr>
<tr>
<td>Age</td>
<td>0.9907</td>
<td>1.0123</td>
<td>1.0007</td>
</tr>
<tr>
<td></td>
<td>(0.0159)</td>
<td>(0.0283)</td>
<td>(0.0220)</td>
</tr>
<tr>
<td>Keep_records</td>
<td>0.8593</td>
<td>0.5884</td>
<td>0.4414**</td>
</tr>
<tr>
<td></td>
<td>(0.2219)</td>
<td>(0.2583)</td>
<td>(0.1785)</td>
</tr>
<tr>
<td>Credit</td>
<td>2.0339**</td>
<td>2.3822**</td>
<td>2.3874*</td>
</tr>
<tr>
<td></td>
<td>(0.6584)</td>
<td>(1.0149)</td>
<td>(1.0766)</td>
</tr>
<tr>
<td>Household_labour</td>
<td>0.6887</td>
<td>0.6429</td>
<td>1.2224</td>
</tr>
<tr>
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<td>(0.3975)</td>
<td>(0.5752)</td>
<td>(0.9223)</td>
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<tr>
<td>Itinerant</td>
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<td>0.6248</td>
</tr>
<tr>
<td></td>
<td>(0.3927)</td>
<td>(0.9075)</td>
<td>(0.2632)</td>
</tr>
<tr>
<td>Store</td>
<td>1.3455</td>
<td>1.3300</td>
<td>1.3244</td>
</tr>
<tr>
<td></td>
<td>(0.4708)</td>
<td>(0.8001)</td>
<td>(0.6312)</td>
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<td>Business_age</td>
<td>1.0097</td>
<td>1.0225</td>
<td>0.8758</td>
</tr>
<tr>
<td></td>
<td>(0.0673)</td>
<td>(0.1606)</td>
<td>(0.0872)</td>
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<tr>
<td>Network_intensity</td>
<td>1.0682***</td>
<td>1.2276***</td>
<td>1.4858***</td>
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<tr>
<td></td>
<td>(0.0290)</td>
<td>(0.0661)</td>
<td>(0.1300)</td>
</tr>
</tbody>
</table>

Log pseudolikelihood -219.96 -88.05 -107.50
Wald \( \chi^2 \) 116.38 26.87 44.43
Prob> \( \chi^2 \) 0.0000 0.0081 0.0000
Pseudo R\(^2\) 0.2040 0.1535 0.2752
Observations 399 161 238

Robust standard errors are reported below the estimates in parenthesis. *, ** and *** are levels of significance at 10%, 5% and 1%, respectively.
6.4 Chapter Summary

Identifying critical moments in the narratives portrays the sense of how the poor experiences the world. The study found out that human agency is very important in mobilizing both social and human capital resources in the petty trading industry. At the social capital level it takes human action to mobilize resources from family members and tap into the network of friends for the success of the business. However, this to a large extent depends on trust and element of luck. Similarly, human capital variables such as previous experience and availability of financial credit helped starting and recapitalizing the business. Unlike previous studies that use biographical narratives in telling success stories of how individuals surmount the challenge of poverty, critical moments adds to the portfolio of analytic tools that could be used qualitatively in researching into poverty. Critical moments therefore allow for asking questions and comparing narratives of the various respondents.

The study compared the level of network use among female and male petty traders as well as ascertains whether there is any association between networking and performance. The empirical literature on the dichotomy of male-owned and female-owned enterprises concluded that female-owned enterprises underperform male ones on many variables. Studies such as Sabarwal and Terrell (2008) investigated businesses in the formal sector of 26 transitional economies and found that female-owned businesses underperform their males counterparts in terms of profit. Furthermore, Ayambilla (2014) in his study on the non-farm enterprises in Ghana used financial measures and also found female-owned enterprises underperforming the male ones when he controlled for risks. These studies
did not take into consideration social capital in the form of networking and non-financial measures. Watson (2011) and Fairoz (2010) argued that past empirical research on enterprise performance generally focus on economic measures without clear identification of non-economic measures though businesses are established for various reasons. Indeed, social capital theory predicts a positive association between networking and enterprise performance. To broaden the scope and extend the frontiers of knowledge, this study used networking from the social capital perspective and a non-financial measure (satisfaction derived from the importance of establishing business) in the analysis. This gives a different dimension to the understanding of gender differences in the performance of enterprise in the informal sector of Ghana.
CHAPTER SEVEN
SUMMARY, CONCLUSION, POLICY IMPLICATIONS AND
RECOMMENDATIONS

7.1 Introduction

This thesis has investigated entrepreneurial activity, social and human capital for urban poverty reduction in Accra. In Accra, urban poverty is shaped by historical events, rural-urban migration and population dynamics and government policies. These have led to the growth of the informal sector as the main source of livelihood for the city dwellers. The study highlighted the role of social and human capitals in poverty reduction with respect to entrepreneurial activity. In doing this, the study focused on the commonest source of livelihood of the urban poor – petty trade – in the absence of government created jobs. Empirical data for the study was drawn from petty traders through a survey. The final chapter captures the summary, conclusion, policy implications and recommendations.

7.2 Summary

Poverty is a global phenomenon affecting a large number of people especially in cities of developing countries. To reduce it, global bodies and International Financial Institutions such as the UN and the World Bank are at the front of the fight using policy and research. The multi dimensional nature of poverty has led different strands of propositions to solve it. To reduce poverty, this study examined the effects of social and human capital and demographic factors on the probability of a petty trader being poor. Three distinct categories of petty traders (itinerant hawkers, tabletop sellers and shop owners) were identified by the study. Petty trade through globalization has a linkage to the global economy and connects with the social and human capital of the urban poor. Income,
human capital, social capital, trader associations and availability of information play a prominent role in the successful operations of petty trade business.

Results indicate that variables such as age and itinerant hawking have a positive relationship with the likelihood of being poor. This means a unit increase in any of them will lead to a similar increase in the level of poverty of petty traders. On the other hand social capital, size of households, business experience and shop ownership have a negative relationship with the probability of being poor. This means a unit increase in any of them is likely to lead a decline in poverty. The literature on entrepreneurship of micro enterprises supports these findings in that social capital in the form of trust, networking, help from family members and friends all reduce transactional costs which leads to increase in the profit margins of operators of micro enterprises thus reducing their level of poverty. Similarly, experiential knowledge in the form of business related experience is one form of human capital that enables petty traders grow their business, make profit and escape poverty.

Secondly, the study also assessed the entrepreneurial activities of petty traders that relate to the performance of their business and those that do not. Entrepreneurial actions such as non-paid employees, registration of business, keeping up-to-date records of the business transactions and, separating personal and business expenditure are very important in the proper functioning of the petty trade business ventures. The study found out that 12.5% of all registered petty traders are non-poor. Furthermore, the number of days a petty trader operates in a year has a positive correlation with performance of business as
measured by satisfaction derived by the owner. This non-financial measure of performance underscore the fact that petty trading business does not solely operates with profit as the ultimate goal. In fact, human action through entrepreneurial orientation has an effect on the performance of petty traders.

The study also used the concept of critical moments as a tool to identify key events that led to the success of many petty traders. The results gleaned from the use of this concept have contributed in advancing the frontiers of knowledge through the exposition of how the poor petty traders in the informal sector effectively engage with social structures and processes in navigating their way out of poverty.

Finally, the study examined the networking and performance of male and female petty traders. Results from the study indicate that 96% females to males 57% frequency use network to seek help for their micro enterprises. And, with increase in the intensity of network use for business purposes, females appear to dominate their male counterparts. Results from the logit models for both profit and satisfaction derived from importance of establishing the business point to the fact that males and females appear to perform equally on credit and networking for the business. However, females appear to perform better than their male counterparts in record keeping. Education was also an important determinant in the satisfaction derived from importance model. However, this was not relevant in the profit model. This implies that women who have spent more years in school do not see profit as the ultimate goal for the establishment of the business because they derive satisfaction when the business can barely break even insofar as it helps take
care of the basic needs at home. These findings are indicative of the fact that men are not significantly different from women in the petty trade industry. This is inconsistent with social feminism theory, which argues that men and women are inherently different by nature and these differences (rather than discrimination) will cause them to operate their businesses differently. On both formal and informal networking use for the business, women did better than the men when the intensity of network use increases. This implies that females depend a lot on the use of network for the success of their businesses though their networking ability may be limited.

7.3 Conclusion

The focus of this study is on entrepreneurial activities in the urban informal sector in the city of Accra with the view of investigating the effects of social and human capital and demographic factors on the probability of a petty trader being poor and finding out the entrepreneurial action related activities of petty traders that relate to the performance of their business and those that do not. Furthermore, the study also aim at examining the critical events that enabled successful petty traders to escape poverty and comparing the performance of male and female petty traders with regards to networking. The study clearly pinpointed the role social and human capital and demographic factors play in the operations of petty trade and the reduction of poverty. Theories that underpin the study include: social and human capital theory which helped anchor the role of social and human capital and other factors in the probability of petty traders being poor. Action theory, self-efficacy and the concept of critical moments helped to situate the role of human activities that underpin the performance of petty traders and how successful petty
traders escape from poverty. The social and liberal feminist theories assisted in comparing the factors that differentiate male and female petty traders. Findings from the analysis are seamlessly consistent with the conceptual framework. Furthermore, the analytical techniques and models used point to an innovative characterization of social capital in reducing urban poverty.

The probit model was employed in examining the effects of social and human capital and other factors on the probability of the petty trader being poor. This was made possible through the building of social capital index using the method developed by Abdul-Hakimn et al. (2010). Social capital has been missing in the poverty analysis of the urban poor in the cities of Ghana. Abdul-Hakim et al. (2010) in their analysis of rural poverty in Malaysia points out the central place of social capital in poverty reduction which most of the time is ignored. This study deepens current knowledge in the extant literature on the role of social capital, which does not feature in the poverty reduction equation of Ghana. Poverty reduction in Ghana has been associated with indirect macro strategies such as economic growth, reduction of inflation, investment in public infrastructure and creation of employment. This however, changed to direct micro policies such as MASLOC and LEAP, which involve targeting the poor and the vulnerable. Despite the relative success, there is the need to focus on factors that directly relate to poverty if poverty reduction will be sustainable. In this direction, social capital should be given serious consideration especially when it comes to entrepreneurial activities that form the basis of livelihood for the urban poor. It is also pertinent to note that experiential knowledge in the form of past experience in running business, size of the household, the age of the petty trader, itinerant
hawkers and shop owners have significant effect on the probability of a micro entrepreneur being poor. Previous studies on poverty in Ghana have ignored some of these variables. The marginal effects procedure, which was used in interpreting the results indicate that age of the itinerant petty trader, is an inhibitive factor in his/her ability to reduce poverty. This however, could be a catalyst for the shop owner.

In finding out the entrepreneurial action related activities of petty traders that relate to the performance of their business and those that do not, the study employed mean score analysis and Pearson test (for correlations) for entrepreneurial orientation and human action related activities of the petty trader. Similarly, the descriptive qualitative concept of critical moment was used to build biographies of successful petty traders who escaped poverty. In comparing the performance of male and female petty traders, economic and non-economic measures were used in relation to networking and networking intensity to identify any difference. In doing so a t-test was used to test if there was significant difference between the two.

The findings from the analysis on human action related activities showed that registration and keeping up-to-date records are very small human activities, however, they have correlation with the success of the venture. Indeed, number of days petty traders operate in a year also correlates with profit margins of the various categories of petty traders.

As a first step in the investigation of petty trading and the use of entrepreneurial orientation in the informal sector, this study has shown that EO is an important ingredient
in the operations of micro entrepreneurs in the informal sector. The findings indicate that shop owners who are at the growth-oriented end of the business continuum have a high mean score for overall EO and have escaped poverty. Similarly, shop owners also have a high mean score for innovativeness and proactiveness. Significant positive correlation also exists between risk taking and business performance (owner satisfaction). Age of business also correlates with risk taking. These findings are consistent with prior studies (Fairoz et al., 2010; Lumpkin and Dess, 2001; Yang, 2008). It is therefore imperative for petty traders to adopt some of these entrepreneurial orientation variables in their business operations especially in petty trade where there is significant copying of products and modes of operations.

In addition, results showed that motivation for establishing the business has a positive correlation with performance variables such as satisfaction, business growth, number of employees and the overall EO of petty traders. It is also important to state that the study recorded no significant relationship amongst the three dimensions of EO and performance measures such as profit and business growth. This is a fractional confirmation of studies such as Fairoz et al. (2010) and Moreno and Cassillas (2008).

The study was able to use the descriptive concept of critical moments in analyzing how selected successful petty traders were able to surmount challenges and escaped poverty. However, it is difficult to show a clear difference between how life was lived and how that life was told in anecdotal form given the cross-sectional data that was used in the study. This notwithstanding, the narratives in the study allowed us to gain an insight into what must be done by poor traders who have little or no human capital. Besides, the
concept of critical moments provided a connection with the theories that concern how people can escape from poverty through the practical narratives. This, however, does not mean this is the only way to gain insight into the life of the poor. Alternative concepts such as “social navigation” and “vital trajectories” as espoused by (Johnson-Hanks, 2002) and Langevang (2008) respectively can provide equal avenue for comparisons.

In comparing the factors that facilitate the performance of male and female petty traders in Accra, one can conclude that given the same resources, male and female petty traders are likely to perform equally even with variations in measures of performance. A key finding of this study is the fact that both male and female petty traders made use of formal and informal networks in their business dealings. Females (96%) make frequent use of formal networks than males (57%). Again, females (55%) also make good use of informal networks than males (42%).

The two models employed in determining the factors that relate to the performance of petty traders and intensity of network use identified credit as an important ingredient in the performance of male and female enterprises. However, marital status, education, keeping records, previous experience, business permit, the age of the business and the age of the entrepreneur were significant in the success of female-owned enterprise. In line with these findings, the study concludes that nascent entrepreneurs must map and build a solid network base as the first step in making their businesses successful.
7.4 Policy Implications and Recommendations

The study found out the central role of petty trading in the informal economy as the commonest mode of livelihood by the urban poor. However, participation in such an activity requires certain level of social and human capital of the individual poor. In this direction, policy must be geared towards investment in the poor as a necessary condition in addressing the endemic nature of poverty in urban areas and breaking the intergenerational transmission of poverty. It is imperative to build the capacity and nurture the relevant entrepreneurial skills of the poor urban petty trader as this is definitive in their ability to meaningfully take advantage of globalization and availability of consumable goods and thus raising their income levels. This can be done by re-tooling of NBSSI and Local Enterprise and Skills Development Programme (LESDEP) to act as business development centers that could provide services such as: early identification of the social and human capital of the poor through targeting (which should be based on poor communities with verification done through proxy means test), networking with captains of formal businesses for mentoring and business skills development. In addition, early investment in the relevant skills of the children of the poor is at the core of enhancing employment outcomes. These early years presents the aperture of hope for breaking the inter-generational transmission of poverty and subsequent improvement in outcomes of later life.

Employment policy with focus on the formal sector needs a paradigm shift because those who are already working always take up most of the jobs that are created in the formal sector. In this paradigm shift, a closer look must be taken at how to formalize informal
trading activities. In doing this, formalization should be tied to registration of micro businesses as a condition for access to credit. Here the Registrar General’s Department must carry registration and licensing of small businesses to the doorstep of the micro businesses. This should be tied with the operations of MASLOC and NBSSI. When this is done, many micro enterprises that are outside the formal regulatory framework and contribute less in terms of tax will now be registered, have access to credit, grow their businesses and pay the required tax toward the growth of the local and national economy.

Whether petty trading activities is bequeathed to someone or the only means of survival is subject to the circumstance in which the urban poor find themselves. This study has demonstrated that a lot of the petty traders see themselves as possessing the needed skills to engage in such an enterprise. It is therefore important that information about possible markets should be made available to them and on top advisory services such as: simple accounting principles in running their businesses, relevance of business registration and compliance with the regulatory framework of operating small businesses.

A large number of the petty traders fall within the age bracket of 18 to 35 and see good reason in entering business as a means of livelihood. Besides, majority of them depends on personal savings or financial help from close relatives or friends in establishing and re-capitalizing their businesses. A policy direction towards support for the youth in terms of start-up and working capital, business education and training and, career guidance in entrepreneurship will go a long way to curb youth unemployment in the foreseeable future.
Legal institutions are supposed to regulate societal behavior, however, it is clear that the by-laws of the AMA have been inimical to the operations of itinerant hawkers and tabletop sellers at certain parts of the city. In deed, the by-laws are not uniformly enforced: while street traders are harassed in the central business district, they appear to be free to operate at traffic intersections, major converging points of roads and toll booths. In this direction, there is the need to re-engineer urban policy and local by-laws that will allow street vending at other vantage points away form the central business district. After all, petty trade serves a dual purpose: providing source of livelihood to the teeming unemployed in the city (living partly or wholly through selling goods on the streets) and also make goods readily available to many travellers and members of the public.

The poverty reduction axis in Ghana has focused more on physical and human capital of the poor with little or no emphasis on social capital. However, this study has established the central role of social capital in the fight against poverty. In this vein, it is recommended that policies designed to address poverty through entrepreneurial activity must always direct nascent entrepreneurs to map out and build a solid network base that links petty traders to wholesale outlets and producers as the first step in making their businesses successful.

The study found that women are more likely to be engaged in petty trade than men. However, women are less interested in the sale of items sold by men, thus, not been able to reap the profits associated with the sale of such items. In addition, male and female
petty traders are both able to manage their business with appreciable level of performance especially with regard to networking. Conclusions drawn by previous studies that male-owned enterprises perform better than the female ones may be due to the type of performance measure used. The implication of these observed trends in the male/female attitude and performance point to the fact that policies that lay emphasis on business as career choice should be equally directed at both males and females. It is also recommended that policy should be directed at re-orienting the mindset of females to take the challenge of trading in some of the items sold by men and should try to take business related risks. Finally, government policies should also focus on the evidence that success of petty trade does not depend on gender but on the combination of the right opportunity, determination and the skill to manage such an activity from inception to the desired growth-oriented level.

7.4.1 Contribution of the Study

This study provides a new empirical evidence of the importance of social capital in the context of petty trade. Petty trade is the commonest mode of livelihood in poor urban communities of developing cities. Besides, Ghana as a developing economy has gained lower middle-income status with an immature market system. This study can be viewed as a test to find out whether the integration of Ghana into world market systems has played any role in the livelihood of its citizens. This comes against the backdrop of Ghana’s integration into world market system via globalization which has made available many products which the poor petty trader can trade in through making such goods available to people.
Secondly, the study also makes a comprehensive analysis about entrepreneurial related actions of petty traders that can inure to the benefit of downstream enterprises such as informal petty trade. Therefore, adopting entrepreneurial actions such as risks taking behaviour could act as a catalyst to the performance of petty trade enterprise and the subsequent well-being of petty traders through poverty reduction.

Studies such as Langevang (2008) and Thomson et al. (2002) applied the concepts of critical moments and vital conjunctures respectively in youth studies in finding out how the youth navigate socio-economic challenges in their transition to adulthood. These studies identified key moments in the life of young people. Applying key principles identified in both studies to the life of petty traders, it is evident that the frontiers of knowledge can be extended.

Through emphasizing petty trade, this study extends previous work on informal trading activities in Lower Middle Income Country by uncovering the sector's different internal logic and dynamics and identifying the role of trading activities within the context of the urban, national, and international economy. Although the qualitative results presents a snapshot of views and perceptions on how people were able to escape from poverty, these represent practical insights into the existing and future capacity to answer the emerging ways of dealing with the problem of urban poverty.
7.4.2 Future research

A one-time cross-sectional data was employed for the study. However, micro enterprise networks are dynamic and change over time. Accordingly, future research should likewise measure the constructs analyzed at several points in time, taking into account the dynamics to configure the different dimensions of social capital.

The interdependence and flow of goods and services from one part of the world to the other has made goods produced in distant lands available to anybody anywhere. However, globalization has not been the focus of this research. It is therefore a considered opinion that future research agenda should look at the impact of globalization on the livelihood of the urban poor.

In a closely-knit society such as Ghana, there is a high degree of interdependence and mutual understanding in business transactions. Many business transactions are conducted based on trust and social bonds. Social capital is one of the key capitals possess by the poor which enables them engage with their business partners in daily transactions. A future relevant research enquiry needs to find out the role of trust and interpersonal bonds in conducting micro businesses.


Accra Metropolitan Assembly By-law 1995.


*Environment and Urbanization* Vol 17 No 2.


Mead, D.C. and Liedholm C. (1998). The dynamics of micro and small enterprises in


Questionnaire

This questionnaire is designed to seek information on a research titled *Entrepreneurial Activity, Social and Human Capital for Urban Poverty Reduction in Accra*. The survey targets petty traders (itinerary hawkers, table topped hawkers and store owners). It would be appreciated if you give your honest opinions as regards your business operations. Be assured that your responses will be completely anonymous and treated with the utmost confidentiality. Supply the correct information by ticking. Fill in the blank spaces where necessary.

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<thead>
<tr>
<th>Name of Interviewer:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study Area</td>
</tr>
<tr>
<td>1. Sabon Zongo [ ]</td>
</tr>
<tr>
<td>2. Old Fadama [ ]</td>
</tr>
<tr>
<td>3. Jamestown [ ]</td>
</tr>
<tr>
<td>Name of Interviewee:</td>
</tr>
<tr>
<td>Contact Number:</td>
</tr>
<tr>
<td>Date of Interview:</td>
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<tr>
<td>Business Category:</td>
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<tr>
<td>1. Itinerary hawkers [ ]</td>
</tr>
<tr>
<td>2. Table topped sedentary hawkers [ ]</td>
</tr>
<tr>
<td>3. Shop owners [ ]</td>
</tr>
</tbody>
</table>

Section A: Demographic Background

A1. Sex
1. Male
2. Female

A2. Age

A3. Marital status
1. Married
2. Consensual union
3. Separated
4. Divorced
5. Widowed
6. Never married

A4. How many children do you currently have?

A5. How many dependents do you have?

A6. Which ethnic group do you belong to?
1. Akan
2. Ga/Adangme
3. Ewe
4. Gonja
5. Dagomba
6. Mamprusi
7. Guan
8. Grussi/Frafra
9. Kusasi
10. Dagati
11. Sissala
A7. Educational level
1. No education
2. Basic
3. Secondary/technical
4. Training college/Polytechnic
5. University

B. Social capital, human capital and entrepreneurial activity

B1. What is the main economic/business activity you are engaged in? Rank them in order of importance and number of years you are engaged in this business.

<table>
<thead>
<tr>
<th>Main economic/business activity</th>
<th>Rank</th>
<th>No. of years in it</th>
<th>*Why are you engaged in this business activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groceries and food items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household provisions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household electronics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone and accessories</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jewelry and perfumery</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Why are you engaged in this business activity?*
1. To accumulate wealth
2. Supplement household expenditure
3. Secure greater independence
4. Other (specify).......................................................................

B2. Does this business belong to you?
1. Yes
2. No

B3. What are the main items you deal in as a business operator?

B4. What reasons made you engage in trading in general?

B5. Have you had any specific business training?
1. Yes
2. No

B6. If yes, please specify

B7. Do you consider yourself to have the necessary skills to start up this business?
1. Yes
2. No

B8. If your answer to question B7 is yes, kindly explain your answer.

B9. Do you have any previous business related experience?
1. Yes
2. No

B10. If yes, please specify
B11. From where did you get ideas to start your business?
1. Own ideas
2. Parents
3. Relatives/guardians
4. Friends
5. Entrepreneurship training
6. Other (Specify) ..........................................................

B12. Do you keep written records of all revenue and costs of your business transactions?
1. Yes
2. Not regularly updated
3. Partially (sales only)
4. Partially (costs only)
5. No

B13. If the answer to question B13 is No, kindly state the reasons
..........................................................................................................................

B14. Do you separate business expenditure from that of the household?
1. Yes
2. No

B15. If No, why?
..........................................................................................................................

B16. Who are your major suppliers or source(s) of items for your business? (Multiple responses apply)
1. Acquaintance
2. Family relation
3. Distant friend
4. Established/well known dealers
5. Good friend
6. Close friend
7. NGO
8. Other (specify) ..........................................................

B17. Did you leave a paid job to open your business?
1. Yes
2. No

B18. If yes, describe the circumstances of your leaving.
1. First job after school and first choice of employment
2. Was laid off
3. Was attracted by the profitability of the present business
4. Left because the present business was bequeathed to me
5. Other, specify ..........................................................

B19. Did you have regular paid staff or otherwise in the last one year?

<table>
<thead>
<tr>
<th>Type of worker</th>
<th>Yes/ No</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Full time paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Part time regular paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Occasional/irregular paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Unpaid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Other (specify)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B20. Has any organization or person provided you with support (e.g. finance, training) in running the business?
1. Yes
2. No

B21. If yes, specify …………………………………………………………………………………………………………………………………………

B22. Are you an active member of any business association?
   1. Yes
   2. No

B23. If yes, what services did you get from the association during the last one year? (Multiple responses possible)
   1. Financial support (credit, savings, insurance)
   2. Marketing assistance
   3. Bulk purchase of inputs
   4. Information/advice
   5. Advocacy services
   6. No support
   7. Other (specify) ……………………………………………………………………………………

B24. Who are your main customers?
   1. The general public
   2. Drivers and passengers
   3. Other
      specify ………………………………………………………………………………………………………………………………………

B25. How do you obtain information about markets for your goods or service? (Multiple responses apply).
   1. Friends
   2. Family
   3. Club or association
   4. Other
      (specify) ………………………………………………………………………………………………………………………………………

B26. From time to time, entrepreneurs seek assistance/advice on important business matters. Looking back over the past 12 months, have you discussed any assistance/advice with someone regarding your business?
   1. Yes
   2. No
   
B27. If yes, specify the issue discussed …………………………………………………………………………………………………………………

B28. Does your business have a permit from AMA?
   1. Yes
   2. No: If no, how do you operate

……………………………………………………………………………………………………………………………………………………………

B29. Are you subject to any form of regulations in your business operations?
   1. Yes
   2. No

B30. What is the nature of these regulations?
…………………………………………………………………………………………………………………………………………………………

B31. How do these regulations affect your business?
…………………………………………………………………………………………………………………………………………………………

B32. How would you describe your relationship with the AMA?
…………………………………………………………………………………………………………………………………………………………
### Respond Yes to these items where they are true or No where they are not

<table>
<thead>
<tr>
<th>Items</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. 33 Membership in formal or informal organization or association.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B34. I have the ability to get support from those other than family members and relatives in case of hardship.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B35. I know someone who has set up a business entity in the previous two years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B36. A Close associate or relative has offered initial start-up capital to my business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B37. Received financial or information assistance from a friend in running the business in the past year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B38. Most people in the community can be trusted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B39. Most people in the community help each other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B40. More than half of the community contributes time or money towards common development goals.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B41. There is a high likelihood that people in the community will cooperate to solve common problems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B42. I receive business information from the media (print and electronic)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B43. I receive information through word-of-mouth from associates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B44. There are strong feelings of togetherness within the community.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B45. Feeling safe from crime and violence when at business and home.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B46. Have control in making decisions that affect everyday activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B47. Have you inherited this business?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B48. If yes, from who?........................................................................................................................................................................</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B49. Number of years of experience prior to establishing this business.................................................................</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### C. Entrepreneurial attitude and profitability of entrepreneurial activity

<table>
<thead>
<tr>
<th>C1. How many days a week do you run/open this business?</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Everyday of the week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Six days of the week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Five days of the week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Four days of the week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Less than four days of the week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C2. How many hours do you operate this business a day?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. 4hrs or less</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. 5hrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. 6hrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. More than 7hrs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C3. Have you taken a loan in the last one year?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C4. If yes, how many times?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. More than once</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Once</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Cannot remember</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C5. Has your income increased since you started the business?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. Yes, significantly
2. To some extent
3. No

C6. Do the revenues of this business allow you to finance all the costs of running the business?
   1. Yes
   2. Most of the time
   3. Sometimes
   4. Rarely
   4. No

C6. In periods when your revenues are higher, do you invest more in this business?
   1. Yes
   2. Sometimes
   3. Rarely
   4. No

C7. What strategies/tactics do you use to compete with your neighbouring businesses?

C8. Other than the regular cost of running the business, do you incur any unofficial costs?
   1. Yes
   2. No...

C9. If yes, what are these costs?

C10. What was the major source(s) of your initial capital? (Multiple responses apply)
   1. Own savings/sources
   2. Parents
   3. Relatives
   4. Friends
   5. Loan from informal money lenders
   6. Loan from a bank
   7. Microfinance institution/other formal lenders
   8. Other
   (Specify)............................................................................................................................

C11. If own savings/sources, how did you raise this money?
   1. Previous formal job
   2. Previous informal job
   3. Casual work
   4. Other
   (Specify)............................................................................................................................

C12. Did you obtain some goods on credit to start your business?
   1. Yes
   2. No

C13. What was the value of these goods? .................................................................

C14. Why were you given such goods on credit?

C15. During the past 12 months, how much altogether have you borrowed into the business?...........

C16. From which source(s) did you borrow? (Multiple responses apply)
   1. Bank
2. Individual savings
3. Income from family property
4. Money lenders
5. Family relation
6. Friend
7. Other partners
8. Micro finance institution
9. Other (specify)

C17. Why did you borrow from this particular source(s)?

C18. Estimated Profit using sales, costs and susu in high, average and low months

<table>
<thead>
<tr>
<th>Month</th>
<th>High</th>
<th>Average</th>
<th>Low</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>February</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>April</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td></td>
<td></td>
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<tr>
<td>June</td>
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<tr>
<td>July</td>
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<tr>
<td>August</td>
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<tr>
<td>September</td>
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<tr>
<td>October</td>
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<tr>
<td>November</td>
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<td></td>
</tr>
<tr>
<td>December</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Sales per month**

- What is the average level of sales in a HIGH month for this enterprise? GH Cedis
- What is the average level of sales in an AVERAGE month for this enterprise?
- What is the average level of sales in a LOW month for this enterprise?
- How much do you get from your susu savings?

**Costs per month**

- What is the average level of costs in a HIGH month for this enterprise?
- What is the average level of costs in an AVERAGE month for this enterprise?
- What is the average level of costs in a LOW month for this enterprise?

C19. How much savings do you make on the average every month? ...........................................

**On a scale of 1 to 5 respond to the following dimensions of entrepreneurial attitudes**


<table>
<thead>
<tr>
<th>Dimensions of entrepreneurial attitude</th>
<th>Description of Entrepreneurial attitude items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovativeness IN1</td>
<td>In general, I favour new ideas from friends and others to push my business forward</td>
</tr>
</tbody>
</table>
In the past 2 years, I have added the sale of new items.

In the past 2 years, I have made significant changes in the products that I offer for sale.

In dealing with people selling the same products, I am always the first to initiate actions which others copy.

Very often, I am the first to introduce new products and techniques of sales.

In general, my business has a strong tendency to be ahead of others in bringing up ideas that made it successful.

I am not afraid to take big risks with my business activities if there is a chance of very high return.

I believe that, owing to the nature of the business environment, bold, wide-ranging acts are necessary to achieve my businesses aims when confronted with decision-making situations involving uncertainty.

I typically adopt a bold, original posture to maximize the probability of exploiting potential business opportunities.

C20. To what extent do you feel capable of maintaining prudent financial practices to ensure progress of your business?


C21. To what extent do you feel capable of securing loans from formal and informal sources to push your business activities forward?


C22. To what extent do you feel capable of overcoming business challenges facing petty traders in carrying out their business activity


D. Effects of gender differentials and performance of petty traders

D1. In which ways has your gender motivated you to undertake this business?

1. Low capital requirement
2. It is open to both male and female
3. Easy to combine with reproductive activities
4. Only source of income to make a livelihood
5. The desire to control my own time and destiny
6. To gain flexibility and financial independence
7. Other, specify

D2. In which ways has gender inhibited the growth of your business? (multiple choice)

1. Limited business networks
2. Greater domestic burden
3. Cultural barriers,
4. Inadequate credit facilities
5. Marginalized and vulnerable
6. Balancing productive and reproductive roles
7. Unexposed to the dynamics of the markets
8. Other, specify
D3. Are you the head of the household?
   1. Yes
   2. No

D4. What are some of the financial responsibilities you undertake as the head of the household?

D5. In which ways do these responsibilities affect your business?

D6. What work does your spouse do?
   1. S/he is a trader
   2. Self-employed
   3. Civil Servant
   4. Public servant
   5. Others,
      specify………………………………………………………………………………………………………

D7. In which way does your spouse help in the upkeep of the house?

D8. Have you faced discrimination in looking for finance for this business which you can attribute
   to your gender?
   1. Yes
   2. No

D9. If yes, please tell me some more about this experience………………………………………………

D10. What are some of the risks associated with your business operations because of your
      gender?

D11. Which of these risks have you ever experienced?

D12. What are some of the business related privileges you enjoy as a result of your gender?

D13. What will you do to see this business grow?

E. Entrepreneurial activity and urban poverty

E1. Where do you sell your wares?
   1. Lorry Parks
   2. In Traffic
   3. From house to house
   4. Along busy streets
   5. Market
   6. From my home/in front of my house?
   7. Others…………………………………………………………………………………………..

E2. What kind of facility do you operate from?
   1. Hand-held
   2. Table-top
   3. Push-truck
   4. Car booth
   5. Kiosk
6. Container
7. Block structure (store)
8. Other (specify)………………………………………………………………………………}

E3. Why do you operate from this facility?

E4. What is your main reason for operating from your current location?
   1. Strategic location to attract customers
   2. Affordable rent
   3. Lack of suitable business premise
   4. Lack of market space
   5. To avoid rental charges
   6. Other (specify)…………………………………………………………..………………

E5. How did you get access to this location?

E6. Do you have children/relatives who are not living with you but send you money from time to time?
   1. Yes
   2. No

E7. Could you please tell us how much this money will add up to in a month?

E8. Is your business registered with the Registrar Generals Department?
   1. Yes
   2. No

E9. If your answer to E8 is No, why have you not registered this business?

E10. How much tax/toll do you pay daily or monthly?............................................

E11. Does your business suffer from any harassment from the city authorities?
   1. Yes
   2. No

E12. If your answer to E11 is Yes, kindly state the form of harassment

E13. How much does your business spend on the following items per month?

<table>
<thead>
<tr>
<th>Expenditure Items</th>
<th>Amount spent (GHC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
</tr>
<tr>
<td>Travelling and Transport (T &amp; T)</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Toilet</td>
<td></td>
</tr>
<tr>
<td>Telephones (phone calls)</td>
<td></td>
</tr>
<tr>
<td>Repairs / maintenance</td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td></td>
</tr>
<tr>
<td>Disposal of waste</td>
<td></td>
</tr>
<tr>
<td>Other household expenditure (specify)</td>
<td></td>
</tr>
</tbody>
</table>

E14. Do you sell some of your items on credit?
   1. Yes
   2. No

E15. If yes, why?.............................................................................................................
E16. How would you describe competition in your area of business?
1. Very high
2. High
3. Moderate
4. Low
5. Very low

E17. Who do you see as your main competitors in this business?
1. Store owners
2. Table topped sedentary sellers
3. Itinerary hawkers
4. Wholesalers
5. Other, specify……………………………………………………………………………………………………………………………..

E18. What are your major advantages over your competitors? *(Multiple responses apply).*
1. Lower product prices
2. Higher quality products
3. Better product reputation
4. Well established relations with regular customers
5. Better location
6. My ability to move from one place to another

E19. Compared to your business, what are the major advantages of your competitors? *(Multiple responses apply).*
1. Lower product prices
2. Higher quality products
3. Better product reputation
4. Well established relations with regular customers
5. Better location
6. Other (Specify)……………………………………………………………………………………………………………………………..

E20. What are you doing to bridge the competitive advantage of your competitors?
…………………………………………………………………………………………………………………………………………………………

E21. What skills have you acquired from running this business?
…………………………………………………………………………………………………………………………………………………………

E22. Have you received any skills training since you started your business?
1. Yes
2. No

E23. What was the nature of this training?
…………………………………………………………………………………………………………………………………………………………

E24. How useful is the training you received in running your business?
1. Very useful
2. Useful
3. Less useful
4. Not useful

E25. Do you think you need additional skills in running your business?
1. Yes
2. No

E26. State the kind of skills you would like to obtain?
…………………………………………………………………………………………………………………………………………………………
E27. Kindly tell me the major household assets that you own?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cell phone</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tv</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satellite dish</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mattress</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refrigerator</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric or gas cooker</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bicycle</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motorcycle</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iron</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E28. Indicate the number of times you have used the following sources for finance or information in the past year

<table>
<thead>
<tr>
<th>Source of Finance/Information</th>
<th>Not at all</th>
<th>Between 1 to 3 times</th>
<th>More than 3 times</th>
</tr>
</thead>
<tbody>
<tr>
<td>How frequent do you depend on bank sources for assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How frequent do you depend on local NGO sources for assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How frequent do you depend on NBSSI sources for assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How frequent do you depend on wholesale sources for assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How frequent do you depend on family and friends sources for assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How frequent do you depend on religious groups sources for assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How frequent do you depend on other petty trader sources for assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E29. Indicate the importance you attach to the goals of setting up the business

5 extremely important  4 very important  3 slightly important  2 important  1 not at all important

To what level do you attach importance to the following goals of the business

<table>
<thead>
<tr>
<th>Goal of the Business</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of own employment to become independent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income to look after my family</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grow this business to become big in the next five years,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support my spouse</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase profit levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower cost of operation and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fit with my family schedule</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
E30. Indicate the level of satisfaction you derived from the goals of the business

5 highly satisfied  4 satisfied  3 indifferent  2 dissatisfied  1 highly dissatisfied.

To what level do you attach satisfaction to the following goals of the business

<table>
<thead>
<tr>
<th>Goal</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of own employment to become independent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income to look after my family</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grow this business to become big in the next five years,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support my spouse</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase profit levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower cost of operation and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fit with my family schedule</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX 2

### Variance Inflation Factor for Model 5.1

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
<th>SQRT VIF</th>
<th>Tolerance</th>
<th>R-squared</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>1.24</td>
<td>1.11</td>
<td>0.8087</td>
<td>0.1913</td>
</tr>
<tr>
<td>Social capital index</td>
<td>1.14</td>
<td>1.07</td>
<td>0.8803</td>
<td>0.1197</td>
</tr>
<tr>
<td>Gender</td>
<td>1.19</td>
<td>1.09</td>
<td>0.8371</td>
<td>0.1629</td>
</tr>
<tr>
<td>Number of dependents</td>
<td>1.61</td>
<td>1.27</td>
<td>0.6209</td>
<td>0.3791</td>
</tr>
<tr>
<td>Specific training</td>
<td>1.14</td>
<td>1.07</td>
<td>0.8771</td>
<td>0.1229</td>
</tr>
<tr>
<td>Education</td>
<td>1.08</td>
<td>1.04</td>
<td>0.9291</td>
<td>0.0709</td>
</tr>
<tr>
<td>Previous business training</td>
<td>1.36</td>
<td>1.17</td>
<td>0.7346</td>
<td>0.2654</td>
</tr>
<tr>
<td>Age1</td>
<td>1.49</td>
<td>1.22</td>
<td>0.6730</td>
<td>0.3270</td>
</tr>
<tr>
<td>Itinerant</td>
<td>2.44</td>
<td>1.56</td>
<td>0.4106</td>
<td>0.5894</td>
</tr>
<tr>
<td>Shop/store owner</td>
<td>1.74</td>
<td>1.32</td>
<td>0.5747</td>
<td>0.4253</td>
</tr>
<tr>
<td>Business age</td>
<td>1.15</td>
<td>1.07</td>
<td>0.8675</td>
<td>0.1325</td>
</tr>
<tr>
<td>Space</td>
<td>1.49</td>
<td>1.22</td>
<td>0.6723</td>
<td>0.3277</td>
</tr>
<tr>
<td>Mean VIF</td>
<td>1.42</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 3

Satisfaction Derived from Importance Calculation

<table>
<thead>
<tr>
<th>Resp</th>
<th>Impt.1 Satis.1</th>
<th>Impt.2* Satis.2</th>
<th>Impt.3* Satis.3</th>
<th>Impt.4* Satis.4</th>
<th>Impt.5* Satis.5</th>
<th>Impt.6* Satis.6</th>
<th>Impt.7* Satis.7</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5*5=25</td>
<td>5*5=25</td>
<td>5*5=25</td>
<td>5*5=25</td>
<td>5*5=25</td>
<td>5*5=25</td>
<td>5*5=25</td>
<td>175</td>
</tr>
</tbody>
</table>

Assuming the respondent had scored the highest (5) in all the importance and satisfaction variables. Satisfaction derived from importance means multiplying the importance by satisfaction values and adding them up. This means the highest satisfaction derived from importance will be 175. Dividing the total (175 by 2 will yield 87.5). Any figure below 87.5 was assumed to be low satisfaction derived from importance and was assigned zero whiles figures above 87.5 are high and assigned 1.
APPENDIX 4

Two sample t-test of network use between male and female-owned petty traders

Two-sample t test with unequal variances

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Err.</th>
<th>Std. Dev.</th>
<th>[95% Conf. Interval]</th>
</tr>
</thead>
<tbody>
<tr>
<td>male</td>
<td>162</td>
<td>4.925926</td>
<td>.0745899</td>
<td>.9493741</td>
<td>4.778625 - 5.073227</td>
</tr>
<tr>
<td>female</td>
<td>238</td>
<td>3.668067</td>
<td>.0795309</td>
<td>1.226943</td>
<td>3.511389 - 3.824745</td>
</tr>
<tr>
<td>combined</td>
<td>400</td>
<td>4.1775</td>
<td>.0640331</td>
<td>1.280662</td>
<td>4.051616 - 4.303384</td>
</tr>
<tr>
<td>diff</td>
<td></td>
<td>1.257859</td>
<td>.1090358</td>
<td>1.04349</td>
<td>1.472228</td>
</tr>
</tbody>
</table>

\[ \text{diff} = \text{mean(male)} - \text{mean(female)} \quad t = 11.5362 \]

Ho: diff = 0  
Satterthwaite's degrees of freedom = 391.457

Ha: diff < 0  
Ha: diff ≠ 0  
Ha: diff > 0  
Pr(T < t) = 1.0000  
Pr(|T| > |t|) = 0.0000  
Pr(T > t) = 0.0000

Two sample t-test of intensity (frequency) of usage of networks between male and female-owned petty traders

Two-sample t test with equal variances

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Err.</th>
<th>Std. Dev.</th>
<th>[95% Conf. Interval]</th>
</tr>
</thead>
<tbody>
<tr>
<td>male</td>
<td>162</td>
<td>17.08642</td>
<td>.301365</td>
<td>3.835751</td>
<td>16.49128 - 17.68156</td>
</tr>
<tr>
<td>combined</td>
<td>400</td>
<td>14.55</td>
<td>.2499248</td>
<td>4.998496</td>
<td>14.05867 - 15.04133</td>
</tr>
<tr>
<td>diff</td>
<td></td>
<td>4.26289</td>
<td>.4628168</td>
<td>3.335019</td>
<td>5.172761</td>
</tr>
</tbody>
</table>

\[ \text{diff} = \text{mean(male)} - \text{mean(female)} \quad t = 9.2108 \]

Ho: diff = 0  
degrees of freedom = 398

Ha: diff < 0  
Ha: diff ≠ 0  
Ha: diff > 0  
Pr(T < t) = 1.0000  
Pr(|T| > |t|) = 0.0000  
Pr(T > t) = 0.0000

283
## APPENDIX 5

Reliability of EO Dimensions and Business Performance Variables of Petty Traders

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Standard Deviation</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.7573</td>
<td>0.9301</td>
<td>7</td>
</tr>
</tbody>
</table>

Reliability of Innovativeness, Pro-activeness and Risk taking

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Standard Deviation</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.997</td>
<td></td>
<td>9</td>
</tr>
</tbody>
</table>
**APPENDIX 6**

Two-sample t-test of Assets Value Between Male and Female Petty Traders

```
ttest male == female, unpaired
```

Two-sample t test with equal variances

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Err.</th>
<th>Std. Dev.</th>
<th>[95% Conf. Interval]</th>
</tr>
</thead>
<tbody>
<tr>
<td>male</td>
<td>162</td>
<td>26.64933</td>
<td>1.270947</td>
<td>16.17652</td>
<td>24.13946  29.15921</td>
</tr>
<tr>
<td>female</td>
<td>238</td>
<td>20.5825</td>
<td>.8615447</td>
<td>13.29126</td>
<td>18.88523  22.27976</td>
</tr>
<tr>
<td>combined</td>
<td>400</td>
<td>23.03957</td>
<td>.7406312</td>
<td>14.81262</td>
<td>21.58354  24.49559</td>
</tr>
<tr>
<td>diff</td>
<td>6.066838</td>
<td>1.479714</td>
<td>3.157806</td>
<td>8.975871</td>
<td>t = 4.1000</td>
</tr>
</tbody>
</table>

Ho: diff = 0  degrees of freedom = 398

<table>
<thead>
<tr>
<th>Ha: diff &lt; 0</th>
<th>Ha: diff ! = 0</th>
<th>Ha: diff &gt; 0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pr(T &lt; t) = 1.0000</td>
<td>Pr(</td>
<td>T</td>
</tr>
</tbody>
</table>

."
**APPENDIX 7**

Modeling Petty Trade Performance (Satisfaction Derived from Importance) against Intensity (Frequency) of Network Use; Odd Ratio Reported

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
<th>SQRT VIF</th>
<th>Tolerance</th>
<th>R-squared</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction derived from importance</td>
<td>1.34</td>
<td>1.16</td>
<td>0.7444</td>
<td>0.2556</td>
</tr>
<tr>
<td>Gender</td>
<td>1.71</td>
<td>1.31</td>
<td>0.5838</td>
<td>0.2556</td>
</tr>
<tr>
<td>Married</td>
<td>1.15</td>
<td>1.07</td>
<td>0.8675</td>
<td>0.1325</td>
</tr>
<tr>
<td>Business permit</td>
<td>1.55</td>
<td>1.25</td>
<td>0.6435</td>
<td>0.3565</td>
</tr>
<tr>
<td>Education</td>
<td>1.18</td>
<td>1.09</td>
<td>0.8453</td>
<td>0.1547</td>
</tr>
<tr>
<td>Previous business training</td>
<td>1.31</td>
<td>1.14</td>
<td>0.7662</td>
<td>0.2338</td>
</tr>
<tr>
<td>Age</td>
<td>1.23</td>
<td>1.11</td>
<td>0.8123</td>
<td>0.1877</td>
</tr>
<tr>
<td>Keeping records</td>
<td>1.17</td>
<td>1.08</td>
<td>0.8530</td>
<td>0.1470</td>
</tr>
<tr>
<td>Credit</td>
<td>1.18</td>
<td>1.09</td>
<td>0.8488</td>
<td>0.1512</td>
</tr>
<tr>
<td>Household labour</td>
<td>1.05</td>
<td>1.03</td>
<td>0.9480</td>
<td>0.0520</td>
</tr>
<tr>
<td>Itinerant hawker</td>
<td>1.46</td>
<td>1.21</td>
<td>0.6830</td>
<td>0.3170</td>
</tr>
<tr>
<td>Shop/store owner</td>
<td>1.85</td>
<td>1.36</td>
<td>0.5396</td>
<td>0.4604</td>
</tr>
<tr>
<td>Business age</td>
<td>1.18</td>
<td>1.08</td>
<td>0.8498</td>
<td>0.1502</td>
</tr>
<tr>
<td>Intensity</td>
<td>1.38</td>
<td>1.18</td>
<td>0.7224</td>
<td>0.2776</td>
</tr>
<tr>
<td>Mean VIF</td>
<td>1.34</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 8

Modeling Petty Trade Performance (profit) against Intensity (Frequency) of Network Use; Odds Ratio Reported

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
<th>SQRT VIF</th>
<th>Tolerance</th>
<th>R-squared</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>3.23</td>
<td>1.08</td>
<td>0.3098</td>
<td>0.6902</td>
</tr>
<tr>
<td>Gender</td>
<td>2.01</td>
<td>1.42</td>
<td>0.4966</td>
<td>0.5034</td>
</tr>
<tr>
<td>Married</td>
<td>1.31</td>
<td>1.15</td>
<td>0.7619</td>
<td>0.2381</td>
</tr>
<tr>
<td>Business permit</td>
<td>1.47</td>
<td>1.21</td>
<td>0.6812</td>
<td>0.3188</td>
</tr>
<tr>
<td>Education</td>
<td>1.29</td>
<td>1.13</td>
<td>0.7779</td>
<td>0.2221</td>
</tr>
<tr>
<td>Previous business training</td>
<td>1.42</td>
<td>1.19</td>
<td>0.7041</td>
<td>0.2959</td>
</tr>
<tr>
<td>Age</td>
<td>1.31</td>
<td>1.14</td>
<td>0.7649</td>
<td>0.2351</td>
</tr>
<tr>
<td>Keeping records</td>
<td>1.10</td>
<td>1.05</td>
<td>0.9076</td>
<td>0.0926</td>
</tr>
<tr>
<td>Credit</td>
<td>1.30</td>
<td>1.14</td>
<td>0.7707</td>
<td>0.2293</td>
</tr>
<tr>
<td>Household labour</td>
<td>1.14</td>
<td>1.07</td>
<td>0.8759</td>
<td>0.1241</td>
</tr>
<tr>
<td>Itinerant hawker</td>
<td>1.47</td>
<td>1.21</td>
<td>0.6787</td>
<td>0.3213</td>
</tr>
<tr>
<td>Shop/store owner</td>
<td>1.69</td>
<td>1.30</td>
<td>0.5905</td>
<td>0.4095</td>
</tr>
<tr>
<td>Business age</td>
<td>1.21</td>
<td>1.10</td>
<td>0.8279</td>
<td>0.1721</td>
</tr>
<tr>
<td>Intensity</td>
<td>2.01</td>
<td>1.42</td>
<td>0.4982</td>
<td>0.5018</td>
</tr>
<tr>
<td>Mean VIF</td>
<td>1.57</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 9

AGGREGATE POVERTY POCKETS OF A.M.A. AREA

August, 2009