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## Street Vending and Competitive Advantage: Towards Building a Theoretical Framework

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### Abstract

The study examines the strategies adopted by street vendors or hawkers in Ghana in a bid to gain competitive advantage. Drawing on six focus group meetings held with street vendors in two sub-metropolitan assemblies (Bantama and Tafo) in Kumasi, Ghana, the study finds that street vendors adopt ten strategies – networking, multiple undifferentiated market strategy, the sale of convenient products, “dying and resurrecting” (strategic exit and return into business), regular changing of goods and services, exploitation of flexible operating hours, cost-based pricing strategy, sales promotion, trade credit and locational advantage – to gain competitive advantage. Using these strategies, a theoretical framework for street vendors’ competitive strategies is developed.

### Keywords

Street Vendors, Strategies, Competitive Advantage, Informal Economy

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## Street Vending and Competitive Advantage: Towards Building a Theoretical Framework

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Street vending or hawking is whereby people sell in or along the streets. Street vending or hawking plays an important role in the distribution process of most economies. This form of business organization is not new, especially in developing countries like Ghana. In Ghana, street vending or hawking is prevalent both in rural and urban communities, as it is a common phenomenon on the streets, roads highways, etc. In recent years, however, the practice has become more prevalent in urban communities, owing to the surge in unemployment. Every year, secondary and tertiary institutions churn out a number of graduates; meanwhile, only few of them get formal employment. For example, 174461 completed secondary schools in 2012 (Ministry of Education Ghana, 2013) whilst 6131 and 4126 graduated from universities and polytechnics respectively in 2000 (Boateng & Ofori-Sarpong, 2002). According to the Ghana Statistical Service (2014), the unemployment rate among the age group 15-24 was 10.9 % in Ghana and the overall unemployment rate from age 15 and above was 5.2% in 2013. The rate of unemployment in 2013 for people with secondary, post-secondary diploma and university education (bachelor degree holders) was 11.7%, 9.1% and 5.9% respectively. Some of these graduates together with others who might have some kind of education, formal or informal or with no education at all, end up in the informal economy by setting up their own micro-enterprises. According to Kusakabe (2010) and Tambunan (2009), it is usually the poor who find themselves in the informal sector as a survival or coping strategy in an attempt to make ends meet. The rural-urban drift and the global economic meltdown are also contributory factors to people’s decision to go into street vending. The practice is aggravated by the weak welfare systems and the neglect of developing rural areas, (UNICEF, 2004).

Small and medium enterprises (SMEs) include all firms – formal or informal – that their legal status notwithstanding have up to 250 employees. Globally, it is estimated that there are 450 to 510 million SMEs (ILO, 2015). The role played by SMEs of which street hawkers are a part cannot be over-emphasized. SMEs contributed about 85% of total employment growth worldwide between 2002-2010 (de Kok et al., 2011). Also, SMEs’ share of permanent and full time employment in 99 countries is about 67% (Demirguc-Kunt & Maksimovic, 2011). In Ghana, SMEs dominate and account for about 92% of all businesses and contribute about 70% to the nation’s Gross Domestic Product (GDP) (Abor & Quartey, 2010). Again, it is estimated that nine in ten rural and urban workers have informal jobs in Ghana. De Soto (1989) submits

that the informal sector grows because traders try to avoid the cost of formality, which may be represented in strict rules and regulation, taxes, and time and effort involved in complying with formal state procedures. In addition, goods and services are made available to buyers, thereby saving them time used for searching for items or going to the main shops. The informal sector can also serve as a part-time business for people in formal employment. It is also a source of revenue for metropolitan assembly or the local councils, as vendors, for instance, pay daily tolls (taxes).

Street vending has its attendant problems, one major problem being fierce competition from retailers or people with permanent shops or premises. Street vendors normally work under harsh conditions. For instance, they do not have permanent structures and are therefore subject to the vagaries of the weather, (Mitullah, 2003). According to Mitullah (ibid), city authorities persistently harass street vendors. They are always asked to leave the area where they are operating or are relocated to areas where they feel do not promote brisk business. In most cases, they work under insanitary conditions. They are also exposed to overcrowding in the streets, making them susceptible to theft. The harsh conditions and the competition from retailers who have permanent structures notwithstanding, street vending is still a lucrative business. According to the (ILO, 2002), it is estimated that in Africa, street vending accounts for the largest percentage of informal jobs after homework. Clearly then, street vendors have adopted some strategies to remain competitive.

Previous studies on street vending have highlighted the activities and problems of street vendors (Asiedu & Agyei-Mensah, 2008; Chirau & Chamuka, 2013; Chirisa, 2013; Cross, 2000; Cutsinger, 2000; Nesvag, 2000; Pena, 2000; Walsh, 2010; Willemsse, 2011), food and safety (Pang & Toh, 2008) as well as advocacy for street vendors (Balkan & Morales, 2000; Usman, 2010). Studies on strategies intentionally deployed by street vendors to remain competitive, however, do not seem prevalent in the literature. To fill this lacuna in the literature, the current study investigates the strategies adopted by street vendors in Kumasi, Ghana, to gain competitive advantage. This study is significant to the literature on street vending, as it develops a theoretical framework for strategies adopted by street vendors to gain competitive advantage.

## **Theoretical Background**

### **Street Vending in Ghana**

Street vending is one of the oldest forms of trading in Ghana. Whilst there are no official records on street vending in Ghana, oral tradition and observations from both academia and non-academic contexts relate that the concept started from both rural and urban communities. The rural economy is mainly agrarian. Farmers put their farm produce on the ground or on wooden platforms along major roads or highways to sell to passengers and drivers plying those roads. The streets in villages and cities are also littered with food items and other products. In the villages and the peri-urban communities, the hawkers who are generally women and children carry their wares on their heads and move from house to house to sell. Also in the villages and the peri-urban communities, there is a system called “mmobɔ nnam,” which literally translates as the sale of an animal dressed and cut into small pieces, having being killed by a hunter either with a gun or a trap. They are put in a big metal or wooden tray with each piece wrapped with banana or plantain leaves and sent from house to house by mostly children, the hunter’s wife/wives or anybody chosen by the hunter.

Regarding services, dressmakers, traditional hair dyers, those who plait (braid) hair, barbers and shoeshine boys go round to mend clothes, dye and plait (braid) people’s hair, and cut people’s hair respectively. The dressmakers advertise their service by shouting “ɔye adeɛ

ye,” meaning “the one who mends clothes” whilst the traditional hair dyers shout “yoomo bɛka,” which literally translates as “dye your hair.” Those who plait (braid) hair shout “bɔ wo tiri” (meaning “braid your hair”) to advertise their service; the barbers shout “yes barber” whilst the shoe shines boys shout “yes shine.” With the passage of time, the number of traders has increased, with the youth dominating the trade. It seems street vending and trading, in general, has taken on a different dimension, as the type of goods sold and services rendered in all communities has increased in number. For example, non-street vending items like watches, mobile phones, and refrigerators are gradually being introduced into the street market, especially in urban communities.

### **What is Street Vending?**

Street hawkers or vendors, according to Bhowmik (2005), are sellers without permanent structures. Cross (1998) posits that street vending is the exchange of goods and services in which the sellers operate without appropriate permits, flout zoning regulations, hide tax liability, and do not adhere to formal labor regulations and contracts with suppliers and customers. Though people who sell products dominate the business of street hawking, there are street hawkers who provide services whilst others sell both products as well as provide service (Bromley, 2000). While some vendors are stationary in a location with their kiosk, shed, a table or simply displaying their goods on the ground, others are mobile, as they carry their wares around on their heads in pans or trays. Some mobile vendors hold their wares in their hands; others put their wares in wheelbarrows or carts pulled by the sellers. Still, some mobile vendors, especially those selling traditional medicines/drugs, put their wares in bags that hung on their shoulders. There is yet another group of vendors who have specialized in selling in the middle of streets and roads. Such vendors rush to passengers in moving vehicles that have stopped in traffic or at toll barriers and attempt selling their products to them. The service providers that can be identified include hair dressers, (those who plait hair, hair dyers and barbers), traditional manicure and pedicure beauticians, “shoe shine” boys and cobblers (shoe-makers), “potters” (comprising young girls called “kaya ye” who carry goods on their heads from one place to another as well as boys who load and off-load goods from trucks), truck pushers, typists, and people who repair watches and bicycles. Those vendors who sell goods trade in items like food, clothes, hard wares, stationery, and materials for decoration. As well, a vendor may sell a single item or two or more items depending on his/her capital. The location for the sale of items or rendering of service depends on the strategy employed by each vendor.

Pedestrians, city authorities and the general public have also criticized street vending. They complain that vendors occupy pavements and walkways, obstructing the movements of pedestrians and sometimes giving opportunities to pickpockets to steal from them/snatch their bags or for confident tricksters to dupe them. Not only do vendors obstruct pedestrians, they sometimes occupy part of the streets, preventing the smooth flow of traffic and delivery of goods and services. Hawkers also endanger their lives and those of pedestrians, as vehicles sometimes knock them down. Still, street hawkers, particularly, the mobile hawkers are accused of selling expired, defaced, contaminated or spoilt items, especially food items to the unsuspecting public. Further, they are sometimes accused of selling items of inferior quality or items that do not measure up to the right quantity given the amount paid by a customer. In spite of these criticisms, street vending is still vibrant and commonplace in Ghana. They save people, especially those who may be very busy, the time for going to the market to buy items. They pay taxes in the form of daily market tolls to cities authorities and those who have temporary structures pay income tax to the Ghana Revenue Authority. Therefore, it is a legal form of business organization in Ghana.

## **Informal Economy**

The term “informal sector or economy” originated from Hart while conducting research in Ghana. He found that many people outside the formal sector were actually engaged in gainful self-employment, hence his coining of the term “informal sector” (Hart 1973). The informal sector covers all sorts of employment outside the formal sector. The ILO (2002) indicates that informal employment includes agricultural day laborers and urban street vendors. Chen (2005) notes that the informal economy comprises any employment – that is either self-employment or wage-employment – that has no contracts, worker benefits or social protection. Details of the two main classification of informal employment include self-employment in informal enterprises, comprising employer/owner operators, own-account workers, and unpaid contributing family member – and wage-employment in formal jobs, comprising employees of informal enterprises, casual day laborers, domestic workers, and industrial outworkers.

Cross (2000) submits that the informal economy covers people who deal in goods and services without any legal backing, illegal occupation of places of conducting the business, absence of tax returns, no employment contracts and no legal contract with suppliers and clients. In the same vein, Portes and Sassen-Koob (1987) assert that the informal sector is subsistence-based, entails small-scale activities and subcontracting to home workers and other unknown or underground enterprises. Baumann and Kayser (2012, pp. 3-4) have catalogued general features that are associated with the informal sector. These include the following:

- Lack of legal protection for workers concerning labor and social services
- Limited access to formal /regulated markets and subsidies
- High interest rates for loans leading to high capital costs
- Personal and business properties are usually not separated
- Organization based on family, ethnic and/or religious relationships
- Contracts are not written
- Dominated by women
- Children are also employed
- Earnings are consumed directly therefore nothing is left for reinvestment

In the last two decades, the informal sector has seen tremendous expansion. Available data indicate that the majority of the labor force, mostly women and young people in Africa, are found in the informal sector. About nine in ten rural and urban employment is found in the informal sector. In general, over 60% of women in developing countries are employed in the informal sector, besides agriculture. Specifically, in Sub-Saharan Africa, 84% of women and 63% of men are employed in the informal sector, besides agriculture. Also, self-employment accounts for about 81% of informal employment in Sub-Saharan Africa (ILO, 2009). The ILO (1995) reports that in Sub-Saharan Africa, women who are formally employed like teachers and nurses may secure better paid jobs in the informal sector. In addition, women, like men, may do two or more jobs at the same time or work part-time in the informal sector, owing to household chores, including child bearing.

According to Baumann and Kayser (2012), the dominance of the informal sector in Africa is accidental since people are compelled to work therein because of the poor economic performance, a situation which he avers can be traced to high external debt in the 1990s together with its attendant consequence of high unemployment. Also, the structural adjustment program pursued by the International Monetary Fund (IMF) and the World Bank in Africa, which includes privatization, market deregulation and economic restructuring, has led to the impoverishment of many people who then are left with no option than to turn to the informal

sector for survival. Another contributory factor to the dominance of the informal sector in Africa is the perpetuation of the colonial legacy of social exclusion (no regulatory framework to protect the informal sector) as well as urbanization. Beneria and Flora (2005) affirm the above mentioned points on the dominance of the informal sector in Africa when they posit that the expansion of the informal economy stems from the presence of large firms involved in informal production directly or indirectly via outsourcing and subcontracting. In addition, though democracy thrives in many developing countries with its benefits as freedom, empowerment and equality, there is no gainsaying the point that poverty, precariousness and powerlessness, job insecurity and poor working conditions – which are invariably linked with the informal sector – are still pervasive in these countries.

### **Competitive Advantage**

Competitive advantage is a popular concept in the strategies management literature. According to Barney (1991), there is an instance of competitive advantage when competitors do or use the same value creating strategy as another firm. Besanko, Dranove, and Shamley (2000) also submit that a firm gains competitive advantage when it reaps profits higher than the average profits that firms in the same market earn. Competitive advantage is, thus, an instance where a firm is able to gain certain benefits, enabling it to attract more customers and to increase its profit than other firms (competitors) in the same industry. For a firm to reap more profits for a relatively longer time, its competitive advantage must be sustained. According to Barney (1991), there is a case of sustained competitive advantage where competitors, both current and future, use the same value creating strategy and reap the benefits of the strategy that is being used by a firm.

For Porter (1995), competitive advantage is evident when the advantage enjoyed by a firm can be maintained for a long period of time. Porter (1980) has identified strategies of competitive advantage, which he calls generic competitive advantages strategies. According to him, a firm can adopt three competitive strategies, namely, cost leadership, differentiation and focus. In a cost leadership strategy, a firm becomes the lowest cost producer in its industry so that it can sell its products below the average prices in the industry, thereby gaining more market share. Differentiation strategy also concerns the firm's ability to make its products appear different or unique in the eyes of customers than its competitors so that it can charge higher prices. The focus strategy relates to the situation where a firm concentrates on a small segment or portion of the market (niche) and applies either a cost leadership strategy or differentiation strategy. One competitive advantage theory is the resource-based view, a theory made prominent by Penrose. Others who contributed to the resource-based view include Ansoff, Barney, Peteraf and Grant (Rangone, 1999). The theory indicates that differences in firms' performance emanate from certain internal resources that firms have. That is, in order for a firm to have competitive advantage, a firm's internal resources should be scarce, valuable to consumers, intransferable to another firm and inimitable. These unique resources give firms the impetus to outperform their competitors.

### **The Role of the Researcher, Independent Researcher and Research Assistant**

The researcher is a lecturer at the School of Business, University of Cape Coast, Ghana. His research interests include SMEs, innovation and technology and Business Ethics. Street vending seems to be the major source of employment for most people in Ghana, particularly the youth. As a lecturer in entrepreneurship, this study will afford me the opportunity to understand why this form of business is on the ascendancy although street vendors in Ghana face stiff competition from retailers and operate under harsh conditions. The fact is that some

of these street vendors have been in this kind of business for many years. Our interest therefore was to investigate the strategies these vendors adopt to gain competitive advantage. The results will inform the researcher on how to advise his students who want to be self-employed after graduation. The theoretical framework that will be developed from the study will also be useful for other researchers. The researcher virtually handled every aspect of the research (research design, preparation of the focus group guide, recruiting /contacting the vendors and moderating the focus group meeting, data extraction, data analysis and discussion of the results and writing of the manuscript) but had assistance from one research assistant. The research assistant was involved in the video recording of the focus group meeting, making sure that the focus group members actively participated in the discussions. The researcher also had assistance from an independent researcher regarding the transcription and coding of the data.

### **Method**

The study adopted a qualitative study approach. Specifically, the study employed the grounded theory qualitative research approach. Grounded theory is systematically analyzing and gathering of qualitative data to come out with a theory (Charmaz, 2012). The main reason for choosing this approach was that it enabled the researcher to understand the experiences and views of participants, analyze and interpret the data collected as well as develop a theory (Lee & Fieding as cited in Bitsch, 2005, p. 77).

The population for the study was all street hawkers or vendors in Kumasi. By street vendors or hawkers, we mean petty traders with no permanent structures who sell in or along streets or roads. There are no data on the number of street vendors in Kumasi and in Ghana, in general. Two sub-metropolitan assemblies of Kumasi, Bantama and Tafo, were chosen based on a simple random sampling technique, as Onwuegbuzie and Leech (2007) note that probability sampling can be used for a qualitative study if the aim is to generalize the results. There are nine sub-metropolitan assemblies in Kumasi (Asokwa, Bantama, Kwaadaso, Manhyia, Nhyiayeso, Oforikrom, Suame, Subin, and Tafo). Each of the names of the nine sub-metropolitan assemblies was written on separate sheets of paper. Each paper was folded and placed in an empty tin. The tin was shaken and a child was asked to pick one. The Tafo sub-metropolitan assembly was chosen first. The tin was shaken again, and the child picked Bantama sub-metropolitan assembly. Since there is no official data on SMEs in Ghana, both suburbs were zoned into six for convenience. The zones for Tafo included Mile Three, New Road and the New Tafo Traffic Light areas and those of Bantama included Bekwai Round About, Abrepo Junction and Market Areas.

Focus group was the main research instrument used by the researcher to collect the data. Focus group is a qualitative data collection instrument comprising two or more people with a particular area of inquiry (Krueger & Casey, 2000). Focus group was adopted because it made it possible to quickly collect data at a lower cost in order to get more responses from multiple members, (Krueger & Casey as cited in Onwuegbuzie, Dickinson, Leech, & Zoran, 2009). The focus group members (participants) were selected based on purposive sampling. This enabled the researcher to identify and to choose participants with in-depth knowledge about or experience with the subject matter (Creswell & Clark, 2011). The approach was also chosen because of the willingness of participants to participate and share their experiences and views (Bernard, 2002). The two sub-metropolitan assemblies (Bantama and Tafo) were divided into six zones, each zone constituting one focus group. There were ten members in each focus group. According to Fern (as cited in Sagoe, 2012), a focus group is constituted by a small group of people between six and ten with the same or different characteristics addressing a specific topic. In each zone, the researcher personally contacted ten street vendors comprising at least two males and one service provider who could be either male or female and explained

the nature and purpose of the study to them. This was done in order to get different views from different traders at different locations in the sub-metropolitan assemblies and to also get in-depth views from them (Creswell & Clark, 2011). One of the street vendors contacted in each zone was chosen as the focus group leader. The researcher went round with him/her and introduced him/her to the remaining nine vendors that he/she was the leader and that he/she would organize them for the focus group meeting. The focus group leader in each zone met his/her group and agreed on the day and time that would be convenient for them to meet the researcher.

With the exception of the Tafo Mile Three, which had two males and eight females, the rest of the focus groups had three males and seven females. Tables 1 and 2 give detail information about each participant in each zone. The researcher met the group in specific locations agreed upon on different Sundays. In all, each focus group meeting lasted between one and two hours. The questions were based on an already prepared guide (see Appendix A for the interview guide). The questions were semi-structured and open ended; however, they required in-depth discussion. They bothered on the background information of the street vendors as well as the competitive advantage strategies adopted. During each focus group meeting, the researcher and his research assistant greeted the participants and asked how they were faring. The researcher and his research assistant introduced themselves to the participants first. The researcher informed the participants of the purpose of the meeting and the fact that he would moderate the discussion. Also the meeting was held in a safe place to allay their fears. Additionally, he assured the participants of the confidentiality and anonymity of their contributions. The researcher then asked each participant to introduce himself/herself. Having sought the permission of the participants, the research assistant video recorded the entire discussion. We used a video recorder because it made it possible for us to gather in-depth information about the event and to categorize the information gathered (Edwards & Westgate, 1987). Besides, video captures all aspects of the event or situation being covered, including how the participants talked, their facial expression, gaze and gesture (Jewitt, 2012).

**Table 1.** Bantama Focus Group Discussion (Participants Background Information)

<b>Group (Participants)</b>	<b>Sex</b>	<b>Age</b>	<b>Business/Activity</b>	<b>No. of Years in Business</b>
<b>Bantama</b>				
Bekwai Round				
About				
1	Male	25	Shoeshine	10
2.	Male	19	Coconut seller	3
3	Female	23	Traditional hair dresser (plait hair)	5
4	Female	17	Water seller	3
5	Female	45	Hair dyer	22
6	Female	21	Doughnut	6
7	Female	18	Orange seller	7
8	Female	20	Pineapple seller	5
9	Female	26	Groundnut seller	14
10	Male	22	Barber	8

## Abrepo Junction

11	Female	30	Shoe polish	14
12	Female	17	Phone cards	3
13	Female	28	Second hand clothes	12
14	Male	19	Traditional pedicure	5
15	Female	46	Traditional hair dyer	26
16	Female	24	Stationery	9
17	Male	29	Duster	7
18	Female	16	Sweets	3
19	Male	18	Shoe shine	4
20	Female	42	Fruit seller	28

## Market Areas

21	Female	16	Water seller	4
22	Male	27	Popcorn	9
23	Female	20	Stationery	5
24	Female	26	Pedicure/manicure	8
25	Male	19	Dog chain & belt	5
26	Male	24	Water	6
27	Male	30	Barber	15
28	Female	26	Pastries	10
29	Female	48	Plantain chips	30
30	Female	31	Toothpaste/tooth brush	12

**Table 2.** Tafo Focus Group Discussion (Participants Background Information)

<b>Group (Participants)</b>	<b>Sex</b>	<b>Age</b>	<b>Business/Activity</b>	<b>No. of Years in Business</b>
<b>Tafo</b>				
Mile Three				
31	Female	15	Sanitary pads	4
32	Female	18	Plantain chips	3
33	Female	29	Traditional hair dresser	12
34	Female	33	Toiletries	14
35	Male	25	Shoe shine	10
36	Female	31	Insecticides	12
37	Female	27	Christian toys	10
38	Female	42	Detergents	26
39	Male	21	Yogurts	5
40	Female	22	Pegs	7
New Road				
41	Male	28	Newspapers	14
42	Male	17	Shoeshine	3

43	Male	36	Torch lights/battery cells	10
44	Female	22	Insecticides	6
45	Female	19	Popcorn	4
46	Female	34	Children toys	18
47	Female	26	Fruits	10
48	Female	32	Canned food	14
49	Female	42	Second hand clothes	20
50	Female	28	Phone scratch cards	12

#### New Tafo Traffic Light

51	Male	22	Shoe shine	7
52	Male	26	Ear phones	10
53	Male	19	Dusters	5
54	Female	23	Fruits	6
55	Female	29	Toothpaste/ brushes	tooth 12
56	Female	24	Traditional hair weaver	4
57	Female	21	Plantain chips	6
58	Female	38	Soap/detergents	17
59	Female	24	Handkerchiefs	5
60	Female	17	Fruits	3

### Ethical Consideration

Although the author does not know any research ethical body in the country, efforts were made to conduct the research in an ethical manner. The researcher informed each of the focus group members the reason for contacting them, explaining to them that the research was purely for academic purposes. The researcher also allayed the fears of the participants as the meeting was being held in a safe place. They were told that information collected would be treated private and confidential. The researcher also stressed that members were prohibited to divulge information about the meeting, especially issues pertaining to personal matters. Everybody was treated with respect and there was no form of coercion, intimidation, criticisms and insults from the researcher and the research assistant or among the members of the focus groups. Still, any member who was not comfortable with anything during the meeting was at liberty to voice it and members could opt out at any point if they so desired. In addition, permission was sought from the members to video record the meeting.

### Data Analysis

The theoretical framework was derived from the data collected. Inductive reasoning was used to analyze the data since according to Hodkinson (2008), grounded theory qualitative research analysis uses inductive reasoning because the theory emanates from the data collected. In addition, the grounded theory approach was adopted because to the best of our knowledge, there is paucity of research regarding the development of theoretical framework on strategies used by street vendors to gain competitive advantage. The main objective of the study was to investigate the strategies adopted by street vendors to gain competitive advantage. The video was transcribed and coded. Transcription is the changing of sound/image from recording to text (Duranti, 2007). Davidson (2009) is of the view that the process of transcribing is selective

because some phenomena or features of talk and interaction are transformed. According to Strauss and Corbin (1990), data coding and analysis of the grounded theory approach go through three stages: open coding, axial coding and selective coding. Open coding concerns identification and developing categories and sub-categories regarding their properties and dimensions. Axial coding, on the other hand, refers to the relationships between the categories and the sub-categories. Finally, selective coding deals with merging both or some of the main categories and sub-categories, re-categorizing them to constitute main categories or themes taking into consideration the theory to be developed. We also went through these stages in analyzing our data.

Since six focus group meetings were held and video recorded, each focus group video was played several times and the researcher and an independent researcher transcribed both verbal and non-verbal conversation (communication) verbatim and manually. The researcher and the independent researcher did the transcription individually and independently without being influenced by each other. According to Sagoe (2012), the researchers have to do the coding themselves to enhance the quality of the analysis. The transcribed data for each focus group were coded and this involved categorization into main categories and sub-categories bearing in mind the objective of the research— (i.e., to explore the strategies adopted by the street vendors to gain competitive advantage). Relationships were established among the main categories and sub-categories and finally merging some sub-categories. A composite data (main categories and sub-categories) was determined for each focus group. Based on this, another composite data were found for the entire six focus groups. The researcher and the independent researcher met and compared their results to ensure consistency. The composite data for each focus group and the entire six focus groups of the researcher and independent researcher were compared. This process was repeated three times and all variations in the coding were thoroughly discussed until we agreed upon common ones (codes). That is, some of the codes were deleted or combined to constitute new categories and relationships among them maintained or re-established. We reached a saturation point where new main and sub-categories did not emerge or were exhausted. This constituted the final coding stage used for the analysis. The main categories have been summarized and the analysis and discussion of the results were done according to the main categories as follows: networking, multiple undifferentiated market strategy, convenient products, “dying and resurrecting” (exit and return into business), changing of goods and services, flexible operating or working hours, cost-based pricing strategy, trade credit and locational advantage.

## **Results and Discussion**

### **Background Information**

The data revealed that the number of street vendors is over 3000 and 4000 for Tafo and Bantama respectively. (These figures were arrived at during the focus group meeting. Each member was asked to indicate the estimated number of street vendors in their area (zone). The average number for each group and the composite for each of the sub-metropolitan assemblies (Tafo and Bantama) were determined based on the figures given). The majority of the vendors in both suburbs are women, with the youth dominating both sexes. Also, the majority of them have little or no education; the majority sells two or more products, and the majority does not have permanent structures. With regard to the service providers, shoeshine boys are in the majority.

## Networking

The results of the analysis of the focus group meeting showed that street vendors engage in networking; that is, a relationship that involves co-operation and collaboration between and/or among the vendors. This usually takes the form of information sharing on prices of items, especially those whose prices are relatively low, and/or fast moving items (with high rate of sales turnover). A lady explained how information is shared:

Sometimes Akua or Adwoa will inform me that a new canned fish is on the market and it's being sold by Sister Akos, the retailer. The price is relatively cheaper. If you sell one tin of fish (one by one), you will get profit. I will go with Akua to Sister Akos' shop to buy a box of the fish to sell them one by one.

Another time, Kofi will call me on the telephone and tell me that prices of pomade have shot up, so I should change my prices. In fact, you gain much if you have a large stock.

Not only do they share information about items, they also share information about wholesalers and retailers who have flexible terms of trading with respect to repayments and returning defective goods that may have been bought as well as those who have credibility for selling quality goods. This suggests that street vendors have in-depth knowledge about prevailing conditions in the market. The networking strategy also assists them to reduce cost. Apart from the information above that is shared among vendors, they also share information about their personal lives. This is usually done on one-on-one basis or when they are in larger groups. At times, the vendors pull resources together to buy in bulk from wholesalers and share among themselves based on the amount each contributed. This is because wholesale prices are lower than retail prices, thereby making it possible for vendors to make more profit.

Another lady from the group has this to say about putting money together to buy in bulk:

I started with an amount of ten cedis (C10.00) in 2006 selling roasted groundnuts. In six months, my working capital was 80 cedis (C80.00). One day, my friend Akua told me that a group of women wanted to pull their money together to buy a new tinned tomato that is on the market. I contributed 100 cedis (C100.00), Akua contributed 150 cedis, Afua contributed 200 cedis etc. Altogether, we were 10 women and we mobilized one thousand and six hundred cedis (C1600.00). We bought 30 boxes from a wholesaler at 1500 cedis (C1500), that is 50 cedis (C50) per box. One box sold at retail price was 65 cedis (C65.00). I had two boxes. Each box contains 30 tins. I sold each tin at two cedis and fifty pesewas (C2.50) making a profit of 30cedis (C30.00).

Small firms engage in networking because it helps them to access financial resources, knowledge/skills and to source physical capital or information as well as defend market position, profits and risks and benefits, (Gruat La Forme, Botta, Genoula, & Campagne, 2007). Networking also offers opportunities for new relationships, links or markets and access to new or complementary competencies, (Reddy, 2015).

## **Multiple Undifferentiated Market Strategy**

The results also revealed that street vendors engage in multiple undifferentiated market strategy. Here, the vendors sell two or more goods at the same time using the same promotional package like advertising. They usually call pedestrians to have a look at their items or draw their attention by ringing bells. They target everybody because they think that all customers need their goods or have similar needs.

The extract below indicates how a member of one of the focus groups explained how they advertise their products,

We have to be aggressive to draw the attention of pedestrians to have a look at our wares. We usually call them and flatter them with praises and appellations to buy from us.

One woman in the group had this to say:

Whenever I see a pedestrian, I shout oh! My husband, or my sister, come and have a look at my items. They are very cheap and of high quality. Buy one. Sometimes I advertise by shouting, I am selling at a loss, come and buy.

According to Carpenter, Glazer and Nakamoto (1997), the aim of a marketing strategy is to alter and influence consumers' demands. This notwithstanding (though using the same promotional strategy), different prices are charged for the different items. In fact, the vendors adopt this strategy because it is cost effective.

## **Convenient Products**

The results revealed that street vendors sell convenient products. These are goods that are less expensive and readily available for purchase. Also, consumers spend little time or make no effort in searching for information about them because they are basic goods that are used or needed every day. This supports the assertion of Murphy and Enis (1985) that consumers do not envisage higher risk when making decision to buy convenient products. In addition, consumers spend less money and time in buying convenient products. Convenient products that street vendors sell include food items, toothpaste, stationery, footwear, clothing, herbal drugs and simple orthodox drugs like paracetamol. The vendors sell these convenient goods for two main reasons – as a strategic reason because such goods can be easily sold and, secondly, because they have small capital. The vendors mention, however, that in recent times, they are trying to diversify their products, as some now sell non-convenient goods like suitcases. Selling convenient products also suggests street vendors want to meet the needs of every consumer. The reaction of a member of the focus group regarding why they sell convenient products is presented below:

Our customers are always busy, very often in haste to search for vehicles to their destinations. Pedestrians usually carry little money around, so if you sell expensive items, no one will buy. You see we have families and if you do not get money home, how can we care for our children? Everyday, whatever the case, we have to get money. Selling convenient products is a guarantee that at least it is affordable that everybody can buy something.

### **“Dying and Resurrecting” (Exit and Return into Business)**

The results of the analysis of the focus group meeting showed that one strategy that street vendors adopt is “dying and resurrecting.” According to the vendors, they can cease operation temporarily or fold up completely depending on the circumstances. Circumstances that may force them to engage in “dying and resurrecting” include marriage, child birth, death of relatives and friends, sickness, festivals, competition, farming, economic hardship that has made businesses non-lucrative, travelling, changing of helpers and sometimes harsh policies by city authorities. The vendors indicate that they normally come back to business after some time. The break gives them the opportunity to re-strategize and to bounce back with renewed energy and vigor. One of the group members reported how she operates her business intermittently:

I come from a village to trade and go back to farm during the farming season. I keep the unsold items in my friend’s room. I return to Kumasi to trade again during the lean season. When I give birth, my business will be temporarily be put on hold for about three months before I resurface. My business has been operated on a temporary basis.

Another woman indicated this below:

I am a single parent. Doing business has been intermittent. My capital is not enough. Sometimes, I used part of my working capital to cater for the family. When business is not booming, I have to stop operating till I get enough capital from my father.

It emerged from the study that some vendors genuinely exited business because of management reasons, economic hardship or competition. This supports the assertion of Kamunge, Njeru, and Tirimba (2014) that management is the main cause of SMEs failure. However, this is always not the case, as the study finds that vendors do business for specific purpose after which they fold up. This really suggests that street vendors have the potential to enter into any business.

### **Changing of Goods and Services**

One strategy that street vendors employ is regularly changing the type of goods and services sold. A seller who deals in footwear can change overnight to sell tomatoes or sell both items. Street sellers adopt this strategy depending on the rate of sales turnover or profit. The shift to sell a new product or both items also depends on the occasion, for example, Christmas, Easter, and festivals. On Valentine’s Day, for example, many people sell flowers in addition to their main goods and services. One woman narrated how she varies the goods she sells:

Sometimes I sell jewelries, combs, and handkerchiefs. Another time, I sell stationery or sometimes biscuits. I have even sold foodstuffs before. I stop selling certain items and sell another one. I sell anything that fetches me money. Sometimes, I sell one or two items for a long time, another time, for a short time. That is how our business is.

Frequent changing of goods and services suggests that street vendors are versatile and can adapt to situations. As indicated by Walsh (2010), some street vendors are flexible and therefore vary

their products and location of doing business. As noted by Nelson, Nelson, and Ghods (1997), adaptable organizations search for opportunities when the environment is turbulent. Similarly, Sharma and Sushil (2010) also intimate that in order for organizations to compete effectively, they have to be proactive and develop strategies to adapt to the prevailing conditions.

### **Flexible Operating or Working Hours**

The vendors noted that one major strategy they adopt is the exploitation of flexible operating hours. Thus, they do not have specific working hours. Rather, they decide to work long or short hours depending on the circumstances in which they find themselves. In most cases, their working hours depend on the target customers, the season, social, religious and economic conditions and their general health. For example, the majority of vendors that operate at lorry stations or in the central business districts operate a 24-hour business style. In most cases, they sleep and have their bath or wash their clothes at the same place. One woman indicated how flexibly she operates her business:

We do not have a specific time to operate. I usually come to work at 6:00am and leave here at 9pm. Sometimes I come at 1pm and go home at 5am. Another time, I come at 10am and leave at 7pm. I change my time of operation just to satisfy my loyal customers and get new ones as well.

This suggests that street vendors have customized packages for their customers. This supports the assertion of Koch and Van Straten (1997) that SMEs have to be more flexible than large firms in order to be able to respond to customers' needs. Sharma and Sushil (2010) also assert that in order for organizations to compete effectively, they have to be proactive and develop strategies to adapt to the prevailing conditions.

### **Cost-Based Pricing Strategy**

The results also showed that the street vendors adopt a cost-based pricing strategy in which case determining the selling price of the items depends on a myriad of factors. These include the expenses made in purchasing the goods, the profit margin, and the type of goods sold. Another factor that determines the price is the condition of the goods. This also includes whether the goods are perishable goods or nearing expiration or they are new products or fast moving commodities in which case their rate of turnover is high. For example, a perishable good may attract little profit margin than a non-perishable one and therefore may be priced low. Other factors that can determine the pricing of the goods include special occasions like festive occasions, the type of day, week or month and the urgency with which the item is needed. To the vendors, it is easy for them to price their goods and services. One of the group members has this to say about how they price their commodities,

I buy one box of pens of fifty at twenty-five cedis (C25.00). I sell one pen for two cedis and fifty pesewas (C2.50) —  $50/25 = C2.00$  plus profit of fifty pesewas (C0.50).

This suggests that the profit margins of street vendors depend on a myriad of factors. As asserted by Bradshaw and Brooks (1996), cost is not the only factor that should be taken into consideration but also market forces that will yield profit for the firm. According to Cyert and March (1992), taking decisions on this pricing policy is cost effective.

## Sales Promotion

It was also clear from the results of the focus group meeting that street vendors embark upon sales promotion as a strategic mechanism. The street vendors normally use the term “donkomi” (meaning goods which are very cheap and so can be afforded by everybody) during such promotional sales. They undertake sales promotion when the goods, usually food items, are nearing their expiry dates (usually few weeks or months to the expiry date). Although promotional sales can take place at any time of the year, they are usually held close to festive occasions like Easter, Christmas or Ramadan. During such sales, items are sold at a reduced price. For instance, two or more items may be sold for the original price of one item, a phenomenon the vendors refer to as “buy one, take one or two for free.” One of the women in the group described how she did her sale promotion,

I usually sell biscuit which are nearing expiration, sometimes less than a month to expire. I sell from November to December. I sell two packets containing ten sachets for five cedis (C5.00).

Another form of sales promotion is observed when new items are being introduced into the market. Here, the street vendors are the main advertisers and distribution agents of such items. They use personal selling strategies in a bid to convince pedestrians of the benefits of the product. Usually, these items are food items, especially canned foods, and they are sold at a relatively cheaper price compared to similar items on the market. Another woman has this to say about how they introduced new commodities into the market:

I collect one box of new tomatoes from a woman who owns a shop and sell at a reduced price because it is just being introduced into the market. I go for another box as soon as the box is emptied. I sell this till the price is increased and sales reduce, then I shift to another commodity.

According to the vendors, this is one of their main sources of revenue, especially when they get the items from wholesalers either by combining their money to buy in bulk or when goods are given to them on “sell as you pay daily method,” a type of trade credit in which the street vendor daily repays the amount he/she owes after sales to the retailer. This suggests that sales promotion is a profitable venture for street vendors. According to Kotler and Armstrong (2008), firms organize sales promotion so that more goods are sold or disposed of faster.

## Trade Credit

The results indicated that the vendors get their goods from either retailers or wholesalers and pay at a future date as agreed upon by both parties. According to the vendors, this arrangement is principally based on trust. Trust between the street vendors and retailers or wholesaler depends on the period in which both parties have traded or known each other. Trust can also be based on recommendations from colleague street vendors, retailers and wholesalers or a guarantee from someone the wholesaler/retailer knows. The amount of goods and the time for repayment are not determinate, as that depends on the strength of the relationship between the retailers or the wholesalers and the one doing the recommendation. The longer both parties (street vendor and retailer or wholesaler) have known each other, the stronger the relationship, the larger the amount of goods involved, and the longer the repayment period. The vice versa is also applicable. The same principle holds for the relationship between the one making a

recommendation for the street vendor and the retailer or wholesaler. One of the women in the group narrated how she gets her trade credit:

I started with a small amount of money but with time, the retailers I buy from got to know me well. Initially, when I bought one box of biscuits, they added another box and I was asked to pay in two weeks. This continued for a while. Later, I was given two boxes to pay in a month when I buy one box. This was increased to three boxes, then to four and I was still given one month to pay.

The amount of goods and the time of repayment also depend on the condition or state of the goods and the period in which the goods are sold. For example, vendors are given more goods and a relatively shorter period to make payment when those goods are nearly expired, especially food items. Also, when it is close to festive occasions like Christmas, the repayment period is usually shorter but the amount of goods given to the vendors may be more. This suggests that street vendors get cheaper sources of finance from retailers and wholesalers. According to Demircuc-Kunt and Maksimovic (2002), trade credit is an alternative to bank credit and the most important external source of finance to SMEs. In the same vein, Miwa and Ramseyer (2005) assert that many firms choose trade credit because they secure the money in an easier manner.

### **Locational Advantage**

It emerged that the vendors situate themselves in strategic locations in order to attract pedestrians to buy more. The street vendors, especially the mobile ones, immediately re-locate to new places where they reckon that business may be booming. The account of one of the women in support of locational advantage is summarized as follows:

I started selling on one pavement. Later I moved to and fro different pavements. Sometimes, I move from one destination within the lorry park to another. I usually approach the pedestrians and convince them to buy the items.

Also, those vendors who are stationary may relocate temporarily or permanently to new settings where business may be booming. Sometimes, they may remain at one place but send their helpers like relatives to go round with their goods and services to places where they think business is booming. Another woman has this to say:

I sell roasted plantain and I have a permanent place where I operate from. Sometimes, I ask my colleagues to take care of the plantains that are not well roasted whilst I put the well-roasted ones in a tray, carry them on my head and go round to sell. Sometimes, it is my children who go round to sell.

According to Walsh (2010), some street vendors are flexible and so vary their products and location of transacting business to new places where business may be booming.

### **Framework of Street Vending Competitive Advantage**

Figure 1 shows the framework of strategies adopted by street vendors to gain competitive advantage. As discussed, street vendors use networking, multiple undifferentiated market strategy, the sale of convenient products, strategic exit and return into business, regular

changing of goods and services, exploitation of flexible operating hours, cost-based pricing strategy, sales promotion, trade credit and locational advantage to gain competitive advantage

**Figure 1. Strategies of Competitive Advantage of Street Vendors**



### Conclusions and Managerial Implications

Street vending or hawking is an important economic activity, especially in developing economies, as street vendors or hawkers play a major role in the distributing chain. Although this practice is well documented in the marketing literature, most previous studies focused attention on the general activities undertaken by street vendors and the problems they pose and encounter. Studies on the strategies street vendors adopt to gain competitive advantage have, however, received little or no attention. The present study, thus, set out to explore the strategies adopted by street vendors in two sub-metropolitan assemblies of Kumasi, Ghana, to gain competitive advantage. The study contributes to the strategic management literature by developing a theoretical framework of strategies adopted by street vendors to gain competitive advantage. Based on the focus group meeting, the study has provided a framework that describes the strategies adopted by street vendors to gain competitive advantage. The results of the focus group meeting indicate that street hawkers adopt many cost reduction strategies to remain competitive, including networking, multiple undifferentiated market strategy, the sale of convenient products, “dying and resurrecting” (strategic exit and return into business), regular changing of goods and services, exploitation of flexible operating hours, cost-based pricing strategy, sales promotion, trade credit and locational advantage.

The findings of the study have implications for managers. Flexibility is one of the major strategic tools SMEs possess and therefore must be treated as important. Street vendors should continue to adapt to situations and the environment, in general, to enable them serve their customers better. As stated by Golden and Powell (2000), flexibility in strategy and operational procedures stimulate firms to react efficiently to known and unknown changes in the market. In addition, flexibility enables SMEs to maneuver their way within the shortest possible time whilst large firms may find it difficult to do. Networking among street vendors should also be intensified. As noted by Reddy (2015), networking enables firms to take advantage of complementarities, exploit new markets, integrate activities or bring their resources or knowledge together to solve a common problem or attain economies of scale. By sharing

information on prices of goods and services and retailers and wholesalers, the cost of searching for information as individual firms is reduced. Putting their resources together to buy in bulk from wholesalers also afford the street vendors the opportunity to get the goods at relatively low price, thereby saving cost.

The multiple undifferentiated products strategy also assists vendors to cut down cost as the same advertising strategy is used for all the products. In fact, the strategy is unique, as it does not feature in the strategic marketing literature. In the strategic marketing literature, the term undifferentiated market strategy is used to denote the practice where a firm targets everybody and sells one product with one marketing mix, (McDaniel, Lamb, Jr., & Hair, Jr., 2007). Street vendors are therefore encouraged to continue to use this strategy. Apart from making it possible for customers to have easy access to convenient products, selling convenient products enables the vendors to turn over their stocks at a faster rate, as convenient products are basic and therefore needed by everybody. Though sales promotion is one of the main sources of revenue for street vendors, they should pay attention to the expiration date of the products in order not to sell expired goods to unsuspecting customers. Indeed, the police have had to arrest some street vendors for selling unwholesome products. More often than not, the products they sell during sales promotion are nearly expired or have expired but have been re-packaged for sales. They may fall prey to profiteering retailers and wholesalers. Trade credit is one of the cheapest sources of getting financial assistance. Therefore, street vendors should be credit worthy so that they will continue to get this facility. Street vendors should continue to operate at strategic places or move to and from places to increase sales so that they can remain competitive.

In Ghana, street vendors play a vital role as far as the distribution chain is concerned. However, their plight is often ignored and not taken seriously by the government of Ghana and city authorities. They are usually a vulnerable mass, comprising predominantly the youth, women and people from poor homes or people who are homeless. Given their circumstance, these vendors grapple with a number of challenges. For example, the women sometimes fall prey to men who rape them. In other instances, some women are compelled to sleep with men as a form of security. The men are also lured to indulge in smoking, peddle illicit drugs and/or engage in all manner of vices. It is, thus, absolutely necessary for the government and city authorities to enact laws that will regularize the activities of street vendors in a bid to give them legal backing. In addition, they can be provided with temporary accommodation as well as trained them on road safety precautions and how they can protect themselves from criminals. In general, the framework of strategies of competitive advantage by street vendors proposed in this study will serve as a guide for policy makers. Finally, as noted in the extant literature, evidence adduced from this study lends credence to the fact that street vending is an important economic activity.

### **Limitations**

Since we employed the purposive sampling approach in selecting the focus group members, it might be possible that some people who could have provided more vital information were left out during the sampling. Indeed, not all the street vendors could have been used for the study since a large group size has its attendant challenges, including impeding the flow of discussion as there would be several people involved, time constraints and high cost. We however tried to recruit a homogenous group as much possible as we could to get divergent views. It is also possible that we did not exhaust all the questions from the members. We were however minded to reach a saturation point where there were no further questions we could have asked. Since the discussions were held in Asante Twi (a widely spoken language in Ghana), it is possible that some meaning may be lost in the course of translation into English.

That said, all efforts were made to ensure that the transcribed data was close to the original data as much as possible. In this vein, the researcher and the independent researcher being native speakers of Asante Twi individually transcribed the data after which comparisons were made to arrive at a common data. It might also be possible that we did not transcribe all the words but comparing the transcription of the researcher with that of the independent researcher, no words were left out.

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## Appendix A

### General Background

1. Please each one of us will introduce himself/herself. Tell us your age, type of business/activity and experience.
2. In your estimation, how many street vendors are in your zone?

### Strategies

3. What types of goods and services do you normally trade in? Why do you deal in these goods and/or services?
4. Please share with us how you get information about prices of goods, retailers and general market conditions?
5. Please tell us how you advertise your goods and services.
6. Have you exited or temporarily halted business before? If yes/no, tell us the reason or reasons why.
7. At what time or times do you operate your business and why?
6. What factors do you consider in pricing your goods and services and why?
8. Please talk about the credit facilities you get from your suppliers and why you are given the facility.
9. Do you operate in one location? Give reasons for your answer.
10. How do you relate and collaborate with fellow street vendors?
11. Is there any other information you want to share?

### Author Note

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