The Nature of Small Business Holders’ Vulnerability in Tanzania: A Case of Street Vendors in Dodoma City

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ABSTRACT: This study has examined vulnerability of street vendors in its different forms and was conducted around Central Business District in locations; Nyerere square, Sabasaba, Majengo and Oneway. The study employed both quantitative and qualitative techniques within which quantitative aspect employed probability sampling while qualitative aspect employed non probability sampling. Data were collected using survey, interviews, and observations coupled with documentary review. The findings in this study reveal that street vendors disputes with LGA in Dodoma city erupt occasionally due to street vendors conduct their businesses in land spaces not originally meant for street vendors, there is neither legal defense nor advocacy for street vendors’ interests, there is also low level of awareness, business knowledge and skills among majority street vendors. It is recommended that there is a need for rational mainstreaming SVBs in policy, laws and by laws. Curbing the street vending vulnerability require halt of ad hoc and emergence-style of addressing street vendors’ vulnerability. This study argues that it is high time for street vendors be supported to establish strong organization for the purpose of effective advocacy and effective representation of street vendors without compromising urban land space use standards.

KEYWORDS: street vendors, policy, laws, vulnerability, mainstreaming, advocacy, livelihood, license, informal.

BACKGROUND OF THE STUDY
According to the International Labour Organization (ILO, 2015) more than 61% of the world’s employed population, work in the informal sector. Street vending business is increasingly becoming a vital livelihood strategy for millions of urban dwellers in Sub-Saharan Africa owing to its significant contribution to vendors’ livelihoods and contribution to governments’ incomes (UN-HABITAT, 2014). Street vendors are often the main income earner supporting large families of dependents, and street vending allows children of the poor to continue in education and rural families to benefit from remittances (Skinner, 2008a; 2009 Lyons and Brown, 2010). The search for alternative livelihoods has seen more people being engaged in the informal sector in especially many developing countries. This is facilitated according to Asiedu & Agyei-Mensah (2008) by increasing limited formal employment opportunities due partly to both global and national economic changes and increasing urbanization.

Studies reveal that informal sector rates are considered the highest in Africa and sub-Saharan African countries in particular pointing that Zimbabwe, Tanzania and Nigeria informal sector were around 58.6 per cent in 1999, 56 per cent in 2004 and 53.7 per cent in 2007 (Buehn & Schneider, 2012; Dell’Anno, AnaMaria, & Balele, 2018; IMF, 2018). Particularly, Tanzania’s informal sector economy has been estimated at 52%-61% of GDP in 2013-2015 (Buehn & Schneider, 2012; Dell’Anno, AnaMaria, & Balele, 2018; IMF, 2018). As a result of the competing interests between street vendors and regulators, street vending has come to depend largely on a constant negotiation among vendors, buyers, and regulators (Recio & Gomez, 2013). Negotiations may be for public space, for economic opportunity, and for power, and may involve the general public, shop owners, and urban regulators. Among street vendors, regulators, pedestrians, and the general public, negotiations may occur regarding what can be considered an acceptable and unacceptable use of space, as well as what can be considered rights of the vendor to operate and earn a living from public spaces against the rights of the state to maintain public spaces (Horn, 2014). Tanzania is considered among the countries with the biggest number of informal workers in Africa whereby the size of its informal economy has grown from 10% of GDP in 1960s, to 20% after the mid-1980s, 58.3% in 1999 and 2000, and around 52%-61% of GDP in 2013-2015 (Dell’Anno, AnaMaria & Balele, 2018). Street vending legalization in Tanzania has passed through a long evolutionary process. It started by a few licenses being given to Asians during the colonial era. This was aimed at protecting the colonial
businesses. Such a state lasted till 1980s (Lyon & Msoka, 2007; Steiler, 2018) and during that time vendors were illegal and regarded as loiterer. The government has made several initiatives to enhance the provision of licenses and permits to vendors. These include setting aside some designated places and constructing relevant infrastructures and market places for these vendors (Munishi & Casmir, 2019). Despite the above efforts, issues of street vendors licensing and permits issuing which guarantee their legitimacy and access to space have been bitterly contested by stakeholders ((Horn, 2014). This has led vendors to continue missing reliable business places and infrastructure. Most of them still depend on unauthorized government free spaces including road reserves, streets, bridges and fences around government premises. Subsequently, this situation subjects vendors to frequent and at times serious conflicts with the urban municipal authorities. Vendors still experience conflicts with municipal authorities especially when they undertake their businesses in unauthorized places around urban places (Racaud, S., Kago, J., & Owuor, S. 2018)

**STATEMENT OF THE PROBLEM**

Inaccessibility of licensing and permits among street vendors in Tanzania can result to making street vendors vulnerable as far as legalization of street vending is concerned (Horn, 2018; Steiler, 2018). In 2016 a decree was issued against the eviction of street vendors in urban settings, insisting urban authorities to allow vendors find different business sites in the urban open spaces. This was followed by the legalization of the street vendors’ operations through business registration and provision of special IDs. Such IDs are provided by the Presidents’ office to all street vendors all over the country through local administrative authorities.

Vulnerability of street vendors is not limited to acquisition of business IDs. Street vendors face a number of challenges even when already permitted and licensed to trade. High vulnerability will decrease the ability of street vendors to preserve their survival ability (Roever. & Skinner, 2016). Despite LGA efforts to accommodate street vendors, street vendors are still subjected to vulnerability. This study intends to uncover nature of street vendors vulnerability in the study area since previous studies have not been able to exhaust all avenues and contexts of street vendors vulnerability in the study area.

**LITERATURE REVIEW**

**Empirical Review**

In this part, this study has found it necessary to visit some aspects of street vendors vulnerability based on previous study.

**Poor enforcement of the policies**

One of the constraints is poor enforcement of the policies related to street vending licensing and permits issuing. Experience shows that street vendors face a number of challenges even when already permitted and licensed to trade (Roever. & Skinner, 2016). This is coupled with the fact that the process of allocating licenses and permits is mired with inconsistency, a situation that leads to dissatisfactions and conflicts among the vendors (Horn, 2018).

**Lack of enough business space**

Another constraint is lack of enough business spaces as evidenced in West African countries where local licensing is based on allocation of business spaces. However, due to high demand for space there are still many street vendors all around the markets (Horn, 2018). Another constraint concerns the introduction of licensing and permits regulations that specify pre-conditions, such as entrepreneurial registration requirements, or restrictions on the goods or services that may be sold as evidenced in countries such as Azerbaijan, Belarus, Brazil, Kenya, Kyrgyzstan and Moldova. Such kind of pre-conditions can be difficult to comply with (ILO, 2006).

**Inadequate number of license and permits**

Closely related to the above stated constraint is inadequate number of license and permits in comparison with the number of vendors as evidenced in Nairobi, Kenya and Sao Pulo, Brazil where the number of vendors in cities considerably exceeds the number of available licenses. For example, in Nairobi, Kenya, there were only 7,000 licenses against the estimated number of 500,000 street traders while in São Paulo, Brazil in 2009 there were only 2,200 licenses against an estimated number of 100,000 vendors (Roever & Skinner, 2016).

**Hostile legislations, plus inadequate licensing systems**

Hostile legislations, plus inadequate licensing systems, create an environment in which predatory state and non-state actors extract rents from vendors who lack legal standing. This further leads to ineffective and unfair enforcement of licensing and permits procedures. Inadequate license system makes street vendors reluctant to comply with standard procedure before joining street vending business, ultimately large number of street vendors are in street undertaking their business without authorization (Milgram, 2011)
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Lack of supportive vending environment

Lack of supportive vending environment even when the vendors are already licensed and permitted to trade in urban areas is yet another constraint. Indeed, street vendors work under inhospitable conditions, with no basic facilities, and under constant fear of harassment and damage to their goods even where they have been allowed to practice their trade whether legitimately or not (ILO, 2006).

Lack of clarity in laws and policies

This is coupled with lack of clarity in laws and policies as yet another constraint towards implementing vendor licensing and permit. In Cambodia for example, the national development policy and urban development policy are not explicit in their policy direction about street vending. This means contradicting laws and policies in place. For example, in some countries street vendors are defined as illegal but still pay taxes legally. On the other hand, tax rates are specified in policies. However, since vendors are defined as illegal, they have to pay fines and other amounts to the police (ILO, 2006).

Subjecting vendors to unnecessary complex licensing procurers is yet another constraint to enforcement and implementation of the vendors’ licensing and permit issuing. The evidence from literature suggests that food vendors are subject to particularly complex licensing regimes that can create openings for street-level bureaucrats to extract side payments. (Mahadevia, Brown, Lyons, Vyas, & Mishra, 2013) for example, it was found that a license for a vegetable vendor in Ahmedabad, India specifies 21 restrictions on when, where and how one can sell the intended commodities. Licensing and permit issuing leads to several implications on the vendors and vending business. It activates restrictions on products sold by the vendors. In some countries vendors are restricted to selling items such as cooked foods, or highly-regulated products, such as medicines, cigarettes or alcohol. Such prohibition limits businesses, income as well as the livelihoods of the street vendors (Horn, 2018; ILO, 2006).

Another impact is that through licensing and permit issuing practices, street vendors are subjected to various taxes and charges as evidenced in West African countries, where informal traders are subjected to the daily, monthly or annual payments. Restrictions on access to and occupation of public space without introducing alternative trading places are yet another impinging effect. Such implications limit incomes and livelihoods of the vendors too (Horn, 2018; ILO, 2015).

Lack of relevant business skills

The Tanzanian informal sector traders continue to suffer from various challenges related to lack of relevant business skills. In fact, many street vendors engage in the business prior to any formal training, a situation that jeopardizes their livelihood due to less success in business (Mubarack, 2018). Further, Munishi and Casmir (2019) articulate that, vendors’ capacities to sustain their businesses are impeded by their lack of knowledge about financial institutions, financing procedures, business skills and training, limited access to credit institutions and knowledge in using such credit facilities.

On the other hand, some literature specifies that, street vendors require negotiation skills to enable them cope with the competing interests between them and regulators, fellow vendors, buyers, and regulators (Forkuor, Akuoko, & Yeboah, 2017). Another factor hindering provision of appropriate skills to the vendors is the poor role played by the universities and higher learning institutions. According to Mubarack (2018), universities and other higher learning institutions are not supporting vendors with appropriate skills due to poor link between them and street vendors resulting from budgetary constraints.

Limited participation of the vendors in both policy and political decision-making process

Another constraint for introducing and enforcing the vendor licensing and permit issuing widely captured by literature is lack of, or poor involvement of the vendors in policy making process especially those ones related to licensing and permit issuing. The participation of street vendors and informal traders in preparation of the licensing and permit programs and laws is not encouraged and is mostly ignored. This leads to creation of policies which are top down. In most cases vendors do not feel as part of such policies rather imposed regulations unto them (Horn, 2018). Limited participation of the vendors in both policy and political decision-making process mainly owing to their lack of resources to organize and make their voice heard is yet another constraint to vendors’ acquisition of relevant skills. (Mahadevia, et al., 2013). This denies the vendors an opportunity to penetrate their skills and knowledge matters for inclusion in policy (Mubarack, 2018).

The informality of street vending business is associated with neglect by the governments and hence illegality, this makes the measurements on the number of street vendors to be difficult as they are not included in the municipality and cities plans. Despite the number of street vendors’ measurements is difficult, the number of street vendors has been growing from year to year. For example, the street vendors in Dakar, Senegal accounts 13% of urban population, Lome, Togo (24%), Kenya they account 5.2 % of the non-agriculture workforce. In Dar es salaam they are estimated to account at about 1 million (Mramba, 2015).
FINDING AND DISCUSSIONS

Level of awareness of existing standards in doing business

There are different procedures in acquiring business license in different countries. As far as Tanzania is concern, an individual who decide to start a business must follow all the procedures and acquire documents representing government permit allowing a business to be opened. The findings in this study show that street vendors’ level of awareness on existing standards is low. The findings report that 173 respondents equivalent to 45%, strongly agree to the statement street vendors are aware of government institutions offering business licenses and 137 respondents, equivalent to 36% agreed to the statement that street vendors are aware of government institutions offering business licenses, as illustrated as in the figure 6 below. This implies that respondents are aware of procedures to be adhered to acquire business licenses because the procedures are available and given by respective government agents with mandate to offer business licenses. Although there is awareness on the procedures to be followed before opening business, street vendors are not complying with existing standards where situation in the ground show that street vendors do open business before fulfilling and acquiring business documents. This was shown by 195 respondents equivalent to 51%, disagree and 173 respondents, equivalent to 45% strongly disagree to the statement that street vendors do open business after following due process. Respondents also are handicapped with regard to awareness of government business acts where an overwhelm number of respondents equivalent 48% strongly disagree and 39% disagree to the statement street vendors are aware about government business acts. Low level of awareness, particularly among street vendors, about policies and laws designed to regulate business activities affect negatively compliance to business standards. Failure to comply with business standards coupled with vulnerability of street vendors.

Figure 1: Level of awareness of existing standards in doing business

Proportion of street vendors acquired business competences

The findings in this study shows that street vendors believe that SVB can be undertaken regardless competences have been achieved after accomplishing training in business education courses. Through attending training in business education, one acquires knowledge and skill on how to start, run and manage business. Figure 7 below, illustrates proportion of street vendors who have attained competences in business education. Where only 15% of street vendors in the sample have acquire business knowledge and skill through training-base education, whereas 85% have attained business knowledge and skills solely through experience-base learning. Without business knowledge and skills is difficult to identify and mobilize resources which are needed and manage them well. The implication of the findings is that the mindset of street vendors is viewing SVB as not a professional and one must not attain skill through training to be able to conduct the business. Previous studies underscored the importance of relevant skills in doing business be it small, medium or large. Relevant business skills are vital to street informal traders and vendors in particular, given that any kind of business requires certain skills and principles that can guarantee sales, profitability as well as business sustainability (Munishi & Casmir, 2019). Studies (Oosthuizen, 2008; UN-HABITAT, 2014) remark that, the resources and attributes, notably, knowledge and skills needed for successful street vendors are the same resources and attributes needed for an entrepreneur to successfully start, run and grow a business.
Nature of locations for SVB

This study investigated the various conditions which are considered when it comes to choice of location to run SVB. The findings in this study demonstrate financial implications being in the upper hand when street vendors make choice of business location. Table 6 below illustrates larger number of street vendors in the sample, equivalent to 62% strongly agreed and 38% of respondents agreed that they do consider Central Business District (CBD) as potential location with financial gain. The findings in this study show that regardless being authorized or being well upgraded for SVB, street vendors start business in any location around CBD. Respondents were asked to acknowledge whether there are spaces permanently authorized for SVB, 269 respondents equivalent to 70% disagree and 107 respondents equivalent to 28% strongly disagree, to the statement street vendors conduct business in spaces permanently authorized for SVB. Base on the findings in this study, there is no spaces permanently authorized for SVBs in the study area.

Table 1: Illustration of nature of location for SVB

<table>
<thead>
<tr>
<th>Nature of location</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spaces with no other uses authorized for SVB</td>
<td>0(0%)</td>
<td>0(0%)</td>
<td>0(0%)</td>
<td>176(46%)</td>
<td>208(54%)</td>
</tr>
<tr>
<td>Spaces around Central Business District (CBD)</td>
<td>238(62%)</td>
<td>146(38%)</td>
<td>0(0%)</td>
<td>0(0%)</td>
<td>0(0%)</td>
</tr>
<tr>
<td>Spaces well upgraded for SVB</td>
<td>23(6%)</td>
<td>18(5%)</td>
<td>3(0.8%)</td>
<td>277(72%)</td>
<td>63(16%)</td>
</tr>
<tr>
<td>Spaces permanently authorized for SVB</td>
<td>0(0%)</td>
<td>0(0%)</td>
<td>8(2%)</td>
<td>269(70%)</td>
<td>107(28%)</td>
</tr>
<tr>
<td>Spaces with no other uses authorized for SVB</td>
<td>0(0%)</td>
<td>0(0%)</td>
<td>0(0%)</td>
<td>183(48%)</td>
<td>201(52%)</td>
</tr>
</tbody>
</table>

Source: Researcher survey (2023)

Inventory taking mechanism in SVB

In the process of establishing business enterprise, one should be able to mobilize resources which are needed. The study investigated how street vendors take their inventory. The findings in this study show that street vendors in the study have limited means of taking their inventory. One of the mechanisms used by street vendors is known as trusteeship where a business involves two sides. One side is that of owner of inventory and the other side is street vendor. Under trusteeship, street vendor is entrusted to take inventory and start street vending in return for payment of cash after selling. Use of trusteeship to acquire inventory is a prominent mechanism for those street vendors who fail to get a startup capital, in other word social capital is perceived as important, than financial and physical capital, to street vendors. The breach of trust would ultimately result to withdraw of support. The other mechanism is use of cash money to take inventory. Although a proportional number of street vendors seem to manage taking inventory with cash money, this study report that some street vendors do not have a startup capital to establish street vending business. The figure 8 below illustrates mechanisms street vendors employ to take their inventory.
SVB and optimal utilization of space
The study intended to assess the extent in which land space utilization abide with standard of optimal utilization of land space. The findings in this study show that SVB use of space compromises other users of the spaces. When respondents were asked to provide their view about prevalence competing use of space, 154 respondents equivalent to 40% strongly agree whereas 115 respondents equivalents to 30% agreed that SVBs create competition with other users of space. This implies that there is no effective utilization of space because other users have no free access to use of space. When respondents were asked to provide their views on whether SVB abide to space carrying capacity, 160 respondents equivalent to 42% strongly disagree whereas 120 respondents equivalents to 31% disagree with the statement that SVB consider space carrying capacity, as portrayed in the figure 9 below. Space carrying capacity standards is what makes use of space optimal and effective. The findings in this study show that although use of space by street vendors is politically acceptable and financially viable, it becomes controversial issue because the existing use of space by street vendors is not; socially acceptable, economically viable, technically sustainable and environmentally friendly.

Source: Research survey (2023)
CONCLUSION AND RECOMMENDATIONS

Conclusion
The findings in this study is presented with respect to vulnerability of street vendors. It was revealed that SVBs is a source of income in which street vendors rely upon to support their families. Street vendors level of awareness, on business acts guiding business permit, is low suggesting poor compliance when it comes to starting business by following due process and standard procedures. Street vendors in the study area have acquired business skill and knowledge mainly through experience-based learning. LGA is under pressure to accommodate SVBs under circumstance of disorganized SVBs in term of over congestion of street vendors without premises.

Recommendations

Legal defense
Policy and legal framework need to be in place as the basis for enforcement of SVBs. This would help address the vacuum created by lack of principles and regulation on where and how SVBs are to be conducted. Policy and laws are needed to provide a guide on obligation of regulators and law enforcement agencies towards protection and advocacy OF SVBs. Relevant LGA officials can take part in process of SBV policy formulation in collaboration with ministry of constitutional and law.

Establishment of premises
To safeguard uniform standards of SVBs infrastructure design in a manner which sound well upgraded. SVBs hubs can be created to avoid over congestion of street vendors in a single hub. Those hubs can be selected around CBD in Dodoma city. Making SVBs hub be around CBD will motivate street vendors because of accessibility by urban low income dwellers. Achieving this standard would require LGA in Dodoma city to conduct land space need assessment to determine size of land space needed to accommodate street vendors in Dodoma city. Relevant government regulators can be involved in designing premises for SVBs.

Establishment of SVBs strong organization
Strong street vendors’ organization implies leadership of street vendors well equipped with leadership ethics whereby daily businesses of leaders are guided by the constitution. Strong street vendors’ organization implies street vendors’ interests are well defended meanwhile street vendors leadership act as a bridge between LGA and street vendors.

Skill upgrading
Under circumstance street vendors have not acquired business knowledge and skill through attending training on business education in college of business education, street vendors skill upgrading is needed for the purpose of equipping street vendors with basic knowledge on how to mobilize and manage resources, inventory management, customer care as well as establishment of network with relevant actors for the purpose of securing support both financial and non-financial.

REFERENCES
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