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Factors Affecting Night Market Traders' Performance in Tanzania: A Case of Forodhani Night Market in Unguja

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Abstract

This study assessed the factors affecting the night market traders' sales performance. The factors examined were the age, sex, marital status, trade experience, startup capital, number of employees, business type, and years of schooling of a night market trader. The study employed a cross-sectional research design whereby structured and semi-structured interviews were used for data collection. Probability and non-probability sampling techniques were employed to select a sample of 98 night market traders. Data were analysed by using a multiple linear regression model. The findings revealed that traders' experience, start-up capital, number of employees, business type, years of schooling and sex of a night market trader significantly influenced sales performance. Therefore, entrepreneurial educators should craft strategies and learning environments that validate and stimulate women's identity in a way that does not compete with the behaviour of the idealised male entrepreneur also government should establish a special campaign to motivate financial institutions to open up a special window for night market traders in accessing loans and accommodate entrepreneurs' skills in teaching curriculum starting from primary to university education levels.

Keywords: Night market traders, Sales performance, Micro, Small and Medium Enterprises (MSMEs), Retail business.

1.0 . Introduction

Globally, MSMEs account for more than 90% of businesses, and they contribute more than 50% to the Gross Domestic Product (GDP) (Mzomwe and Pelagia, 2015). In Tanzania, MSMEs constitute more than three million enterprises, contributing 23.4% of total employment and 27% of the country's GDP (Temu, 2019). This indicates how important this sector is for employment creation as well as economic development. Micro, Small and Medium Enterprises (MSMEs) in Tanzania are regarded as a rapidly growing industry since it requires small startup capital and plays a crucial role in employment creation and income generation, hence stimulating and contributing towards the national economic development objectives (National Baseline Survey Report, 2012).

Night market trading activity is contributing to the increase in Micro, Small and Medium Enterprises (MSMEs), which triggers economic growth. The role played by the night market traders is very important in the economic

upturn(Nor Khomar Ishak *et al*., 2012). Night markets provide the opportunity for night market traders to earn extra income after selling their goods and services while buyers acquire a variety of daily necessities at low prices such as clothing, fruits, food, drinks and a few other items Salleh *et al*. (2012) and (Liang *et al*., (2021). Night markets play unique socioeconomic roles as cultural attractions for both residents and tourists (Liu, 2014;Muzaini, 2006). In this case, night market traders need to attract consumers' attention to get them to stop and shop.

Night market traders are faced with various problems including street congestion, disturbance in the surrounding way of life, expertise, finance, logistics, security, age of the business (the duration of undertaking business activities), changes in consumer purchase behavioural patterns and local characteristics of the night market (Isa *et al*., 2021; Ishak *et al*., 2012), (Salleh, Yaakub, Yunus, *et al*., 2012), and (C. H. S. Liu *et al*., 2021). There had been limited research conducted in Tanzania on night markets and the search for additional information ended with minimal empirical evidence to show the contributions made by this important retail sector to the Tanzanian economy. Therefore, this study aims at examining activities conducted by night market traders, determining the sales performance of night markets and analysing socio-economic factors affecting sales performance.

2.0 . Literature Review

2.1. SME'S definition

There is no universally accepted definition for SMEs as different countries use various measures or parameters of size, depending on their level of development and purpose (Keskġn *et al*., 2010). The commonly used measures are the number of employees, total investment and annual sales turnover. (Gamba, 2019). Other literature categories SMEs' based on qualitative measures as the one in which all relatively important administrative and managerial decisions are made by one or two owners-entrepreneurs, with little or no specialization, and a lack of bookkeeping, among others (Keskġn *et al*., 2010). Quantitatively, the number of employees, capital invested, turnover, or a combination of the two or more of them have been used (Maad, and Liedholm, 2008). In the context of Tanzania, micro-enterprises are those engaging up to 4 people with a capital amount of up to 5 Million, Small enterprises are mostly formalised undertakings engaging between 5 and 49 employees with capital investment ranging from Tsh. 5 million to Tsh. 200 million while medium enterprises employ between 50 and 99 employees with capital investment from Tsh. 200 million to Tsh. 800 million. Operation definition for SMEs in the case of this study will be micro enteprises.

Table 1: SME'S definition in Tanzania

SME Category	Workers	Machinery (TSh)
Micro	1-4	Up to 5 million
Small	5-49	5-200 Million
Medium	50-99	200- 800 million

Source: URT (2012)

2.2 Measurement of Traders' Performance

Many studies have been conducted on ways that can be used to measure the performance of a micro business. A study conducted by Kotur and Anbazhagan (2011) and Zahra (2011) on economic development and micro enterprises in rural communities indicates that the performance of the micro industry can be traced through sales, profits, market share and future stability. While the study of Brown and Kathleen, (1995) measured the success of a business based on financial performance, which includes profitability, sales and market share. Furthermore, Wasilczuk (2000), indicates that it is difficult to measure the progress and success of a small business so measurement can be performed both objectively (by obtaining information on the quality and quantity of a company's profit which is hard to obtain) and subjectively (through assessment of the business behaviour of the company). The study conducted by Salleh *et al*., (2012) uses annual sales as a measure of sales performance as it can easily be understood by the respondents. Since there is no consensus on the best measurement of business performance, for this study, monthly sales were used as a measure of performance. The study used monthly sales instead of profit because during data collection it was indicated that most of the night market traders do not keep detailed records of the total cost incurred during the operation of their business which hinders the computation of profit.

2.3. Factors Influencing MSMEs Performance

Empirical literature indicates that various factors influence the performance of SMEs. For example, the study of Analomi and Karai (2003) indicates that many SMEs have failed because they lack the characteristics of successful entrepreneurs which are self motivation, flexibility and innovativeness, risk-taking, proactive leadership, previous experience, technical knowledge, hard workers, self-starters and personal financial resources.

Also, the studies of Kamunge *et al*. (2014) in Kenya and Tuffour *et al*. (2022) in Ghana investigated factors affecting the performance of SMEs. Findings revealed that access to finance, availability of management experience, government policy and regulations, access to infrastructure, access to business information and financial literacy were the main factors that affect the performance of SMEs. In addition, the study conducted by Salleh *et al*. (2012) on factors influencing the night market traders' performance in Malaysia indicates that the major factors influencing the sales performance of the night market traders were found to be the number of employees, startup capital, frequency of weekly trading and business life span.

Furthermore, in Tanzania, studies conducted by Nkwabi and Mboya (2020), Kasililika (2018), Mashenene and Kumburu (2020), and Danga *et al*. (2019) examined factors affecting SME performance. The findings revealed that financial constraints, capital constraints, tight regulations and poor technologies impacted, limited access to land for investment, unfavorable transport networks, unfavorable port services, unreliable and inefficient cost of electricity services, norms, attitudes, values, beliefs, perceptions, and the social setting in which SMEs operate impacted the growth of SMEs.

Empirical evidence on the factors affecting the performance of night market traders in Tanzania is limited. Thus, this study aimed at examining activities conducted by night market traders, determining the sales performance of night market traders and analyzing socio-economic factors affecting sales performance.

3.0. Methodology

3.1. Study Area

The study was conducted at Forodhani Night Market in Unguja. Forodhani Market was selected because each day during the evening night market traders sells a wide range of seafood and local food along with non-food items to residents as well as to domestic and international tourists. This ensures the availability of respondents (night market traders).

3.2. Research Design

A cross-sectional study design was adopted in this study. The cross-sectional study design has been opted for because the design is best suited to studies aimed at finding out the prevalence of a phenomenon, situation or problem, that is factors influencing night market sales performance and obtaining an overall picture as it stands at the time of the study. The participants in a cross-sectional study were selected based on the inclusion (being a night market trader) and exclusion criteria set for the study.

3.3. Sample and Data

The study population comprises all-night market traders located at Forodhani Market. The sample size was determined based on the statistical power required, the ability of the researcher to gain access to the study subjects, and the desired degree of precision (Taherdoost, 2017). The sample population includes 98-night market traders.

Both probability and non-probability sampling were used to select night market traders and night market traders' leaders respectively. Simple random sampling was used to select 98night market traders. Simple random sampling was used to avoid bias in data collection as well as to provide respondents with equal opportunity to participate in the data collection process. The selection of night market traders was based on the availability of traders during the data collection process.

Primary data were collected from night market traders found at Forodhani Market. All information about sales revenue, startup capital, sex, age, marital status, trade experience, number of employees and business type was primarily collected from night market traders through both structured and unstructured questionnaires, while a checklist was used to collect secondary

data from published and unpublished documents related to the study.

The dependent variable of this study was the actual monthly sales earned by a night market trader. The independent variables adopted by this study were the age of a night market trader, the sex of the night market trader, the marital status of the night market trader, the trade experience of the night market trader, the startup capital of the night market trader, number of employees, business type and the years of schooling of the night market trader as shown in Table 2.

Table 2. Variables Measurements

Variable	Explanation of variable
Sex	A dummy variable (1= male; 0= female)
Age	Actual of a night market trader
Years of schooling	Number of years a night market trader spent on school
Marital status	Dummy variable (1= married, 0= non-married)
Trade experience	Number of years a night market trader has been doing business
Start-up capital	The total amount of capital used as an initial investment
Number of employees	The actual number of employees employed by a night market trader
Business Type	Dummy variable (1= Food items, 0= non- Food items
Sales revenue	Actual sales earned by a night market trader

3.4. Analysis

A multiple linear regression model was used to examine the influence of factors that influence the sales performance of night market traders. A multiple linear regression model was used since the scale of measurement of a dependent variable (sales performance) was continuous and depended on more than one explanatory variable (age of a night market trader, sex of a night market trader, marital status of a night market trader, trade experience of a night market trader, startup capital of a night market trader, number of employees, business type and years of schooling of a night market trader) (Gujarati, 2004).

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \mu \text{..................................} (1)$$

Where by:

Y = Actual sales earned by night market traders', β_0 = constant, β_i are estimated coefficients of the explanatory variables, X_i are explanatory variables and μ= disturbance term (Table 2).

4.0. Results and Discussion

4.1. Night market traders' profile

The study sample consisted of 98-night market traders found at the Forodhani market, representing 100% of the targeted respondents. Their characteristics were established by looking at their sex, age, marital status, level of education and type of business conducted. The participation of both sexes in filling out the questionnaires suggests that the study was not gender biassed and that the information about the factors influencing night market traders' performance was obtained from

the viewpoint of both sexes. Also, the study revealed that the majority of 45 (45.9%) night market traders who participated in filling out the questionnaire were those aged between 29-39 years while 31 (31.6%) had the age which ranged between 18-28 years, 20 (20.4%) had the age between 40-50 years and lastly, 2 (2.0%) had the age above 50 years. This shows the need to stay in business for survival purposes. The findings also show that 54 (55.1%) of the respondents were married and 44 (44.9%) of the respondents were non-married. The findings demonstrate, 44(44.8%) of respondents finished primary education, 47 (48%) of respondents finished secondary education and 7 (7.2%) of respondents attained a college/university level of education. Having respondents from each education level helped to ensure the diversity of information about the factors influencing night market traders' performance since education level diversity is related to social, demographic, and behavioral factors which determine knowledge, attitude and practice that influence traders' performance.

Table 3: Night market traders' profile

Variables	Category	Frequency	Percent
Sex of Trader	Male	60	61.2
	Female	38	38.8
Age of Trader	18-28	31	31.6
	29-39	45	45.9
	40-50	20	20.4
	Above 50	2	2.0
Education level of Trader	Primary education	44	44.8
	Secondary Education	47	48.0
	College/University	7	7.2
Marital status of Trader	Married	54	55.1
	Non-married	44	44.9
Type of Business	Food items	82	83.7
	Non-food items	16	16.3

4.2. Description of the Monthly Sales Performance

Findings from Table 4 revealed that 90 (91.8%) of night market traders earned a monthly sale between 0 and 2,400,000/= Tanzanian shillings, while 6 (6.1%) of them earned a monthly sale of between 2,400,001 and 4,800,000/= Tanzanian shillings and 2 (2.0%) of night market traders earned a monthly sale of above 4,800,000/= Tanzanian shillings. The mean monthly sales of all-night market traders were 1,215,300.01/= Tanzanian shillings. Also, the minimum monthly sales were 480,000/= Tanzanian shillings and the maximum monthly sales were 7,200,000/= Tanzanian shillings.

Table 4: Analysis of Monthly Sales Performance

Variables	Categories (Tsh)	Frequency	Percent
Monthly Sales	0-2,400,000	90	91.8
	2,400,001-4,800,000	6	6.1
	Above 4,800,000	2	2.0
Total		**98**	**100**

4.3. Factors Influencing Night Market Trader's Performance

It was found that five out of the eight independent variables were associated with night market sales performance with a significant value of F (8,89) =10.47, p<0.001. The influence of predictor variables on sales performance can be explained by an R^2 value of 0.48. This means that the independent variables can inform about 48.48% of the sales performance, and the remaining percentage is explained by other factors that were not controlled and determined in this study.

Table 5 also showed that six out of the eight independent variables had a significant influence on sales performance. This significance was shown by independent factors such as trade experience, β=6202.701, p=0.049, startup capital, β=0.18387, p=0.063, the number of employees, β=59744.44, p =0.000, business type, β=-22212.79, p=0.009, sex, β= 25924.7, p=0.085 and years of schooling, β=131593.1, p=0.076.

Table 5: Factors Influencing Night Market Trader's Performance

Variables	Coefficient	Std. Error	t	p>|t|	95% Conf. Interval	
Sex	25924.77	14891.45	1.74	0.085	-3664.225	55513.77
Age	-956.2567	1378.567	-0.69	0.490	-3695.439	1782.926
Years of schooling	131593.1	73358.9	1.79	0.076	-14169.42	277355.7
Marital status	-18079.07	16567.55	-1.09	0.278	-50998.44	14840.29
Trade experience	6202.701	3113.397	1.99	0.049	16.44701	12388.96
Start-up Capital	.1838745	.097613	1.88	0.063	-.0100805	.3778295
Number of employees	59744.44	10535.76	5.67	0.000	38810.12	80678.77
Business Type	22212.79	8291.51	-2.68	0.009	5737.734	38687.84
constant	-647.4319	2866.181	-0.23	0.822	-6342.472	5047.608

Number of obs = 98
F (8, 89) = 10.47
Prob > F = 0.0000
R-squared = 0.4848
Adj R-squared = 0.4385
Root MSE = 66319

Sex was one of the factors examined in determining the factor that influences night market sales performance. The sex factor had a positive sign and was significant at a 10% level (p-value = 0.085). The result established that keeping other factors constant being a male night market trader increases sales by 25924.7/= Tanzania shillings rather than being a female night market trader. Rosa *et al*., (1996) indicate that the relationship between gender and small business performance is complex but appears to have a significant relationship with SME performance. Also, women-owned businesses tend to have lower levels of growth and remain smaller than men-owned businesses because they tend to pursue non-economic goals such as balancing work and family roles which in turn detract them from achieving higher levels of business growth Cliff, (1998), Coleman, (2016), Davis and Shaver, (2012). Furthermore, Zampetakis *et al*. (2016) found that women make decisions related to the growth of their businesses using a different process than men do that's why masculinity and femininity fully mediated the effects of entrepreneurs' sex on business growth intentions.

Another factor that was examined was the years of schooling of a night market trader. Years of schooling as a night market trader had a positive value and was statistically significant at a 10% level (p-value = 0.076). The results established that keeping other factors constant additional years of schooling of a night market trader increased sales by 131,593.1 Tanzanian shillings. Years of schooling are linked to the education of a night market trader. The study findings concur with the work of Emezue (2020) who indicates that the education of an entrepreneur is linked with the technical competence and mastery of analytic tools and also an increase in creativity and innovation applied to social, governmental, and business areas. Also, the study conducted by Soriano and Castrogiovanni (2012) indicates that the education of an entrepreneur influence sales performance since the knowledge gained enhances the managerial capacity to develop a superior business in general also education fosters either specific or general skills.

The trade experience of a night market trader was another key variable examined in this study. The trade experience of a night market trader has a positive sign and is statistically significant at a 5% level (p-value = 0.049). Results revealed that the increased trade experience of a night market trader increases sales by 6,202.7 Tanzanian shillings. These findings concur with the study of Analomi and Karai (2003) who indicated that many SMEs have failed because of the lack of characteristics of successful entrepreneurs such as trade experience. Furthermore, Isa *et al*. (2021) indicate that night-market traders who have enough business experience will be motivated to grow their businesses further because they possess entrepreneurial character.

The startup capital variable has a positive sign and is statistically significant at a 10% level (p-value = 0.063). The result established that an increase in a night market trader's startup capital by 100,000 Tanzanian shillings increases sales by 183870 Tanzanian shillings. The study findings concur with those of Salleh *et al*. (2012) who indicate that there is a significant relationship between the amount of startup capital and the performance of a night market trader in Malaysia. Also,

Mustapha (2009) indicates that finance plays a crucial role in enhancing enterprise development to set up and expand their business operations, new product development, research and development, human resource development and acquisition of up-to-date production equipment and technology.

The number of employees was another variable examined in this study. It has a positive sign and is statistically significant at a 1 percent level (p-value = 0.000). It was established that one additional number of employees in a business of a night market trader increases sales in business of night market trader increases sales by 59744.4 Tanzanian shillings. The study findings concur with the study of Salleh *et al*. (2012) who indicate that there is a significant relationship between the number of employees and the performance of a Night market Trader in Malaysia. Also, Thibault (2001) indicates that the higher the number of workers employed in a business the higher the number of sales since each worker plays a role and adds different expertise/skills that contribute to business performance.

The business type was one of the factors examined in determining the factor that influences night market sales performance. The business type factor had a positive sign and was significant at a 1% level (p-value = 0.009). The result established that keeping other factors constant being a night market trader who sells food items increases sales by 22,212.8 Tanzania shillings rather than being a night market trader who sells nonfood items. Salleh *et al*. (2012) indicate that there is a need for research to indicate the types of businesses contributing to high sales performance among night market traders.

In addition, the age of the night market trader and the marital status of the night market trader were among the variables examined in this study. The result established that an increase in the age of a night market trader decreases sales by 956.3 Tanzanian shillings and a married night market trader decreases sales by 18,079 Tanzanian shillings rather than non-married night market traders although its impact on sales performance is insignificant (p-value =n 0.490 and 0.278 respectively).

5.0. Conclusion and Recommendations

5.1. Conclusion

The factors that influenced the sales performance of the night market traders were examined in this study. Factors that significantly influence the night market traders' sales performance include trade experience, business type, the number of employees, the amount of start-up capital, sex of a night market trader and years of schooling of a night market trader while age and marital status of a night market trader have no significant influence on sales influence. The findings of this study can be used by other researchers to do comparative studies besides providing advisory services to traders and potential traders who wish to do business in night markets.

5.2. Recommendations

Entrepreneurial educators should craft strategies and learning environments that validate and stimulate women's identity in a way that does not compete with the behavior of the idealised male entrepreneur. Also, educators should gain a better general understanding of

how women's entrepreneurial intentions are formed, as well as a specific understanding of how an entrepreneur's gender identity and independent self-construal merge into the intent to grow a business. Moreover, the government should establish a special campaign to motivate financial institutions to open up a special window for night market traders, and accommodate entrepreneurs' skills in the teaching curriculum starting from primary to university education.

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