

**PETTY TRADING AND RURAL ECONOMICS: A STUDY OF
AKOKWA TOWN, IDEATO NORTH, LGA IN IMO STATE,
NIGERIA**

Okechukwu Anyaoha^{1*} & Chinemerem Jennifer Odum²

^{1,2}Department of Sociology, Imo State University, Owerri, Nigeria

*anyaohaokey@gmail.com

ABSTRACT: This survey study examined the impact of petty trading on improving the socioeconomic status of the rural dwellers of Akokwa community in Ideato North L.G.A of Imo State. The sample was made of 323 respondents who were selected randomly. Hypotheses were formulated to guide the study. Open-ended and close-ended used for data collection. The data gathered were analysed using the Chi-Square statistics. Findings revealed a significant relationship between petty trading and both income level and standard of living among rural dwellers in Akokwa Community. Specifically, the chi-square analysis demonstrated that petty trading positively influenced income levels ($\chi^2 = 7.2$, $p < 0.05$) and led to an improved standard of living among rural dwellers in Akokwa Community ($\chi^2 = 7.5$, $p < 0.05$). These findings emphasise the important roles of petty trading as a means of income generation and economic empowerment in rural areas. The study therefore, recommended that the government should provide easy access to microfinance institutions or schemes that could offer low-interest loans to petty traders. Training programs and workshops should be provided to petty traders by the government and non-governmental organization to improve their business skills and financial management.

Keywords: Petty Trading, Standard of Living, Income Level, Rural Dwellers

INTRODUCTION

Petty trading is an economic activity that seems to have contributed to the livelihoods of people in the society. It is a sector characterized by individuals with limited resources who engage in small-scale informal businesses. This could be in the form of micro-retail setups to street vending. The nature of this business is such that it permeates both the rural and urban areas.

In Akokwa community, petty trading takes on a distinctive character shaped by local culture, economic conditions, and the aspirations of its inhabitants. The rural area bustled with the vibrant energy of small-scale entrepreneurs that make a living. The confluence of various factors, low patronage, consumer demand, and geographical layout, creates a unique ecosystem where petty trading plays a crucial role in shaping the socio-economic dynamics of the rural traders. Petty trading in Akokwa is merely a survival strategy and a pathway for economic empowerment for many individuals in the communities. It serves as a conduit for income generation, providing a means for marginalized groups to access economic opportunities and contribute to household incomes (Jackson & Miller, 2019). The current situation in Nigeria presents a complex environment for petty trading, where the potential role of this sector in poverty alleviation is hindered by various challenges.

Despite its potential benefits, petty traders in the rural area face significant obstacles that impede their ability to contribute meaningfully to poverty reduction. Limited access to financial resources may hamper traders' capacity to expand their businesses or make necessary improvements. Inadequate infrastructure, such as market facilities and transportation, may also pose a significant barrier to the efficient operation of petty trading activities.

Conceptual issues

Petty trading is a business whereby people display their goods in small-scaled shops in the streets and markets for potential buyers to purchase items of their choice. Petty trading can be referred to as an economic activity that involves the selling and buying of goods and services on a small scale. It is a form of informal vending that may be a significant source of income, particularly in regions where formal employment opportunities are limited. Some salient factors contribute to its potential to generate income for the low-income trader. Petty trading requires minimal capital investment, making it accessible to individuals with limited resources. This allows vendors to start selling goods in small shops or stalls in the streets, markets, and their houses serving as a formal storefront. Furthermore, petty trading offers flexibility and mobility, allowing the traders to move to locations with higher foot traffic or better sales opportunities. Vendors can adjust their locations and timings based on market demand, maximizing their earning potential (Bhowmik, 2020).

Petty trading direct sales to customers eliminating the need for intermediaries. This direct interaction allows traders to build relationships with their customers, understand their preferences, and tailor their offerings to meet demand, potentially increasing sales and income (Richard, 2019). In addition, petty trading offers the flexibility to sell a variety of products, ranging from food and beverages to clothing, accessories, and household items. This diversity in offerings allows vendors to cater to different customer needs and preferences, potentially increasing sales and income (Bhowmik, 2020). Khatiwada (2019) - recognizes petty trading as more than just a subsistence activity, something that can change economic landscapes and contribute to the economic vibrancy of communities. The socio-economic impact of petty trading takes centre stage in the work of Nwachukwu (2017). The study explores how petty trading influences individual livelihoods, emphasizing its role as a crucial source of income and employment. Nwachukwu's research sheds light on the often-overlooked economic contributions of petty traders, portraying them as integral components of the economic fabric, especially in rural environments.

Osadebe and Nwankwo (2020) provide valuable insights, particularly in the context of gender roles. Their research illuminates how women actively participating in petty trading challenge traditional gender norms. Petty trading becomes a vehicle for economic empowerment, enabling women to overcome socio-cultural barriers and contribute significantly to their households and communities.

Petty trading, characterized by its adaptability and resilience, emerges as a crucial survival strategy for individuals, as noted by Portes (2017). Its informal nature allows for quick adjustments to economic challenges, providing opportunities for income generation where formal employment may be limited. This adaptability fosters a sense of economic agency for those involved in petty trading, allowing them to navigate the complexities of fluctuating economic landscapes. Nwachukwu (2017) exploration of the socio-economic impact of petty trading on individuals delves into its role as a vital source of income and employment. For

individuals facing challenges in accessing formal employment opportunities, petty trading becomes a lifeline, offering a means of financial support and independence. The economic contributions of petty trading at the individual level play a pivotal role in shaping the livelihoods of those engaged in it. At the community level, petty trading assumes a significance that extends beyond individual experiences.

Okafor and Anyanwu (2021) research underscore its contribution to local economies, showcasing how petty trading collectively influences the overall Gross Domestic Product (GDP). This economic significance positions petty trading as a driver for community-level development, creating a ripple effect that extends to various facets of community life.

For Ibrahim, Musa and Paul (2023) the dearth of jobs, coupled with the desperate need for the augmentation of household income means that people engage in petty trading businesses for their socioeconomic wellbeing. Its low capital requirement and ease of setup makes it especially practical for households in low income and vulnerable groups. The established positive and significant impact on household income and living standard lends credence to the need to increase the level of peoples' participation.

Osadebe and Nwankwo (2020) exploration of the social dynamics of petty trading emphasize its role as a platform for economic empowerment, particularly for women. The involvement of women in petty trading challenges traditional gender norms, fostering greater gender equality within communities. This social inclusion contributes to the overall empowerment and well-being of individuals, especially those traditionally marginalized. The socio-economic impact of petty trading extends beyond mere economic transactions, influencing the social dynamics and power structures within communities.

In examining the socio-economic importance of petty trading, it becomes evident that these activities play a crucial role at both the individual and community levels. From providing economic opportunities and independence for individuals to contributing to the overall economic fabric and social dynamics of communities, petty trading emerges as a multifaceted force with far-reaching socio-economic implications. The empowerment derived from petty trading extends to individuals, especially women, challenging traditional gender roles. This empowerment is not solely economic but encompasses broader dimensions of well-being, including social inclusion and the ability to participate meaningfully in community life. Mnyawi and Benedict (2014) assessed the contribution of petty trading on household poverty reduction using primary data collected from 110 petty traders in Dodoma Municipality in Tanzania. The result of the analysis carried out with the use of tables, simple percentages and graphs indicated that petty trading was instrumental in the increase in the level of living standards among households in Nepal.

The social exchange theory of Homans (1961) that explains social interaction as cost and reward interaction can be applied to petty trading business. The theory sees petty trading as an enterprise in which people expect equity in exchange, people expect to be equally rewarded or get value equally for incurring the same cost. The theory analysed the economic transactions, relationships, and exchanges of goods and services between petty traders and their customers. It provides insights into the motivations and dynamics of these economic interactions between petty traders and their customers.

In other to satisfy the objective of this study which is to determine the impact of petty trading on rural economics, the study seeks to provide answers; to what extent has petty trading increased the income level of rural people? Does small-scale business lead to an improved standard of living in the rural area?

In the light of the above, the following research hypotheses were formulated:

- i. There is a significant - relationship between petty trading and income level in rural areas
- ii. There is a significant - relationship between petty trading and improved standard - of living in rural areas

METHODOLOGY

The study adopted a survey and descriptive research design. The essence was that the survey provided a framework for the collection of data for the development of an in-depth understanding of the research focus. While the descriptive research design allowed the respondents to express themselves about the topic under study through an in-depth interview and the questionnaire. The sample consisted of 323 petty traders who were randomly selected from the rural community of Akokwa, the choice of this area was that it is a rural area where official employment is minimal and many of the people engage in petty trading for a living. Four-point Likert scale close-ended questionnaire and interview were used to collect data for the study. The Cronbach Alpha Test was used to test for the internal consistency and the reliability index of the instrument. High Cronbach's alpha values indicate that response values for each participant across the set of questions are consistent and the higher values indicate higher agreement between items. The data gathered was analysed using chi-square.

RESULT

Testing of Hypothesis One

H1 There is a significant relationship between petty trading and high-income levels.

To test this hypothesis, the responses of the respondents in questionnaire items 5, 7 and 8 were used.

Table 1 Analysis for Petty and High-income Level

| | E | (O - E) | (O - E)²/E |
|-----|----------|----------------|------------------------------|
| 221 | 73.7 | 147.7 | 0.2 |
| 142 | 47.3 | 94.7 | 1.4 |
| 355 | 118.3 | 33 | 0.5 |
| 319 | 106.3 | 212.7 | 0.4 |
| 221 | 73.7 | 147.3 | 0.2 |
| 142 | 47.3 | 68.3 | 1.4 |
| 355 | 118.3 | 33 | 0.5 |
| 319 | 106.3 | 33 | 0.4 |

| | | | |
|--------------|-------|------|------------|
| 221 | 77.3 | 9 | 0.2 |
| 142 | 47.3 | 32.7 | 1.3 |
| 355 | 118.3 | 22 | 0.3 |
| 319 | 106.3 | 21 | 0.4 |
| Total | | | 7.2 |

The table above is a 4 x 2 contingency table, hence the degree of freedom.

$$(df) = (C - 1) (R - 1)$$

$$(df) = (4 - 1) (2 - 1)$$

$$df = 3 \times 1 = 3$$

Thus, $df = 3$.

From the table above the value of χ^2 at a significance level of 0.05 and degree of 3 = 7.815 and the calculated value of $\chi^2 = 7.2$. Since the calculated value of χ^2 is less than the table value of χ^2 the alternate hypothesis which states that; there is a significant relationship between petty trading and high-income level therefore accepted.

Test of Hypothesis Two

H1 There is a significant relationship between petty trading and improved standard of living.

To test this hypothesis, the responses of the respondents in items 9, 10 and 12 were used.

Table 2 Analysis for selling of good/services and improved standard of living

| O | E | (O - E) | (O - E)²/E |
|--------------|----------|----------------|------------------------------|
| 148 | 140.6 | 7.4 | 0.1 |
| 134 | 119.7 | 14.3 | 0.2 |
| 20 | 26.7 | 6.7 | 0.5 |
| 21 | 36 | 15 | 0.8 |
| 149 | 140.6 | 8.4 | 0.1 |
| 100 | 119.7 | 19.7 | 1.2 |
| 30 | 26.7 | 3.3 | 0.2 |
| 44 | 36 | 8 | 1.4 |
| 125 | 140.6 | 15.6 | 0.2 |
| 125 | 119.7 | 5.3 | 0.1 |
| 200 | 66.7 | 133.3 | 3.9 |
| 43 | 36 | 7 | 0.4 |
| Total | | | 7.5 |

The table above is a 4 x 2 contingency table, hence the degree of freedom.

$$(df) = (C - 1) (R - 1)$$

$$(df) = (4 - 1) (2 - 1)$$

$$df = 3 \times 1 = 3$$

Thus, $df = 3$.

From Table 4, the value of χ^2 at a significance level of 0.05 and degree of 3 = 7.815. The calculated value of $\chi^2 = 7.5$. Since the calculated value of χ^2 is greater than the table value of χ^2 , we therefore accept the alternate hypothesis which states that there is a significant relationship between petty trading and improved standard of living in Akokwa community.

DISCUSSION OF FINDINGS

The findings of this study revealed that petty trading has led to an increased income level in Akokwa community. This is supported by Nwadi (2021) that petty trading is one of the avenues to generate income and reduce poverty in rural areas. The findings were also supported by the qualitative data derived from the interview schedule in which majority of those interviewed agreed that petty trading has availed people in rural area the opportunity of increasing their finances. They added that the strategic location of Akokwa community as a gateway to other communities made it possible for the people especially travellers to patronize the locals.

The findings further revealed that petty trading has led to an improved standard of living among many of the rural dwellers of Akokwa community. This finding was supported by Mnyawi and Benedict (2014) who identified that petty trading was instrumental in the increase in the level of living standards among households. This is also in line with the findings of the study Ibrahim, et al. (2023) that petty trading has a positive significant impact on household income and living standard and increases the level of people's participation in the venture.

Conclusion and Recommendations

Petty trading is an important element in the changing dynamics of rural economics. The dearth of jobs and the desperate need for the argumentation of household income means that people get involved in petty trading businesses as means of enhancing their socio-economic wellbeing. Its low capital requirement and ease of setup makes it especially practical for households in low income to get involved. Its glaring potential for poverty reduction and income generation makes it a tool for sustainable progress in the economy of rural dwellers. Therefore, modalities need to be put in place to address the challenges these businesses face, in order to adequately amplify their impact on income and living standards of households in Akokwa. The Government should provide easy access to microfinance institutions or schemes that offer low-interest loans to petty traders, enabling them to expand their businesses and increase income. Training programs and workshops should be provided to petty traders by the government and non-governmental organisation to improve their business skills, financial management, marketing, and customer service, to help them run their businesses more effectively.

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