DETERMINANTS OF PROFITABILITY ON STREET VENDING IN KISUMU CENTRAL BUSINESS DISTRICT, KENYA

BY

DORCAS AWINO ONYANGO

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FINANCE, FACULTY OF BUSINESS AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI

2022

DECLARATION

This research project is my own work and it has not in part or fully been submitted or presented for award of degree or any other academic work.

Signature: Date: 16th November 2022

Dorcas Awino

D61/38289/2020

This research project has been submitted for presentation with my approval as the appointed university

Signature: ..... Date: 24 November 2022.

Professor Cyrus Iraya

Supervisor

ACKNOWLEDGEMENTS

First and foremost I would want to thank the Almighty God for the strength to complete my research project. I would love to extend my deepest gratitude to my supervisor Prof. Cyrus Iraya Mwangi for the invaluable efforts and guidance in assisting in completion of this project. I would also like to appreciate University of Nairobi fraternity for the excellent training and my dear colleagues for the resources we shared. Finally I would also love to extend my appreciation to my family and friends for the endless support and push to greater academic excellence.

DEDICATION

I dedicate this work to my dear husband Edwin Juma and son Jonathan Juma for their endless encouragement and support. I also dedicate this work to my parents Sylvester Onyango and Beatrice Onyango whose continuous support has made it possible for me to academically come this far.

TABLE OF CONTENT

DECLARATION ..... **II**
ACKNOWLEDGEMENTS ..... **III**
DEDICATION ..... **IV**
LIST OF TABLES ..... **VIII**
LIST OF FIGURES ..... **X**
ABBREVIATION ..... **XI**
ABSTRACT ..... **XII**
CHAPTER ONE: INTRODUCTION **1**
1.1 Background of the Study 1
1.1.1 Determinants of Profitability 3
1.1.2 Profitability 4
1.1.3 Profitability and its Determinants 5
1.1.4 Street Vending in Kisumu Central Business District 6
1.2 Research Problem 7
1.3 Research Objective 8
1.4 Value of the Study 8
CHAPTER TWO: LITERATURE REVIEW **10**
2.1 Introduction 10
2.2 Theoretical Review 10
2.2.1 Resource Based View Theory 10
2.2.2 Knowledge Based View Theory 11
2.2.3 Innovation theory of profit 11
2.3 Determinants of Profitability on Street Vending Business 12
2.3.1 Financial Niche and Profitability 12
2.3.2 Creativity and Profitability 13
2.3.3 Level of Education and Profitability 13
2.3.4 Experience and Profitability 14
2.3.5 Gender and Profitability 14

2.4 Empirical Studies 14
2.5 Conceptual Framework 18
2.6 Summary of Literature Review 18
CHAPTER THREE: RESEARCH METHODOLOGY 20
3.1 Introduction 20
3.2 Research Design 20
3.3 Population 20
3.4 Sample Design 21
3.5 Data Collection 21
3.6 Data Analysis 21
3.6.1 Validity and Reliability 21
3.6.2 Diagnostic Tests 22
3.6.2 Analytical Model 22
3.6.3 Significance Tests 23
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION 25
4.1 Introduction 25
4.2 Validity and Reliability Results 25
4.3 Questionnaire Response Rate 26
4.4 Respondents' Demographic Features 26
4.4.1 Age 26
4.4.2 Gender 27
4.4.3 Marital Status 27
4.4.4 Education Level 28
4.4.5 Experience 28
4.4.6 Capital Invested 29
4.4.7 Level of Income 30
4.5 Descriptive Statistics 30
4.5.1 Financial Niche and Creativity 30
4.5.2 Profitability 31
4.6 Inferential Statistics 32
4.6.1 Correlation Analysis 32

4.6.2 Multiple Regression Analysis 34
4.7 Diagnostics Tests 37
4.7.1 Normality Test 38
4.7.2 Multicollinearity Test 40
4.7.3 Homoscedasticity Test 42
CHAPTER FIVE: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS .. 44
5.1 Introduction 44
5.2 Summary of Findings 44
5.2.1 Financial Niche and Profitability 44
5.2.2 Creativity and Profitability 44
5.2.3 Experience and Profitability 45
5.2.4 Gender and Profitability 45
5.2.5 Level of Education and Profitability 46
5.3 Conclusions 46
5.4 Recommendations 47
5.5 Suggestion for further studies 47
REFERENCES 49
APPENDIX I: QUESTIONNAIRE 56

LIST OF TABLES

Table 4.1 Validity Assessment……..25

Table 4.2 Cronbach Alpha Reliability Assessment……...25

Table 4.3 Rate of Response……...26

Table 4.4 Respondents' Age……..27

Table 4.5 Respondents' Gender…….27

Table 4.6 Respondents' Marital Status……..28

Table 4.7 Respondents' Education Level……..28

Table 4.8 Respondents' Experience……...29

Table 4.9 Invested Capital…….29

Table 4.10 Monthly Incomes…….30

Table 4.11 Financial Niche and Creativity……31

Table 4.12 Profitability……..31

Table 4.13 Relationship between independent variables and profitability……...32

Table 4.14 Fitness of the Model……34

Table 4.15 Analysis of Variance……34

Table 4.16 Coefficients of Regression……...35

Table 4.17 Education Level Normality Test……..38

Table 4.18 Experience Normality Test……..38

Table 4.19 Savings Group Normality Test……38

Table 4.20 Access to Finance Normality Test……..39

Table 4.21 Financial Literacy Normality Test……..39

Table 4.22 Offering complement Normality Test……..40

Table 4.23 Offering after-sale service Normality Test……40

Table 4.24 Multicollinearity Test……..41

Table 4.25 Homoscedasticity Test……42

LIST OF FIGURES

Figure 2.1 The Conceptual Model…….18

Figure 4.1 Monthly profits…….43

ABBREVIATION

MSEs	Micro and Small Enterprises
%	Percentage
GDP	Gross Domestic Product
ROE	Return on Equity
ROA	Return on Assets
SPSS	Statistical Package for Social Sciences
VIF	Variance Inflation Factor
CBD	Central Business District
RBV	Resource Based View
KBV	Knowledge Based View

ABSTRACT

Street vending being a subsector of MSEs exponentially grows with urbanization. The main goal of street vending is to ensure that individuals earn an income and improve on their livelihoods. This however is far from being achieved based on the available evidence especially in Africa that anchors income maximization. The major aim of the study was to establish determinants of profitability of street vending business in Kisumu Central Business District, Kenya. Particularly, it aimed to establish the influence of financial niche, creativity, experience, gender, and level of education on profitability of street vending business in Kisumu Central Business District. This study utilized a descriptive research design. The study population comprised street vending businesses within Kisumu CBD. The study's sample size was 384 street vending businesses. The study used primary data collected using questionnaire. The questionnaire was self-administered. Statistical Package for Social Sciences version 25 was used to analyze data. Data analysis comprised of both descriptive and inferential statistics. The descriptive statistics involved mean, standard deviation, frequencies and percentages while inferential statistics involved multiple regression analysis. The results were in form of tables. The study concluded that financial niche, creativity, gender, and level of education influenced profitability of street vending business in Kisumu Central Business District. The study findings indicated that financial niche, creativity, experience and, level of education had a weak positive influence on profitability of street vending business. Experience however indicated a negative relationship with profitability. In relation to the findings of the study, the study recommended that the Kenyan government should assess the guidelines governing street vending in a bid to create a favorable environment for the business to continue thriving. The study proposed that a similar study be conducted in another area to determine whether the results would be different from this study.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Street vending business dates back to centuries and pervasive both in developed and developing economies. According to Hansen et al. (2014), it is an activity that involves publicly offering goods for sale without a permanent built-up structure from which to sell. It contributes significantly to national income and individual livelihoods specifically in the urban setting of Sub-Saharan Africa and the developing world (Munishi & Kirumirah, 2020). Street vending constitutes part of Micro and Small Enterprises (MSEs) and informal sector of Kenya's economy to provide trade and services (Mungai et al., 2019). MSEs provide over 80% of Kenya's employment opportunities aiding in poverty reduction contributing approximately 70% of the nation's Gross Domestic Product (GDP) (Okello, 2022).

Despite the pivotal role played by street vending business to the national income and vendor's livelihood in Kenya, there are several determinants that greatly jeopardize the profitability of the business. In order for a business to be successful and survive, it has to sufficiently generate sales volumes that contribute business profit (Mungai et al., 2019). The profitability of a business is determined by how efficient and effective it achieves its goals. An organization's efficiency is dictated by the ratio of input to output while effectiveness is the ability of an individual or organization to choose accurate tools to achieve specific goals (Suhadak et al., 2018). Profitability on the other hand is a financial ratio for measuring financial performance. According to Margaretha and Supartika (2016), the proportion to measure the degree of performance of a company is profitability; an important condition for long-standing existence and success. It can therefore be used as an evaluation tool on which investors rely to gauge their business progress for survival purposes.

To scrutinize the determinants of street vending profitability, the study adopted relevant views of different theories. The Resource based view theory as a relevant theory to this study is founded on internal determinants of a firm's performance. The theory explains conditions under which resources of a firm will be efficiently utilized to be competitive

(Said, 2020). It further notes that a firm's resources are advantageous to its performance to a point of being unusual, costly to replicate, valuable besides cannot be substituted (Armstrong & Shimizu, 2007). These resources are considered valuable when they assist in improving a firm's effectiveness and efficiency.

On the other hand, the Knowledge based view theory argues that knowledge is accumulated through taking into consideration the environment where learning is taking place. The theory suggests that knowledge is complex and hard to imitate (Schilke et al., 2018). Knowledge as a determinant encourages experiences and creativity sustaining a reasonable advantage to street vending profitability. In accumulating knowledge, an individual gains skills that can be of benefit to the business.

The innovation theory of profit is driven by the idea of an entrepreneur being creative to earn profits (Śledzik, 2013). This theory holds that any individual who is seeking profits must be innovative. In innovation, there's a revolution of an economic structure in the creation of a new one. Similarly, the theory considers innovation as a driver of economic dynamism and competitiveness thereby dividing it into four distinct processes; diffusion, imitation, invention and innovation. Entrepreneurship is therefore innovation and actualization of the innovation. When street vendors utilize their innovative capabilities, they will earn more profits hence drive competitiveness.

According to Racaud (2018), unemployment has been on the increase since 1990s in Kisumu with an estimated 60% of its population depending on the informal sector to earn a living. The main constituent of Kisumu's informal sector is constituted by street vending (Steyn, 2012). The unemployed and urban poor mostly prefer street vending as their means of earning a livelihood due to the minimal financial input and skills required to start it (Onyango et al., 2012). In Kisumu, street vending activities have been found to continuously rise in bus terminals, parks and streets resulting in demand for new urban workspaces to cope with the rising number of the unemployed (Onyango et al., 2012). The estimated number of street vendors in Kisumu is between 40,000- 55,000 traders (Kiaka et.al, 2021). This clearly showed a larger percentage of individuals depending on street vending as a means of livelihood thereby triggered the study on determinants of street vending profitability in Kisumu.

1.1.1 Determinants of Profitability

Al-Jafari and Alchami (2014) defines profitability determinants as variables that either positively or negatively influence bank profitability. The variables can be categorized into micro or individual and macro or external determinants. On the other hand, Albertazzi et al. (2016) defines determinants of profitability as macroeconomic improvements which are heavily influenced by factors distinct to the banking sector. The differences in profitability may be due to a host of factors; intrinsic factors, external forces and, business model and its related risks (Albertazzi et al., 2016). Further, Boadi et al. (2013) defines determinants as explanatory variables that positively or negatively relate to profitability. Determinants of profitability in view of this study can be demarcated as variables that impact the level of profitability in a firm.

In Kenya, little research had been done on street trading activity especially on the determinants of profitability. In recent times, street vendors' population had been growing especially in urban jurisdictions like Kisumu but little had been done to examine what causes the increased street vendor population. Street vending business offers employment to a number of individuals and contributes significantly to a city's vibrancy and a country's economy. Nevertheless, little or no concern had been given to profitability determinants in terms of scholarly work in developing economy like Kenya. Most of the literature review stemmed from global research of determinants of profitability of street vending business (Demong et al., 2020; Bhattarai & Pathak, 2020; Mramba et al., 2015; Qi et al., 2019) with most studies in Kisumu focusing on dynamics of street vending (Onyango et al., 2012; Racaud 2017). This showed a clear indication that the determinants of profitability was under researched particularly in Kenya. The aim of this research was to address this gap by examining the determinants of profitability of street vending business in Kisumu CBD to help street vendors increase their profitability. This study therefore sought to discover how financial niche, creativity, level of education, experience and, gender affected profitability of street vending business in Kisumu CBD.

A number of studies had identified some determinants that influence profitability level. Business skills as a factor has been identified by some studies as a measurement of the level of expertise an individual has on handling a business (Demong et al., 2020;

Bhattarai & Pathak, 2020). The skills or expertise were gained informally as they conducted business through learning by doing (Mramba et al., 2015). On the other hand, a study by Qi et al. (2019) identified age of the vendor as a critical determinant in generating high sales revenue. Implications about an individual's social behavior, attitude, and anatomy were based on age. According to Onyango et al. (2012), a suitable location for a vending business determined how competitive it will be with vendors crowding bus terminals, junctions, streets and market parks to attract more customers. Bhattarai and Pathak (2020) suggested vendor's education level as one of the determinant of success found to be positively related to profitability. From the prior studies, several factors had been identified including individual age, level of expertise, level of education and business location among others as positively or negatively relating to profitability. This study therefore explored the individual and joint contributory effect of micro-determinants; financial niche, creativity, level of education, experience and, gender on profitability of street vending business in Kisumu CBD unlike the prior researches that distinctively considered the determinants.

1.1.2 Profitability

According to Ademba (2021), the steadiness of cash inflows and an indicator of business earnings over a period of time is profitability. Similarly, it is a show of ability to generate earnings over a period of time using a given capital stock (Otilah et al., 2019). The earnings are derived from the difference between the initial capital invested and the business expenses over a period of time. Similarly, Tsai and Yang (2018) defined vendor profitability as the return of the human capital. The returns could be used to gauge business progress for survival purposes. Therefore, in view of this study, profitability was the income derived from sales and assets investments to achieve efficiency during a reporting period.

Profitability maximization as a main concern of any firm determined the accomplishment of financial objectives, ethical awareness and contributes to the economy through payment of taxes. Profitability ratios were some of the major financial ratios used to determine a firm's growth. Measures of profitability are important to all business owners and investors. A number of recent studies had tried to test for performance and

determinants of profitability of different firms. Nonetheless, in the context of street vending sector predominantly in a developing economy like Kenya, it had received little attention. Studies explored; Gatere (2016) concentrated on the factors influencing performance of businesses run by women street vendors in Ngara while Onyango et al. (2012) emphasized on the dynamics of street vending in Kisumu. On the other hand, Racaud (2017) stressed on regulation of public spaces used for street vending in Kisumu. None of these studies exhaustively explores the profitability aspect in street vending especially in Kisumu Central Business District (CBD). Hence, this study sought to fill this research gap.

Several elements determining profitability including sales increase, size of business, age, and dependence on debt among others (Ademba, 2021). In measuring the profitability of a business several methods were used including Return on Equity (ROE), Return on Assets (ROA), and Return on Sales (ROS) (Kouser et al., 2012). Ademba (2021) indicated that profitability can be measured through ROE which measures how a business achieves profit from capital invested by the shareholders while ROA evaluates how a business uses its assets to attain profit. ROS measures earnings from every sale made and indicates a short-performance while ROE and ROA show the long-term performance of a business (Vijayakumar & Devi, 2011). In addition, profits were measured using revenues and expenditures whereby revenue is the gross profit and expenditure is the outflow made during the reporting period (Shosha, 2014). Consequently, in its absence, a firm couldn't attract investors and a business couldn't sustain itself for a longer period. Hence through understanding and learning profitability, a firm could develop effective performance strategy (Otilah et al., 2019). From the prior studies it was evident that the major measurements of profitability were ROA, ROE and ROS therefore, this study adopted Return on Equity (ROE) to determine street vending profitability level in Kisumu CBD.

1.1.3 Profitability and its Determinants

Profitability is a measure of performance and for a firm's survival it has to increase its chances of success. The activities surrounding street vending have a cascading effect on an individual; when they sell their products, profits accumulate leading to increases levels of sale (Flaming et al., 2015). Mazhambe (2017) in his study concluded that a multiplier

effect was felt as street vending accumulated profits noted from the difference of initial capital employed and derived income. A study by Batréau and Bonnet (2016) depicted street vending as an offer of profitable opportunities business owing it to vending spots further noting that fixed vendors earn more profits due to their precarious ownership of the location. Harahap (2017) assessed the determinants of street vendor's income and found that turnover, capital and daily costs significantly influenced street vendor's earnings. Bhattarai and Pathak (2020) attributed education level, vendors' practice, monthly sales, and daily working hours to street vendor's low profits. Tsai and Yang, (2018) examined the influence of human capital on vendor's profit in Taiwan and found that capital measured with level of experience and education to be positively related to profit. From the above past empirical research showed a relationship between profitability and its determinants therefore this study sought to add more knowledge on existing literature.

1.1.4 Street Vending in Kisumu Central Business District

Khan and Quaddus (2020) in their study propagated that street vending contributed substantially to the informal sector, a city's vibrancy and constitute a section of the overall nation's economy. Its vibrant nature was felt as it keeps on growing and a major contributor of the informal urbanism. Kisumu is one of the largest cities in Kenya with its population growing due to urbanization. According to Racaud (2017), unemployment had been increasing since 1990s in Kisumu with an estimated 60% of its population depending on the informal sector to earn a living. Most vendors had taken up available space in streets in the CBD to trade since these streets bear a huge number of willing consumers. Onyango et al. (2012) pointed out that due to the continued rise of unemployed in Kisumu, most individuals had opted for street vending as a source of livelihood with its activities concentrated in streets, bus terminals, and parks resulting in high demand for worksites in urban spaces. Most vendors had taken up available space in major streets in Kisumu CBD for vending purposes since these streets bear a huge number of willing consumers. The estimated street vendor population in Kisumu's CBD was an average of 48,000 traders (Kiaka et.al, 2021). Therefore, due to the growing demand of street vending in Kisumu comprising a pivotal segment of labor force and source of living, a developed surge of interest in their profitability level was critical.

1.2 Research Problem

Street vending has been rampant in most urban jurisdictions besides motivating individuals to invest their own capital to become small-scale entrepreneurs and realize profits. Flaming et al. (2015) in their research realized increase in profits when sales are made following street vending activities. The more profits are due to street vending informal dynamics since it requires little startup costs. The street vending activity contributes to economic prosperity and urban vibrancy and is a sector that had been overlooked especially in a growing city like Kisumu.

Over the past years, street vending has been rampant especially in urban jurisdictions due to increased rates of urban migration. In Kisumu, the business of street vending holds a huge part of its MSE economy since it provides income to a lot of households (Racaud, 2018). This is due to a number of individuals failing to acquire placement in the formal workplace due to their level of education and lack of job openings. In their pursuit to earn a living, they are forced to engage in street vending business. Street vending however has not been fully embraced as an opportunity to earn a living even though there are laws that regulate their activities and many people consider it a nuisance to the urban setup. Street vendors have often faced aggravation and harsh restrictions from legal authorities (Kumari, 2015). In some cases, they are battered and their commodities seized by the municipal authorities (Mungai et al., 2019). With reference to such hindrances to the economic activity equal to lower profitability levels leading to low GDP and poor living standards. Therefore, it was critical to understand the dynamics that play as determinants of profitability of this business to improve on economic empowerment and improve on their living standards.

Past global empirical studies have attempted to take in consideration street vending business and determinants of its profitability. For instance; Bhattarai and Pathak (2020) in their study discussed the major attributes of street vendor's low profits in Nepal including; education level, the practice of vendors, monthly sales, and daily working hours. Similarly, a study by Harahap (2017) in Indonesia discussed determinants of income and how they affect street vendor's revenue and their overall welfare; turnover, capital and daily costs were major determinants significantly influencing street vendor's

earnings. On the other hand, Mazhambe (2017) based his study on the implications of street vending on the economy and individuals. The research was based on the economic contributions of street vending businesses to the economy with the findings attributing a positive impact of vending business to Zimbabwe's economy and livelihoods of vendors. Moreover, in Nairobi, a study by Mungai et al. (2019), examined the growth proactiveness of women street vending. The study scrutinized proactiveness as an important factor to growth of women vendors. A study in Kisumu by Onyango et al. (2012) examines the patterns and nature of street vending activities. Similarly, a study by Racaud (2017) highlighted regulation of public spaces used for street vending in Kisumu. Both studies had majored their focus on the dynamics of street vending in Kisumu. From the previous studies, there still existed a research gap in relation to street vending especially in developing countries like Kenya. Less empirical research on street vending profitability aspect and its determinants existed especially in a city like Kisumu where a significant population is earning an income from the activity. This study therefore would fill these gaps through establishing determinants affecting the profitability of street vending business in Kisumu CBD. The main research question that guided this study was; what are the determinants of profitability of street vending business in Kisumu CBD?

1.3 Research Objective

The objective of the study was to examine the determinants of profitability on street vending in Kisumu, Kenya.

1.4 Value of the Study

This study anticipated assisting street vendors in identifying determinants affecting the profitability of their vending business and understands their success to assist in building resilience within the ever-changing consumer demands and lifestyle. Hereafter, they would apply methods that would improve how they perform and maximize their profits.

Additionally, this study would act as a guide to policymakers who would use it to develop new reforms to create a suitable environment that protects and allows street vendors to thrive in their vending business.

Furthermore, this study intended to enlarge the existing knowledge created by prior studies on determinants affecting the profitability of street vendors especially those in developing economies. For this purpose, it shall be used as a reference to further academicians' research on this subject.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter provided a review of literature based on the determinants of profitability on street vending business. The chapter also focused on the theoretical literature review with specific literature on five determinants which influence profitability of street vending business such as financial niche, creativity, level of education, experience, and gender. The chapter concluded with a summary of the conceptual framework.

2.2 Theoretical Review

This study is entrenched in three theories that are in line with the topic under research. The theories in focus are: Resourced based view theory, Knowledge based view theory, and Innovation theory of profit.

2.2.1 Resource Based View Theory

Resource based view (RBV) theory was established by Barney's in 1991 as a managerial framework to determine the strategic resources of a firm for sustainable competitive advantage (Armstrong & Shimizu, 2007). RBV assumes firms as profit maximizing entities driven by managers operating in diverse markets that are reasonably predictable and are heading towards achieving equilibrium. The underlying rationale of this theory is on internal determinants of a firm's performance and explains conditions under which a firm's resources will gain its competitive advantage (Said, 2020). A firm's competitive advantage is felt when it can produce economically and satisfy their consumer needs hence enjoying superior performance in relation to their rivals (Armstrong & Shimizu, 2007). A firm's resources are advantageous to its performance to a point of being unusual, costly to replicate, valuable besides cannot be substituted. These resources are considered valuable when they assist in improving a firm's effectiveness and efficiency. This theory however has extensively received criticisms along with its development on different grounds. Critics mention that it has no managerial implications since it emphasizes managers to develop and obtain resources for an effective organization but doesn't show how (Kraaijenbrink et al., 2010). In addition, critics mention that the theory entails an infinite regress since it argues that a firm that develops structures and products surpasses a firm that has the best product innovation capability today (Kraaijenbrink et

al., 2010). On the other hand, this theory is considered incomplete since it does not acknowledge the logic of entrepreneur's training in the context of street vendor's profitability (Said, 2020). On that basis Knowledge Based View (KBV) theory will be relevant to present knowledge imparted through training towards profitability of street vending. This theory related to this study since resources like creativity are rare human capabilities which cannot be easily imitated and can be utilized to build structures that create a competitive firm. Likewise through gaining financial literacy and borrowing helps improve a firm's overall profitability.

2.2.2 Knowledge Based View Theory

Knowledge Based View (KBV) theory was founded by Grant 1996. KBV takes into consideration knowledge as the most significant resource of a firm (Nunoo & Andoh, 2011). It argues that knowledge is accumulated through taking into consideration the environment where learning is taking place. This theory will be used to fill the gap recognized in RBV. Failure to make profits has been attributed to lack of knowledge while in the RBV capacity it's attributed to resources available nonetheless knowledge in KBV is necessary to utilize the resources. This theory suggested that knowledge is complex and hard to imitate (Schilke et al., 2018). Knowledge as a determinant encourages experiences and creativity sustaining a reasonable advantage to street vending profitability. This theory has faced criticism on bases that knowledge as a resource is incomplete without considering either its strategic value or whether the value will be adopted by the firm rather than retained by individual knowledge-holders (Eisenhardt & Santos, 2002). Thus the focus is limited to ability to change rather than the use of knowledge as critical to gaining competitive advantage and increasing profits. This theory related to this study since it identifies knowledge accumulation aided with gaining skills through financial literacy needed to improve profitability of street vending business. The theory pegged performance of street vendors on knowledge accumulated through training street vendors to build their capacity. The knowledge is accumulated by training is critical for street vending business profitability.

2.2.3 Innovation theory of profit

The Innovation theory of profit was founded by Joseph Schumpeter in 1912 under his Theory of economic development publication (Śledzik, 2013). He termed the

development as mechanical changes in a historical process driven by innovation. Schumpeter held that any individual who is seeking profits must be innovative. Innovation according to him was a revolution of an economic structure in the creation of a new one. Similarly, he considered innovation as a driver of economic dynamism and competitiveness thereby dividing it into four distinct processes; diffusion, imitation, invention and innovation. In this theory, invention, and innovation are considered to have less impact on the state of an economy contrary to diffusion and imitation. This is due to fewer macroeconomic effects that are felt in the first few years when innovation is applied. The theory notes diffusion of innovation as a contributor to growth, investment, and employment which brings about the imitation period. The scholar reiterates that creative destruction is a major contributor to capitalism while the entrepreneur performs the role of change creator. Hence, entrepreneurship is innovation and actualization of the innovation. This theory has however faced criticism in the context of underdevelopment since it only acknowledges innovators as true entrepreneurs ignoring the traditional approach toward wealth creation which consists of the classical traits of entrepreneurs. Schumpeter's theory assumes a stationary state of the economy where prices and money supply are stable and cyclic flow of commodities is ideal conditions for being innovative. The profitability levels will be ensured by entrepreneurs being not only innovative but to diffuse it into the market. Thus, innovation as one of the constructs formed a variable in this study since it is key for diffusion and imitation to exist. On the other hand, less empirical research existed on innovation as a contributor to street vending success.

2.3 Determinants of Profitability on Street Vending Business

The profitability of street vendors is influenced by both micro and macro determinants. Micro determinants are specific variables while the macro ones include the external determinants. This study's micro determinants included financial niche, creativity, level of education, experience and, gender.

2.3.1 Financial Niche and Profitability

Information on how to handle finances is important to street vendors to increase their profitability. Financial empowerment of street vendors ascribes to access to loans, credit and other facilities. This information can be acquired through training to be financial literate. Yadav et al. (2019) in their study found that street food vendors do not achieve

growth due to their limitation in financial literacy. This could be attributed to lack of information on the available sources of finance to help improve or boost their business. In Zimbabwe, Thabani (2017) found lack of adequate financial resources as the main reason which hinders women food vendors' business progress.

2.3.2 Creativity and Profitability

Creativity is the continuous improvement of a product or service by adding value to it and increasing efficiency (Rahman et al., 2018). For a creative environment in an organization, an innovative culture must be adopted to modify business processes hence achieving excellent results. Innovation strives to reduce costs through a change in routine tasks hence simplifying the business process. Due to the dynamic and aggressive modern business, street vendors are situated at a vulnerable point in the open market prompting them to be creative. Using their human creative capabilities, they have to offer excellent services and products at competitive prices to boost their wealth and productivity. Similarly, originality is the driving force of innovation, especially in the case of a street vending business, a vendor needs individual creativity to stand out from their competitors and create wealth. Rahman et al., (2018) stated that intellectual capital is ingrained in humans, and for its successful allocation, there should exist innovative as well as high-quality workforce. Consequently, human capital needs to be developed and retained for continuous success.

2.3.3 Level of Education and Profitability

Experience gained in learning can help to research and develop new business innovations and ideas. Professional experience has been found by previous studies to significantly impact street vendors' profitability. A study by Chiliya and Roberts (2012) reported an existing positive correlation of education level and profitability of street vending business. Sufficient education supports vendors in acquiring skills and knowledge to improve on profitability. Tsai and Yang (2018) found an inverse-U relationship between schooling years and a vendor's profit. A vendor's profit increases with the education level of the owner until the level of high school while those highly educated unveils similar performances to those with primary school level of education.

2.3.4 Experience and Profitability

Skilled and experienced manpower are the most powerful sources of business performance in any kind of business. Said (2020) argued that business skills are a catalyst to positive business performance. On the other hand, studies identified business skills as a factor determining profitability level (Demong et al., 2020; Bhattarai & Pathak, 2020). The skills or expertise were gained informally as they conduct business through learning by doing (Mramba et al., 2015). Experience showed how an individual is skilled with the know-hows of a particular business. This could only be achieved with the duration an individual takes in a particular business that enables him or her to understand what it takes to perform better and stand out from the rivals.

2.3.5 Gender and Profitability

Gender is a main variable that influences profitability. Street trading unlike formal sector does not discriminate individuals since any gender can venture into it. Studies have shown that females dominate the activity more than males (Bhomwik, 2005; Chakraborty, 2018; Kebedea & Odellab, 2014). This is due to the fact that street vending business is one of the readily available opportunities of employment open to women who need to earn a living. However, studies have also indicated that female incomes are relatively lower than the males (Chakraborty, 2018; Kebedea & Odellab, 2014). This is attributed to the fact that women undertake double roles of taking care of the household and handling the street vending business. Due to this, they dedicate a lesser amount of their time to the activity. On the other hand, they tend to start their vending businesses with low capital and locate the business near their homes hence cannot attract customers and yield better profits (Kebedea & Odellab, 2014).

2.4 Empirical Studies

Bhattarai and Pathak (2020) conducted a study to investigate income generation, and role of street vending on poverty reduction in Kathmandu Valley, Nepal. Street vendors were randomly selected with a sample of 450 street vendors. Interviews were conducted between May and June thereafter multiple regression analysis determined correlation of variables and net business income. The findings indicated street vending as a key contributor in creation of employment to economically as well as socially marginalized

society groups. Determinants including level of education, skill of respondents, monthly sales, and hours worked in a day were found to affect the profitability of street vendors. The researchers concluded that street vendors should be shifted to formal sectors to avoid the urban nuisance it creates and create more employment opportunities.

Harahap (2017) in his study examined the determinants of income and how they affect street vendor's revenue and their overall welfare. The study was conducted in Padang city in Indonesia with study's target population being street vendors in Padang city with a sample of 225 individuals. Data was collected in a year's time. Multiple linear regression analysis examined the effects of the variables to income. The study found that turnover, capital and daily costs significantly influence street vendor's earnings. The revenue earned significantly improves their welfare. The researcher highlights the importance of informal sector as an income-generator and calls out for Indonesian government to mediate on the policies existing to change the narrative of the informal sector.

Winter (2017) researched to examine how street vendors utilize public space to earn a living and the dynamics of street vending in Sanjingwuwei neighborhood in Nanchang, China. The target population was street vendors working in Nanchang with 75 street vendors sampled for a nearly 4-week period. Qualitative data was coded to identify themes. The study findings show that street vendors actively engage urban space through re-appropriating of public space. The scholar recognizes informal street vending as a means of livelihood and that it deserves urban space since they recommodify urban space through representing it as use value.

Tsai and Yang, (2018) examined the influence of human capital on vendor's profit in Taiwan. The target population being street vendors and using a sample size of 23, the study was carried within a year. Multiple regression analysis was used to analyze data and measure the relationship extent of determinants and profit. The study's findings were that human capital measured through education and experience was found to be positively related to profit; education taking an inverse relationship where educated vendors tend to make higher profits. The researcher conclusively draws attention to location which matters for a profitable street vending business. He further puts emphasis on transformation of a street vending business to a physical store since vendors suffer

environmental and legal issues that disadvantage the long-term operations of the business.

Martínez et al. (2018) researched to examine the diversity of street vending in Cali. Street vendors were selected with a sample size of 1330 street vendors. The data collection was conducted in 2014 to 2016. Descriptive statistics was used to conduct analysis with the findings affirming the contribution of street vending to individuals through providing of incentives to be small-scale businesspersons. The researchers recognize that street vending generates income, alleviates poverty and reduces unemployment therefore city urban planners should permit urban spaces to ease on how street vendors conduct their activities.

Regionally, studies had been conducted in Africa in connection with street vending. For instance, Tshikhudo and Manenzhe, (2021) investigated vegetable and food street vendors' profitability in Mbombela Local Municipality, South Africa. The target population was street vendors from Nelspruit CBD, Matsulu, White River, Kabokweni, and Nelspruit N4 road to Pretoria with a selected sample size of 30 and study conducted in a month's time. The study utilized descriptive statistics to analyze data; the study's findings attributed theft, lack of support from the government, inexperience in business practice, and non-adherence of municipality laws on trading spaces as the challenges hindering vendor's profitability. The study stressed that when such hindrances are left unattended, it negatively impacts on the dedication and hard work of street vendors leading to low profit levels hence creating poverty, unemployment and negatively impact the economy.

Mazhambe (2017) conducted a study to examine street vending contribution to Zimbabwe's economy. The study took place in Harare Central Business District (CBD) with the population target being all street vendors operating in Harare CBD. Utilizing a sample size of 166 the study was conducted in 4 weeks' time. Questionnaire data was analyzed using cross tabulations with study findings indicating 86.6% of the vendor population depending wholly on street vending as their source of livelihood with their living standards improved. The study findings also indicated street vending as a socio-economic contributor since it is a surviving strategy for the urban low-income. The study

concluded that government and regulatory bodies should lay policies and legislation that recognize street vendors as key actors in country's national economy.

Uwitije (2016) researched to examine street vending contribution on the livelihoods of urban-poor in Kigali city, Rwanda. The study population was street vendors with a sample of 90 street traders with a study period of 4 weeks. Descriptive and inferential statistics were used to analyze quantitative data. This study found factors like dissatisfaction from previous employment, failure to secure employment in formal sector, and need to support family contributed to start of street vending business. The researcher notes that street vending is a job creator and source of livelihood to the urban poor and not an illegal practice. She further notes that the government should create a better environment and space for street vendors to excel.

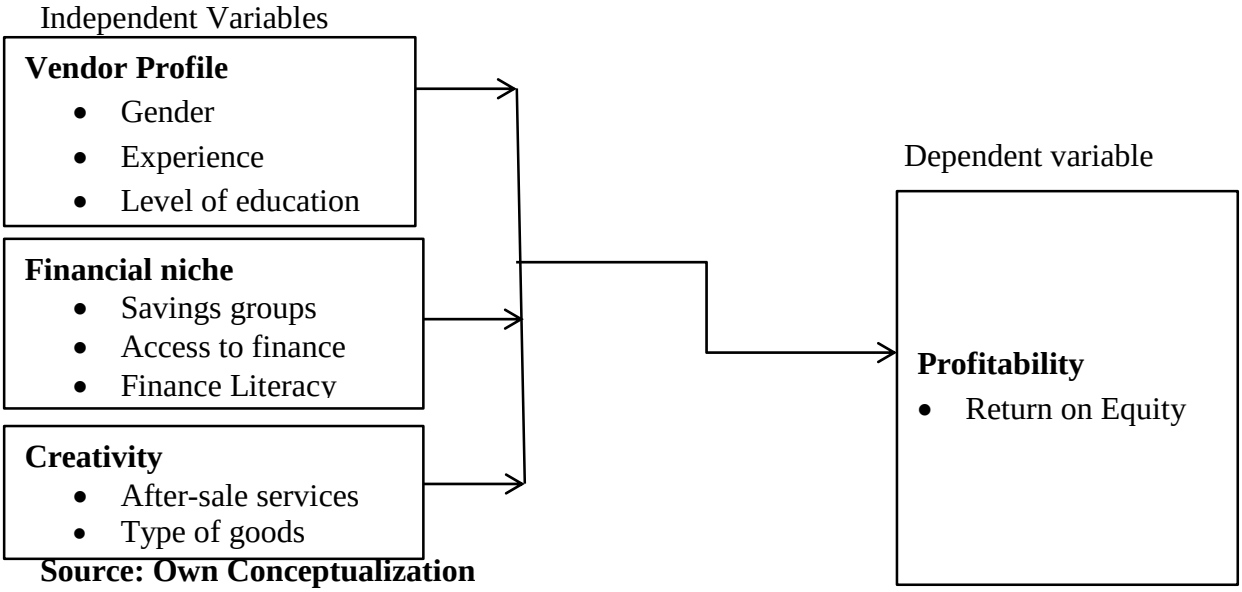
Karondo and Tumaini (2021) conducted a study to investigate the role of street food vending to the vendor's household welfare in Tanzania. The study was undertaken in Ilala Municipality in Dar es Salaam. The study population was street food vendors in Ilala Municipality with a sample size of 297 street food vendors. Data was collected within a year. Data analysis was performed using binary logistic regression model with study findings indicating that low-income individuals in urban jurisdictions earn livelihood from street food vending. Individuals were also found to engage in this kind of business due to less capital required to start. Factors like operating in a permanent structure, borrowing from financial institutions, vendor's education were found to increase sales hence improving vendor's household welfare. The research concluded that local government and actors should encourage individuals to exploit street food vending to build income and eradicate poverty. They further recommended local government to encourage street food vendors to operate in permanent built-up structures to increase security and sustainability of their business.

Gatere (2016) executed research to investigate the factors affecting women street vendors' business performance in Ngara, Kenya. The target population comprised all 120 female vendors in Ngara. A census of the entire population was piloted since the study did not sample for a period within a year. A multilinear regression model was used to analyze data with study findings indicating financial capability, entrepreneurial expertise,

family obligations, and location a positively influencing performance of female-owned street vending business. The researcher suggests Kenyan government to evaluate laws governing street vending to create a more conducive environment. The researcher further suggests a related study to be performed in another region.

2.5 Conceptual Framework

Figure 2.1: The Conceptual Model



Source: Own Conceptualization

According to Wilbard (2017), a conceptual framework shows a connection of ideas that relate the independent and the dependent variables. This conceptual framework, empirical studies, and theories indicated that financial niche, creativity, level of education, experience, and gender are key determinants of profitability of street vending business. Therefore this study's independent variables were financial niche, creativity, level of education, experience and gender while the dependent variable was profitability.

2.6 Summary of Literature Review

Most of the literatures reviewed were from different authors in different countries whose strategic footing and approach relevant to this study were different. Studies for example Bhattarai and Pathak (2020) investigated to assess the contribution of street vending. From the study, street vending contributed to employment creation with the determinants like level of education, skill of respondents, monthly sales, and hours worked in a day affecting their profitability. A similar study by Tsai and Yang (2018) investigated effects of human capital on vendor's profit. It was found that capital in relation to level of

education and experience significantly affected vendor's profits. Most of them had focused on individual and firm demographic factors as powerful determinants of success and growth exempting the profitability aspect. Additionally, studies done in Kenya had not investigated determinants particularly challenging the profitability of street vendors in Kisumu CBD. A study by Gatere 2016 executed research to investigate the factors affecting women street vendors' business performance. The study found financial capability, entrepreneurial expertise, family obligations, and location as positively influencing performance of female-owned street vending business. Mazhambe (2017) examined street vending contribution to Zimbabwe's economy. Study findings indicated street vending as a socio-economic contributor since it is a surviving strategy for the urban low-income. The contextual gaps in these studies existed due to the different locations and groups of people being addressed while conceptual gaps emanated from the different objectives. Thus, this research would fill these research gaps and establish determinants of profitability on street vending business in Kisumu CBD, Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focused on the methodology of the research. It described the research design to be used, the targeted population, sample design, data collection procedures, and data analysis methods. This section defined the methods and strategies to be employed to identify determinants of profitability of street vending in Kisumu CBD, Kenya. Finally, the reliability and validity of data collection instruments would be determined.

3.2 Research Design

This study utilized a descriptive correlational research design since it was establishing the association between financial niche, creativity, level of education, experience, gender, and the profitability of street vending. This research outlined to what degree of association exists between the quantifiable variables.

3.3 Population

The research study was carried out in Kisumu, the third-largest city in Kenya. It targeted street vending business along sidewalks and in the public space within the CBD. The target population was preferred due to the researcher's interest in street vending which is a growing sector for the urban low-income households in Kisumu who largely depend on street vending trading as a source of income. The population of street vending business owners was 32,000 on average (KCG, 2021). Due to this large population, the study adopted the sampling formula by Thakur (2022) which aimed at attaining an adequate sample size for a study where the sampling population is above 10,000. The formula was as follows:

$$\textbf{Sample size, n} = \mathbf{N} * \frac{\frac{Z^2 * p * (1-p)}{e^2}}{[N - 1 + \frac{Z^2 * p * (1-p)}{e^2}]}$$

Where;

N= Size of the population

Z= Normal distribution's critical value at 95% confidence level (1.96)

P=Proportion of sample

e=Error margin (0.05)

$n= 32,000*(1.96^2*0.5*(1-0.5)/ (0.05^2))/ (32,000-1+(1.96^2*0.5*(1-0.5))/ (0.05^2)$

$n=384.16\sim384$

3.4 Sample Design

This study employed a simple random sampling design to select street vending business in various streets in Kisumu CBD. This technique allowed for generalization of the population at large with a determinable statistical error margin. In addition it gave equal probabilities for all samples to be picked (Latpate et al., 2021). The sample were randomly chosen without taking into account any non-random determinants including age, ethnicity, and willingness among others.

3.5 Data Collection

The study employed questionnaires to collect primary data and desktop analysis for secondary data. Primary data was ordinarily quantifiable and descriptive. The collection of primary data was done through face-to-face administering questionnaires to each street vendor holding their business in streets of Kisumu CBD. In facilitation of the collection of data, 5 research assistants were hired in addition with the researcher to assist in the activity. The questionnaires were randomly distributed to 384 street vendors on a day which was decided by us to collect data.

3.6 Data Analysis

3.6.1 Validity and Reliability

Validity and reliability of the research instruments was tested using content validity and Cronbach alpha respectively. Sürücü and Maslakçi, (2020) promulgates that validity of a research instrument is concerned with quality or behavior measurement and whether it measures what it claims to measure. To ensure that this study was conducted with valid measurements, the questionnaire was pre-tested to obtain content validity. Content validity reveals the degree to which each measuring instrument such as questionnaire serves its purpose (Yusoff, 2019). This was done through pre-testing of the questions to refine the clarity. On the other hand, instrument reliability is the consistency of measuring instruments used over time (Sürücü & Maslakçi, 2020). Cronbach's (α) value of 0.7 and above was considered an acceptable value for reliability of the questionnaire (Glen, 2022).

3.6.2 Diagnostic Tests

Diagnostic tests adopted in this study were normality test, homoscedasticity test and multicollinearity test. Regression models assume an error term bearing constant variance which is termed as homoscedastic. Classical regression model assumes a homoscedasticity. To test for normality, Shapiro-Wilk test was applied. A p-value of 0.7 and above shows an acceptance of null hypothesis and a normal distribution of residuals. On the other hand, change of error term is a major problem in cross-sectional data known as heteroscedasticity. Inference is influenced by heteroscedasticity of data enabling standard errors used to establish a biased hypothesis testing. To test for homoscedasticity residuals, a scatter plot was applied.

Daoud (2017), Multicollinearity is a situation in which independent variables are related thereby increasing the standard error of coefficients. Since it inflates the standard error of coefficients, it makes some variables insignificant statistically while in reality they should be significant. Variance Inflation Factor (VIF) was used to quantify the extent to which the variance is inflated. VIF measures the level of multi-linear associations existing between variables. The square root of VIF represents how large the standard error is. The study adopted a formula by Ahmad (2021); VIF=$r/_{1-r2}$. VIF greater than 10 indicates a severe multicollinearity while less than 10 shows less or no multicollinearity among the variables. VIF inflates sample variance and dependence properties of the variables involved in the system.

3.6.2 Analytical Model

Both quantitative and qualitative data was organized, described, coded, and analyzed. Data collected will be analyzed using Statistical Package for the Social Sciences (SPSS) version 25. The inferential statistics entailed multiple linear regression while descriptive statistics included frequencies and percentages. The multiple linear regression analysis was adopted to show how much of the total variance in the dependent variable is possible to explain by the independent variables and to test hypothesis.

The multiple linear regression model was as follows;

Y= $\alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$

Where;

Y= Profitability given as return on equity

α= y intercept of equation

β_1 , β_2 , β_3 $and \beta_4$ are the coefficients of regression

X_1= Financial Niche measured by access to finance

X_2= Creativity measured by after-sale services

X_3= Gender measured using gender identity

X_4= Experience measured using duration in business

X_5= Level of education measured using education status

ε= term of error

3.6.3 Significance Tests

The significance tests assessed whether the differences witnessed in results' assessment is a sample error or chance. The statistical meaning of the model and its parameters will be measured using parametric tests. The F statistic, R^2 statistic and beta/regression coefficients were applied to determine the significance using p values to investigate the causal relationship of the variables. To determine the statistical significance of the correlations between the independent variables, Analysis of Variance (ANOVA) was conducted. The level of association between the dependent and independent variables in the model was indicated by p-value of the F-test. When the significance p-value is less than 0.05, it showed a statistically significant relationship between the dependent and independent variables. A p-value of 0.10 showed a weak significant relationship. Pearson product-moment correlation was utilized to find how much the dependent variable, selected independent variables correlate.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This study aimed at establishing the determinants of profitability (financial niche, creativity, level of education, experience, and gender) of street vending business in Kisumu CBD. The chapter contains data findings, analysis and how it has been interpreted. Specifically the chapter has focused on Validity and Reliability Results, Questionnaire Response Rate, Respondents' Demographics, Descriptive Statistics, Inferential Statistics, and Diagnostics Tests with results presented in form of tables and diagrams.

4.2 Validity and Reliability Results

The study was to establish validity and reliability of the research instrument. The results are indicated in the Table 4.1 and 4.2 respectively;

Table 4.1 Validity Assessment

Case Processing Summary

		N	%
Cases	Valid	307	100.0
	Excluded[a]	0	.0
	Total	**307**	**100.0**

a. Listwise deletion based on all variables in the procedure.

From the above Table 4.1, the case processing summary N shows the number of valid data which is 307 units, while the missing data is zero. This means that all data were processed hence valid.

Table 4.2 Cronbach Alpha Reliability Assessment

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.126	.129	5

From the results displayed in the Table 4.1 and 4.2, the Cronbach value is 0.126 which is less than 0.06 hence the research instrument is less reliable due to the less number of questions in the questionnaire. Since the values were less than 0.7, the instrument did not meet the threshold (Glen, 2022).

4.3 Questionnaire Response Rate

The study administered 384 questionnaires. 307 questionnaires were entirely filled and collected which represented 80% response rate as displayed in Table 4.3. According to Babbie (2004), a return rate of 50% is considered acceptable to analyze and publish; a return of 60% is good while 70% is exceedingly good. Therefore a return rate of 80% is generally perfect.

Table 4.3 Rate of Response

Response	Frequency	Percentage
Completely Filled	307	79.9%
Unanswered	77	20.1%
Total	**384**	**100%**

Source: Research Data

4.4 Respondents' Demographic Features

This consists of the basic characteristics of respondents including age, gender, marital status, level of education, experience, capital invested, and level of income in street vending business.

4.4.1 Age

.Table 4.4 shows a representation of 32.6% of respondents aged between 31-40 years whereas those aged between 21-30 represented 30.9%. Respondents aged 41-50 represented 20.2%, respondents aged 16-20 years represented 8.5%, and 7.8 % represented respondents aged over 51 years. These results show that most street vendors in Kisumu CBD are at their middle age.

Table 4.4 Respondents' Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	16-20years	26	8.5	8.5	8.5
	21-30years	95	30.9	30.9	39.4
	31-40years	100	32.6	32.6	72.0
	41-50years	62	20.2	20.2	92.2
	over 51years	24	7.8	7.8	100.0
	Total	**307**	**100.0**	**100.0**	

Source: Research Data

4.4.2 Gender

Table 4.5 shows that female respondents have gained more interest in street vending business with a representation of 62.2% while male respondents were 37.8%. This is a clear indication that most females prefer this kind of business due to its convenience; they can take care of the family and at the same time conduct the business at their preferred scheduled time.

Table 4.5 Respondents' Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	116	37.8	37.8	37.8
	FEMALE	191	62.2	62.2	100.0
	Total	**307**	**100.0**	**100.0**	

Source: Research Data

4.4.3 Marital Status

The results in Table 4.6 indicate that married respondents represented 48.5%, 30.6% were single, 12.4% were separated, and respondents who were divorced were at 8.5%. This is a clear indication that whether married, separated or divorced, the respondents had family commitments which they were to attend to. Thus the reason as to why they were

engaging in street vending to provide for their families. The single respondents on the other hand engaged in the activity to have a source of income and earn a living.

Table 4.6 Respondents' Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Married	149	48.5	48.5	48.5
	Single	94	30.6	30.6	79.2
	Separated	38	12.4	12.4	91.5
	Divorced	26	8.5	8.5	100.0
	Total	**307**	**100.0**	**100.0**	

Source: Research Data

4.4.4 Education Level

The results shown in Table 4.7 indicate that 39.6% of respondents had their education status at certificate level whereas 36.2 % had diploma level education status. 14 % had a degree level education status, and 10.2% had no education. None of the street vendors had acquired a postgraduate degree. Most street vendors in Kisumu CBD are not very well educated making it difficult for them to acquire formal jobs therefore this explains why they engage in street vending.

Table 4.7 Respondents' Education Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No education	31	10.1	10.1	10.1
	Certificate	122	39.7	39.7	49.8
	Diploma	111	36.2	36.2	86.0
	Degree	43	14.0	14.0	100.0
	Total	**307**	**100.0**	**100.0**	

Source: Research Data

4.4.5 Experience

The results in Table 4.8 denotes that 56.4% of the respondents had 2-3 years of experience, 31.6% indicated vending experience of 4-5 years, 8.4% of the respondents had experience of less than 1 year, and 3.6% had experience of over 5 years. This is a

clear indication that most street vendors had operated their vending business for a short time period. This is due to the nature of the business which bears hostile challenges.

Table 4.8 Respondents' Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1year or less	26	8.4	8.5	8.5
	2-3years	173	56.4	56.4	64.8
	4-5years	97	31.6	31.6	96.4
	over 5 years	11	3.6	3.6	100.0
	Total	**307**	**100.0**	**100.0**	

Source: Research Data

4.4.6 Capital Invested

Table 4.9 shows amount of capital invested for each street vending business. 38.7% represents street vending businesses who invested Kshs 5,000 and below whereas those that invested between 6,000 to 10,000 are 31.3%. On the other hand, those that invested between Kshs 11,000 to 15,000 are represented by 12.4%, 10.4% represents street vending business with initial capital outlay of between Kshs 16,000 to 20,000 and 7.2 % represents those that invested over Kshs 20,000. This means that most entrepreneurs lack enough finances making it difficult for them to stabilize the business.

Table 4.9 Invested Capital

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5,000 and below	119	38.7	38.8	38.8
	6-10	96	31.3	31.3	70.0
	11-15	38	12.4	12.4	82.4
	16-20	32	10.4	10.4	92.8
	Over20	22	7.2	7.2	100.0
	Total	**307**	**100.0**	**100.0**	

Source: Research Data

4.4.7 Level of Income

The results in Table 4.10 indicate fair distribution of the level of income for each street vending business. 30.6 % represented street vending business with monthly income of Kshs 5, 000 and below, 32.2% represented those with Kshs 6,000 to 10,000 monthly incomes. On the other hand, 23.5% represented those with monthly income of Kshs 11,000 to 15,000 whereas those that earn between Kshs 16,000 to 20,000 were represented with 10.4%, and finally those that earn a monthly income of over Kshs 20,000 were represented by 3.3%. This implies that these businesses are underperforming in terms of generation of income.

Table 4.10 Monthly Incomes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5,000 and below	94	30.6	30.6	30.6
	6-10	99	32.2	32.2	62.9
	11-15	72	23.5	23.5	86.3
	16-20	32	10.4	10.4	96.7
	Over20	10	3.3	3.3	100.0
	Total	**307**	**100.0**	**100.0**	

Source: Research Data

4.5 Descriptive Statistics

This section outlines the descriptive findings and discussion on determinants of profitability and profitability of street vending business.

4.5.1 Financial Niche and Creativity

The study aimed at determining if the street vendors in Kisumu CBD have access to finance and financial literacy training and whether it helps in improving the profitability of the business. Additionally it aimed at determining if the street vendors in Kisumu CBD utilize their innovative capabilities in improving the profitability of the business. The respondents were requested to respond to the influence of specific financial and creative aspects on a Likert scale. The Table 4.11 presents the results. The results indicate an

average mean of 3.04 showing that most respondents were agreeing with the statements on financial niche and creativity. The standard deviation of 0.87 shows varied responses.

Table 4.11 Financial Niche and Creativity

Descriptive Statistics			
	N	**Mean**	**Std. Deviation**
To what extent do saving groups benefit your business?	307	3.17	.864
To what extent are you able to access finance from financial institutions?	307	2.71	.932
To what extent is financial literacy a contributing factor to increase in profit?	307	3.00	.904
To what extent do offering complement goods affect your profitability?	307	3.21	.764
To what extent is after-sale service an attraction to more customers?	307	3.15	.886
Valid N (listwise)	307		

Source: Research Data

4.5.2 Profitability

The study aimed at determining if the street vendors in Kisumu CBD are profitable. The Table 4.12 shows the results. The response average mean was 2.23. The mean indicates that most respondents were not in agreement with the statements on profitability of street vending business. On the other hand, the Standard Deviation of 1.095 implied that the responses were varied.

Table 4.12 Profitability

Descriptive Statistics			
	N	**Mean**	**Std. Deviation**
How much is your monthly business yield in Kshs (thousands)	307	2.23	1.095
Valid N (listwise)	307		

Source: Research Data

4.6 Inferential Statistics

This section displays an analysis of the relationship existing on independent and dependent variables.

4.6.1 Correlation Analysis

In determining the non-causal relationship among the independent variables (financial niche, creativity, experience, gender, and level of education) and dependent variable (profitability), Pearson product-moment correlation analysis was adopted. The variables are analyzed and results presented in tables. Table 4.13 shows the relationship of the independent variables and Profitability.

Table 4.13 Relationship between independent variables and profitability

Independent Variables		How much is your monthly business yield in Kshs (thousands)
What is your gender?	Pearson Correlation	.026
	Sig. (2-tailed)	.652
	N	307
What is your education level	Pearson Correlation	.032
	Sig. (2-tailed)	.581
	N	307
How many years has your venture been in operation?	Pearson Correlation	-.030
	Sig. (2-tailed)	.598
	N	307
To what extent do saving groups benefit your business?	Pearson Correlation	.080
	Sig. (2-tailed)	.164
	N	307
To what extent are you able to access finance from financial institutions?	Pearson Correlation	.064
	Sig. (2-tailed)	.261
	N	307
To what extent is financial literacy a contributing factor to increase in profit?	Pearson Correlation	-.036
	Sig. (2-tailed)	.526
	N	307

To what extent do offering complement goods affect your profitability?	Pearson Correlation	-.035
	Sig. (2-tailed)	.539
	N	307
To what extent is after-sale service an attraction to more customers?	Pearson Correlation	-.089
	Sig. (2-tailed)	.118
	N	307
How much is your monthly business yield in Kshs (thousands)	Pearson Correlation	1
	Sig. (2-tailed)	
	N	307

Source: Research Data

The results in Table 4.13 establish that gender indicated a sig. (2-tailed) value of 0.652 >0.05 indicating no significant relationship with profitability and indicated weak correlation with profitability indicated by Pearson correlation value of 0.026. Education level showed a sig. (2-tailed) value of 0.581> 0.05 indicating no significant relationship with profitability while showed weak correlation with profitability indicated by Pearson value of 0.032. Experience indicated a sig. (2-tailed) value of 0.598 >0.05 indicating no significant relationship with profitability and indicated negative small correlation with profitability indicated by Pearson correlation value of -0.30. Savings Groups showed a sig. (2-tailed) value of 0.164> 0.05 indicating no significant relationship with profitability while showed a high correlation with profitability indicated by Pearson value of 0.80. Access to finance showed a sig. (2-tailed) value of 0.261> 0.05 indicating no significant relationship with profitability while showed weak correlation with profitability indicated by Pearson value of 0.064. Financial Literacy showed a sig. (2-tailed) value of 0.526> 0.05 indicating no significant relationship with profitability while showed weak correlation with profitability indicated by Pearson value of -0.036. Offering complement goods showed a sig. (2-tailed) value of 0.539> 0.05 indicating no significant relationship with profitability while showed negative small correlation with profitability indicated by Pearson value of -0.035. Offering after-sale services showed a sig. (2-tailed) value of 0.118> 0.05 indicating no significant relationship with profitability while showed weak correlation with profitability indicated by Pearson value of -0.89.

4.6.2 Multiple Regression Analysis

The Table 4.14 below show that financial niche, creativity, experience, gender, and level of education were considered acceptable in explaining the profitability of street vending business in Kisumu CBD. This has been substantiated by the coefficient of determination denoted as 0.025 R^2. This implies that financial niche, creativity, experience, gender, and level of education indicate 2.5% of variations in profitability of street vending business in Kisumu CBD. This additionally means that the model used to link variables relationships is suitable.

Table 4.14 Fitness of the Model

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.158[a]	.025	-.001	1.096

a. Predictors: (Constant), What is your gender?, What is your education level, To what extent are you able to access finance from financial institutions?, To what extent do offering complement goods affect your profitability?, To what extent do saving groups benefit your business?, To what extent is financial literacy a contributing factor to increase in profit?, How many years has your venture been in operation? , To what extent is after-sale service an attraction to more customers?

b. Dependent Variable: How much is your monthly business yield in Kshs (thousands)

Table 4.15 shows that the model was statistically substantial indicated by F-statistic of 0.954 and 0.472 significance value>0.05. These results indicate independent variables as not significant to profitability of street vending business in Kisumu CBD.

Table 4.15 Analysis of Variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.167	8	1.146	.954	.472[b]
	Residual	357.947	298	1.201		

	Total	367.114	306

a. Dependent Variable: How much is your monthly business yield in Kshs (thousands)

b. Predictors: (Constant), What is your gender?, What is your education level, To what extent are you able to access finance from financial institutions?, To what extent do offering complement goods affect your profitability?, To what extent do saving groups benefit your business?, To what extent is financial literacy a contributing factor to increase in profit?, How many years has your venture been in operation? , To what extent is after-sale service an attraction to more customers?

Table 4.16: Coefficients of Regression

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	2.247	.540		4.162	.000
	To what extent do saving groups benefit your business?	.108	.074	.085	1.463	.145
	To what extent are you able to access finance from financial institutions?	.077	.068	.065	1.133	.258
	To what extent is financial literacy a contributing factor to increase in profit?	-.060	.070	-.050	-.858	.392
	To what extent do offering complement goods affect your profitability?	-.026	.083	-.018	-.311	.756
	To what extent is after-sale service an attraction to more customers?	-.128	.073	-.104	-1.755	.080

How many years has your venture been in operation?	-.041	.095	-.025	-.426	.670
What is your education level	.014	.075	.011	.184	.854
What is your gender?	.101	.133	.045	.757	.450

a. Dependent Variable: How much is your monthly business yield in Kshs (thousands)

Savings groups significance level 0.145>0.05 indicating weak statistical significance with profitability and a beta coefficient of 0.085 indicating any one unit increase in savings groups will result in an increase in profitability by 0.085 units. El-Azzazy (2019) disagrees with this study's results with his findings indicating that savings groups have provided women vendors exceeding access to capital to expand their businesses improving on profits. On the other hand, Access to finance has a significance level 0.065>0.05 indicating weak statistical significance with profitability and a beta coefficient of 0.258 indicating any one unit increase in accessibility to finance groups will result in an increase in profitability by 0.258 units. The findings disagrees with those of Alene (2020) indicating that access to finance influences positively profitability of women-owned enterprises. Moreover, Financial Literacy has a significance level -0.050<0.05 indicating statistical significance with profitability and a beta coefficient of 0.392 indicating any one unit increase in financial literacy will result in an increase in profitability by 0.392 units. These findings concur with those of Yadav et al. (2019) who found that street food vendors do not achieve growth due to their limitation in financial literacy.

Offering complement goods' significance level -0.018<0.05 indicating statistical significance with profitability and a beta coefficient of 0.756 indicating any one unit increase in offering complement goods will result in an increase in profitability by 0.756 units. Further, After-sale services has significance level -0.104<0.05 indicating statistical significance with profitability and a beta coefficient of 0.080 indicating any one unit increase in after-sale services will result in an increase in profitability by 0.080 units. The findings are in agreement with a study by Rahman et al. (2018) who found

that intellectual capital is a key determinant in success of a business since it is ingrained in humans and if optimally utilized, can create a competitive edge.

Experience has a significance level -0.025<0.05 indicating statistical significance with profitability and a beta coefficient of 0.670 indicating any one unit increase in experience, will result in an increase in profitability by 0.670 units. These findings are in agreement with Demong et al. (2020) who found that business skills are a factor that determines profitability level. On the contrary, these results do not agree with a study by Adhikari (2017) who found that food vendors who are educated, young and have less experience earning more than older and experienced vendors.

Education Level has a significance level 0.011>0.05 indicating weak statistical significance with profitability and a beta coefficient of 0.854 indicating any one unit increase in education level will result in an increase in profitability by 0.854 units. The findings are disagrees with the study by Adhikari (2017) who found that food vendors who are educated have more ideas that can help in generating more income eventually improving on profitability.

Gender has a significance level 0.045<0.05 indicating statistical significance with profitability and a beta coefficient of 0.450 indicating any one unit increase in gender will result in an increase in profitability by 0.450 units. The findings are in agreement with a study by Kebedea and Odellab (2014) who found that females owning street vending business have lower incomes than their male counterparts due to family obligations hence dedicate less time to the business. A similar study by Gatere (2016) concurred with the results with the study findings indicating an increase in family obligations leading to a decrease in performance of women street vendors.

4.7 Diagnostics Tests

Porta and Shleifer (2014) propagate that in order to undertake multiple linear regressions; there are several assumptions that should be met. The normality, multicollinearity and homoscedasticity tests were undertaken to evaluate these assumptions.

4.7.1 Normality Test

To test whether the variables were normally distributed, the Shapiro-Wilk test for normality was applied. According to the null hypothesis, our data did not come from a population that was not normally distributed. On the contrary, the alternate hypothesis is that data came from a population that is normally distributed. The following tables shows the test statistics for each variable;

Table 4.17 Education Level Normality Test

	What is your education level	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
How much is your monthly business yield in Kshs (thousands)	No education	.237	31	.000	.821	31	.000
	Certificate	.205	122	.000	.864	122	.000
	Diploma	.214	111	.000	.884	111	.000
	Degree	.227	43	.000	.854	43	.000

a. Lilliefors Significance Correction

Table 4.18 Experience Normality Test

	How many years has your venture been in operation?	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
How much is your monthly business yield in Kshs (thousands)	1year or less	.190	26	.016	.866	26	.003
	2-3years	.229	173	.000	.875	173	.000
	4-5years	.211	97	.000	.854	97	.000
	over 5 years	.247	11	.060	.834	11	.026

a. Lilliefors Significance Correction

Table 4.19 Savings Group Normality Test

	To what extent do	Kolmogorov-Smirnov[a]	Shapiro-Wilk

	saving groups benefit your business?	Statistic	df	Sig.	Statistic	df	Sig.
How much is your monthly business yield in Kshs (thousands)	Don't know	.226	13	.068	.857	13	.035
	Little Extent	.216	54	.000	.851	54	.000
	Moderate Extent	.200	109	.000	.874	109	.000
	Large Extent	.227	131	.000	.877	131	.000

a. Lilliefors Significance Correction

Table 4.20 Access to Finance Normality Test

	To what extent are you able to access finance from financial institutions?	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
How much is your monthly business yield in Kshs (thousands)	Don't know	.208	11	.200*	.854	11	.049
	Little Extent	.213	158	.000	.859	158	.000
	Moderate Extent	.195	48	.000	.870	48	.000
	Large Extent	.227	90	.000	.885	90	.000

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Table 4.21 Financial Literacy Normality Test

	To what extent is financial literacy a contributing factor to increase in profit?	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
How much is your monthly business yield in Kshs (thousands)	Don't know	.203	13	.146	.886	13	.087
	Little Extent	.276	86	.000	.849	86	.000
	Moderate Extent	.202	96	.000	.861	96	.000
	Large Extent	.187	112	.000	.872	112	.000

a. Lilliefors Significance Correction

Table 4.22 Offering complement goods Normality Test

	To what extent do offering complement goods affect your profitability?	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
How much is your monthly business yield in Kshs (thousands)	Little Extent	.188	64	.000	.861	64	.000
	Moderate Extent	.247	115	.000	.876	115	.000
	Large Extent	.203	128	.000	.862	128	.000

a. Lilliefors Significance Correction

Table 4.23 Offering after-sale service Normality Test

Tests of Normality

	To what extent is after-sale service an attraction to more customers?	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
How much is your monthly business yield in Kshs (thousands)	Don't know	.216	13	.097	.836	13	.019
	Little Extent	.183	62	.000	.880	62	.000
	Moderate Extent	.250	99	.000	.853	99	.000
	Large Extent	.194	133	.000	.868	133	.000

a. Lilliefors Significance Correction

From the Shapiro-Wilk results of the Tables 4.17, 4.18, 4.19, 4.20, 4.21, 4.22, and 4.23, Gender, Education level, Experience, Savings groups, Access to finance, creativity are not normally distributed due to significant values of < 0.05 while financial literacy is normally distributed due to significance value of > 0.05.

4.7.2 Multicollinearity Test

Multicollinearity is experienced when strong bonds exist among independent variables in a multiple regression model. According to Field (2013) Multicollinearity poses significant challenges through reducing predictors' importance hence it becomes uneasy to measure the predictors' significance. Variance Inflation Factor (VIF) was used to test

multicollinearity level in estimating the models tolerance. Robinson and Schumacker (2009) state that a VIF value of less than 10 shows a tolerance level of multicollinearity. The Table 4.24 shows the multicollinearity test;

Table 4.24 Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.285	.474		4.823	.000		
	To what extent do saving groups benefit your business?	.110	.073	.087	1.514	.131	.991	1.009
	To what extent are you able to access finance from financial institutions?	.081	.067	.069	1.210	.227	.992	1.008
	To what extent is financial literacy a contributing factor to increase in profit?	-.054	.070	-.045	-.776	.438	.986	1.014
	To what extent do offering complement goods affect your profitability?	-.021	.083	-.015	-.252	.801	.974	1.027
	To what extent is after-sale service an attraction to more customers?	-.124	.072	-.100	-1.732	.084	.969	1.032

a. Dependent Variable: How much is your monthly business yield in Kshs (thousands)

The results in Table 4.24 show that the VIF values are between 1 to 10. Therefore, based on the coefficient outputs-collinearity statistics, obtained VIF values are greater than 1 showing no multicollinearity.

4.7.3 Homoscedasticity Test

This test is of importance due to the likelihood of rejecting null hypothesis especially when violation of homoscedasticity exists. When the p value denotes a value less than 0.05 indicates unequal variance hence other parametric tests are not applicable. Table 4.25 shows the Homoscedasticity Test.

Table 4.25 Homoscedasticity Test

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.247	.540		4.162	.000
	To what extent do saving groups benefit your business?	.108	.074	.085	1.463	.145
	To what extent are you able to access finance from financial institutions?	.077	.068	.065	1.133	.258
	To what extent is financial literacy a contributing factor to increase in profit?	-.060	.070	-.050	-.858	.392
	To what extent do offering complement goods affect your profitability?	-.026	.083	-.018	-.311	.756
	To what extent is after-sale service an attraction to more customers?	-.128	.073	-.104	-1.755	.080

How many years has your venture been in operation?	-.041	.095	-.025	-.426	.670
What is your education level	.014	.075	.011	.184	.854
What is your gender?	.101	.133	.045	.757	.450

a. Dependent Variable: How much is your monthly business yield in Kshs (thousands)

The output in table 4.25 shows a significance value greater than 0.05, therefore the null hypothesis was not rejected and no presence of heteroscedasticity. There's presence of homoscedasticity.

Figure 4.1 Monthly profits

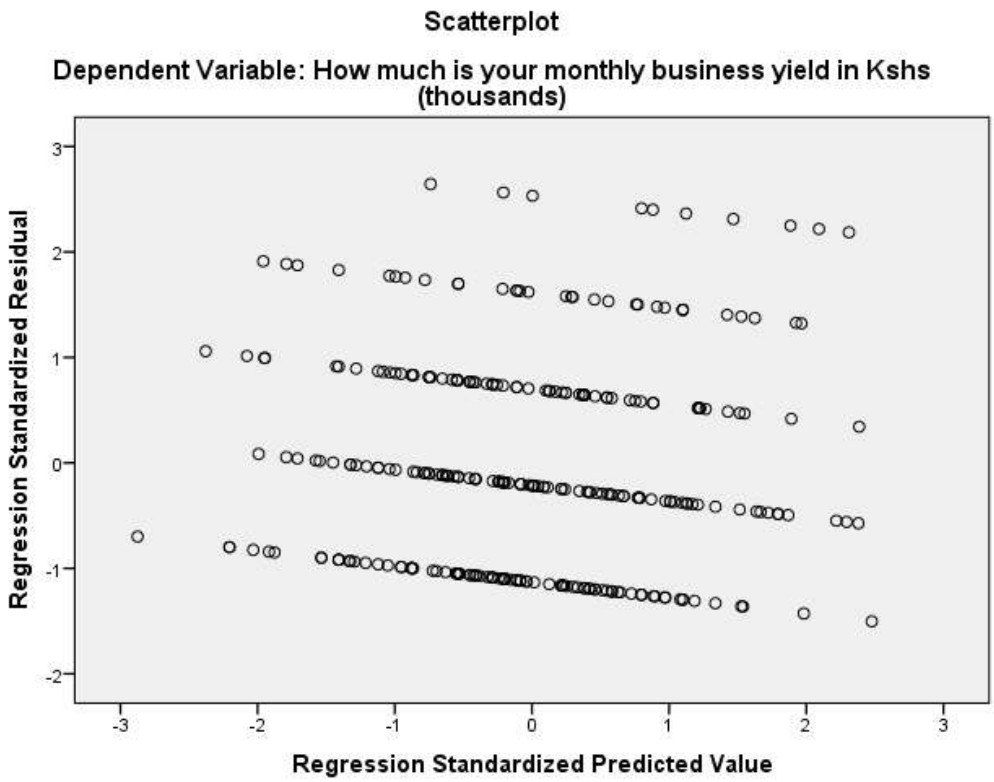


Figure 4.1 shows a scatter plot, the dots are diffused and do not form a clear particular pattern hence showing regression model homoscedasticity. The model is experiencing homoscedasticity.

CHAPTER FIVE: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter outlines the findings summary, conclusions, and recommendations suggested according to the objective of study.

5.2 Summary of Findings

The study's general objective was to establish the determinants of profitability of street vending in Kisumu Central Business District (CBD). A descriptive correlational design with a sample size of 384 was utilized to examine the research objective. A number of tests were carried in support of regression analysis application. The data analysis revealed five major findings of under this objective.

5.2.1 Financial Niche and Profitability

Results reveal that financial niche had a weak positive influence on profitability of street vending business in Kisumu CBD. Moreover, the particular aspects of financial niche that influenced the findings included access to finance, savings groups, and financial literacy. Based on the regression analysis, Access to finance and Savings Groups had weak significance with profitability owing to significance levels greater than 0.05 while Financial Literacy indicated significance with profitability owing to significance level of less than 0.05.

Therefore, the regression results discovered that financial niche has a low significance with profitability indicated by most of the financial aspects having significance levels of greater than 0.05. On the other hand Financial niche had a relationship with profitability due to Savings Groups correlating highly with profitability owing to most street vendors acknowledging to be in savings groups which assisted them when they were down financially. Financial literacy and access to finance had weak correlation with profitability owing to lack of financial literacy among street vendors as they only conducted the activity to earn income.

5.2.2 Creativity and Profitability

The regression results discovered that creativity had a positive significance to profitability of street vending business in Kisumu CBD due to the significance levels of less than 0.05. Creative aspects that influenced profitability include offering after-sale

services and complement goods. Most respondents concurred that in being innovative in conducting business earns more profits. Moreover, the correlation results revealed that creativity has a weak negative relationship with profitability indicated by negative correlation values of creativity aspects. These results are consistent with those of Rahman et al. (2018) who found that innovation increases efficiency and competitiveness when ingrained in a business.

5.2.3 Experience and Profitability

The regression findings revealed that experience had significance with profitability of street vending business in Kisumu CBD owing to the significance level of less than 0.05. The results are in agreement with a study by Bhattarai and Pathak (2020) who found that experience is a success factor for profitability of street vending business and has a positive relationship with profitability since the more years one has on running a vending business indicates that he or she is aware of the opportunities and threats and can make more profits compared to a beginner. The correlation results indicated that experience had a weak relationship with profitability indicated by negative Pearson correlation. These results are consistent with those of Mramba et al. (2015) who found that skills gained through experience increases profitability of street vending business.

5.2.4 Gender and Profitability

The regression findings revealed that gender had a weak significance to profitability of street vending business in Kisumu CBD with significance level greater than 0.05. The gender aspects that influenced profitability included female and male. The correlation results indicated that gender has a weak positive relationship with profitability indicated by Pearson correlation value of 0.026. These results disagree with a study by Kebedea and Odellab (2014) who found that female incomes are relatively lower than the males. This is attributed to the fact that women are obligated to taking care of the household and handling the street vending business. Due to this, they dedicate a lesser amount of their time to the activity. The results were in agreement with the study by Chakraborty (2018) who discovered that females have dominated the street vending business. This is due to the fact that street vending business is one of the readily available opportunities of employment open to women who need to earn a living.

5.2.5 Level of Education and Profitability

The regression findings discovered that education level had a weak significance to profitability of street vending business in Kisumu CBD owing to significance level greater than 0.05. These findings disagreed with the study by Karondo and Tumaini (2021) that discovered that factors like vendor's education contributed to increase in sales hence improving profitability and vendor's household welfare. A similar study by Bhattarai and Pathak (2020) found that determinants including level of education affected the profitability of street vendors. The correlation results indicated that education level has a weak positive relationship with profitability indicated by positive Pearson correlation. This implies that as a street vendor continues learning, there are skills that are acquired along the learning journey which were helpful in improving the vending business hence increasing profitability.

5.3 Conclusions

This study explored financial niche, creativity, experience, gender, and level of education as determinants of profitability of street vending business in Kisumu CBD, Kenya. The study intended to determine whether a relationship exists between financial niche, creativity, experience, gender, level of education, and profitability. This was in line with the need to understand street vendor's profitability in order to identify the determinants that can affect both the business and street vendor welfare.

The study established that most respondents lacked access to finance and were financially illiterate hence making poor money management decisions that affected the overall profitability of the business. Most of the respondents acknowledged the importance of savings groups to the profitability of the business as major source of finance. Thus this study concluded that financial niche of street vending business in Kisumu CBD influences its profitability. Moreover, this study concluded that creativity influenced the profitability of street vending business in Kisumu CBD. This conclusion was informed by the realization of various creativity aspects including offering after-sale services as a means of attracting more customers and remaining competitive, and type of goods that involved offering unique commodities that satisfy consumer needs and wants.

This study concluded that experience had a negative influence on profitability of street vending in Kisumu CBD. This conclusion was informed by the realization that not all experienced in street vending gain more profits since profits can be driven by passion and zeal one has even though he or she might have zero experience. On the other hand, the study concluded that gender had a weak positive influence on profitability of street vending in Kisumu CBD. This conclusion was made due to the realization of gender aspects including female dominance of this business and due to family obligations for instance parenting role, domestic chores, and rearing of children generate low profits.

The study concluded that level of education had a weak positive influence on profitability of street vending in Kisumu CBD. This conclusion was made due to the realization of education level aspects like education status that affect how an individual make certain decisions in comparison of the uneducated and those with tertiary level education status. These decisions would in turn improve or decrease profits of a business.

Based on the study results, it can therefore be concluded that financial niche, creativity, age, gender, and level of education are minor determinants of profitability of street vending business in Kisumu Central Business District.

5.4 Recommendations

In relation to the study findings, this study therefore recommends that formal financial institutions should put in place frameworks that enable street vending businesses to acquire finances with an aim to boost and improve on profitability. Besides that, financial institutions should organize training opportunities for street vendors to equip them with financial literacy skills as well business management skills. Further, the study recommends street vendors to strive to acquire business management skills in an attempt to improve the profitability of their business. Finally, this study recommends that the Kenyan government should assess the guidelines governing street vending in a bid to create a conducive environment for the business to continue thriving.

5.5 Suggestion for further studies

The study sought to establish the determinants of profitability of street vending business in Kisumu Central Business District. The study proposes that a similar study be conducted in another area to determine whether the results would be different from this

study. Additionally, the study proposes that a study be conducted investigating the effects of Financial literacy on profitability of street vending business. On the other hand, other studies can therefore consider other aspects of financial niche that are not covered in this study. Finally, the study proposes that future studies can consider other data collection methods since this study has only utilized questionnaire as a data collection tool due to financial and time constraints. Other studies could also consider a larger sample than the one used in this study to allow for research generalizability.

REFERENCES

Ademba, V. A. (2021). *Effect of Financing Structure on the Profitability of Micro and Small Enterprises in Nakuru Central Business District* (Doctoral dissertation, Egerton University).

Ahmad. U. A., Balakrishnan. V.U. & Jha.S.P. (2021). A Study of Multicollinearity Detection and Rectification under Missing Values. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, *12*(1S), 399–418. https://doi.org/10.17762/turcomat.v12i1s.1880

Alene, E. T. (2020). Determinants that influence the performance of women entrepreneurs in micro and small enterprises in Ethiopia. *Journal of Innovation and Entrepreneurship*, *9*(1), 1-20.

Adhikari, D. B. (2017). Informal Street food trade: A source of income generation in urban Nepal. *Economic Journal of Development Issues*, 1-17.

Armstrong, C. E., & Shimizu, K. (2007). A review of approaches to empirical research on the resource-based view of the firm. *Journal of management*, *33*(6), 959-986.

Al-Jafari, M. K., & Alchami, M. (2014). Determinants of bank profitability: Evidence from Syria. *Journal of Applied Finance and Banking*, *4*(1), 17.

Albertazzi, U., Notarpietro, A., & Siviero, S. (2016). An inquiry into the determinants of the profitability of Italian banks. *Bank of Italy Occasional Paper*, (364).

Boadi, E. K., Antwi, S., & Lartey, V. C. (2013). Determinants of profitability of insurance firms in Ghana. *International journal of business and social research (IJBSR)*, *3*(3), 43-50.

Bhowmik, S. K. (2005). Street vendors in Asia: A review. *Economic and political weekly*, 2256-2264.

Batréau, Q., & Bonnet, F. (2016). Managed Informality: Regulating Street Vendors in Bangkok. *City & Community*, *15*(1), 29–43. https://doi.org/10.1111/cico.12150

Barrett, D., & Twycross, A. (2018). Data collection in qualitative research. Evidence Based Nursing, 21(3), 63–64. https://doi.org/10.1136/eb-2018-102939

Bhattarai, K., & Pathak, B. (2020). Street vending, income generation and poverty implication: The case of the Kathmandu Valley, Nepal. Quest Journal of

Management and Social Sciences, 2(2), 194-205. DOI10.3126/qjmss.v2i2.33269 https://www.nepjol.info/index.php/qjmss/article/download/33269/26395

Chiliya, N., & Roberts-Lombard, M. (2012). Impact of level of education and experience on profitability of small grocery shops in South Africa. *International Journal of Business Management and Economic Research*, *3*(1), 462-470.

Chakraborty, S. (2018). Life of Women Street Vendors: Protection of Livelihood and Need For Regulation. (A. Batra, Ed.) Business World.

Daoud, J. I. (2017). Multicollinearity and Regression Analysis. *Journal of Physics: Conference Series*, *949*, 012009. https://doi.org/10.1088/1742-6596/949/1/012009

Demong, N. A. R., Kassim, E. S., Mohamad Yunus, N., Shahrom, M., & Abdul Kader Jailani, S. F. (2020). Factors Contributing to the Successful Business of Street Market Food Vendors. *Asia Proceedings of Social Sciences*, *6*(3), 211–216. https://doi.org/10.31580/apss.v6i3.1242

Eisenhardt, K. M., & Santos, F. M. (2002). Knowledge-based view: A new theory of strategy. *Handbook of strategy and management*, *1*(1), 139-164.

Elliott, V. (2018). Thinking about the Coding Process in Qualitative Data Analysis. The Qualitative Report, 23(11), 2850-2861. https://doi.org/10.46743/2160-3715/2018.3560

El-Azzazy, M. (2019). Street vending challenges and opportunities: the case of women fish vendors in Fayoum.

Flaming, D., Burns, P. & Liu, Y. Y. (2015). Sidewalk Stimulus. Economic and Geographic Impact of Los Angeles Street Vendors. California: East LA Community Corporation.

Field, A. (2013). *Discovering statistics using SPSS*. Sage Publication London:London.

Ghori, S. (2020). Profit Maximization in Islam. *International Journal of Islamic Banking and Finance Research*, *4*(2), 31–37. https://doi.org/10.46281/ijibfr.v4i2.767

Gatere, M (2016). Factors influencing performance of businesses run by women Street Vendors in Ngara Ward, Starehe Sub-county, Kenya http://erepository.uonbi.ac.ke/bitstream/handle/11295/99925/Gatere_Factors%20influencing%20performance%20of%20businesses%20run%20by%20women%20street%20vendors%20in%20Ngara%20ward%2C%20Starehe%20sub-county%2C%20Kenya.pdf?sequence=1&isAllowed=y

Harahap, E. F. (2017). Analysis of Determinants of Income and Efforts to Improve the Welfare of Street Vendors in Pandag City. *European Journal of Business and Management*, 9(3), 118-124.

Hansen, K. T., Little, W. E., Milgram, B. L., Babb, F. E., Bromley, R., & Clark, G. C. (2014). *Street economies in the urban Global South*. SAR Press.

Khan, E. A., & Quaddus, M. (2020). E-rickshaws on urban streets: sustainability issues and policies. Int. J. Sociol. Soc. Policy 41, 930–948. doi: 10.1108/IJSSP-07-2020-0315

Kiaka, R., Chikulo, S., Slootheer, S., & Hebinck, P. (2021). "The street is ours". A comparative analysis of street trading, Covid-19 and new street geographies in Harare, Zimbabwe and Kisumu, Kenya. *Food Security*, *13*(5), 1263–1281. https://doi.org/10.1007/s12571-021-01162-y

Kebedea, G. F., & Odellab, F. (2014). The Economic Returns of Network Resources to the Urban Informal Economy: Evidence from Street Vendors in Addis Ababa, Ethiopia1. *European Journal of Sustainable Development*, *3*(3), 357-372.

Knight, F. H. (1921). Risk, Uncertainty and Profit, Hart. *Schaffner & Marx*.

Kumari, P. (2015). Issues and Challenges for Street Vendors in Delhi. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.2779343

Kraaijenbrink, J., Spender, J. C., & Groen, A. J. (2010). The resource-based view: A review and assessment of its critiques. *Journal of management*, *36*(1), 349-372.

Kouser, R. (2012). *EconStor: Inter-relationship between profitability, growth and size: A case of non-financial companies from Pakistan*. Econstor. https://www.econstor.eu/handle/10419/188068

Karondo, J. V., &Tumaini, U. J. (2021). The Role of Street Food Vending To the Vendor's Household Welfare in Ilala Municipality in Dar es Salaam, Tanzania. *Business Education Journal*, I(II), 1-9. https://cbe.ac.tz/bej/index.php/bej/article/view/243

Kisumu County Government. (2021). List of Traders. https://www.kisumu.go.ke/downloads/

Latpate, R., Kshirsagar, J., Kumar Gupta, V., Chandra, G. (2021). Simple Random Sampling. In: Advanced Sampling Methods. Springer, Singapore. https://doi.org/10.1007/978-981-16-0622-9_2

Martínez, L., Short, J. R., & Estrada, D. (2018). The diversity of the street vending: A case study of street vending in Cali. *Cities*, *79*, 18-25.

Margaretha, F., & Supartika, N. (2016). Factors Affecting Profitability of Small Medium Enterprises (SMEs) Firm Listed in Indonesia Stock Exchange. *Journal of Economics, Business and Management*, *4*(2), 132–137. https://doi.org/10.7763/joebm.2016.v4.379

Mazhambe, A. K. (2017). Assessment of contribution of street vending on Zimbabwe economy: A case of street vendors in Harare CBD. *IOSR Journal of Business and Management*, *19*(9), 91-100. http://dx.doi.org/10.9790/487X-19090191100

Mramba, N., Apiola, M., Sutinen, E., Haule, M., Klomsri, T., & Msami, P. (2015, June). Empowering street vendors through technology: An explorative study in Dar es Salaam, Tanzania. In *2015 IEEE International Conference on Engineering, Technology and Innovation/International Technology Management Conference (ICE/ITMC)* (pp. 1-9).

Munishi, E. J., and Kirumirah, M. (2020). Vendors' licensing and permit issuing in urban setting: Constraints & Implications for vending operations in Dar es Salaam–Tanzania. Business Education Journal (BEJ), 4(1), 1-12.

Mungai, A. M. W., Kihonge, E., & Gichure, J. (2019). Effect of Sales Approaches on the Growth of Women Street Vending in Kenya. *Journal of Entrepreneurship & Project Management*, *3*(2).

Onyango Jacob Olang'., Olima, W.L.A. & Onyango Leah (2012) Dynamics of Street vending Phenomenon in the Kisumu Municipality, Kenya. International Journal of Arts and Commerce, 1 (4). https://ijac.org.uk/images/frontImages/gallery/Vol._1_No._4/10.pdf

Okello, T. (2022). Variables Influencing the Growth of Micro and Small Manufacturing Enterprises in Kenya: The Entrepreneurial Management. *Asia-Africa Journal of Business Entrepreneurship Education and Management*, *1*, 72–96

Qi, X., Si, Z., Zhong, T., Huang, X., & Crush, J. (2019). Spatial determinants of urban wet market vendor profit in Nanjing, China. *Habitat International*, *94*, 102064. https://doi.org/10.1016/j.habitatint.2019.102064

Otilah, G. O., Nyagol, M., & Koech, C. S. (2019). Effects of Mobile Money Transfer Operational Costs on Profitability of Medium and Small Enterprises in Oyugis Township, Homabay County, Kenya.

Porta, R.L., & Shleifer, A. (2014). Informality and Development.doi:10.3386/w20205

Rahman, N., Sani, A. N., Othman, A. N., Yunus, R. A., & Darus, M. N. (2018) Journal of Fundamental and Applied Sciences, 10(6S), 339-354. http://dx.doi.org/10.4314/jfas.v10i6s.1

Racaud, S. (2017). Ambiguous Resource: "Informal" Street Trading in Kisumu, Kenya. *Articulo – Revue de Sciences Humaines*, *17–18*. https://doi.org/10.4000/articulo.3702

Robinson, C., & Schumacker, R.E. (2009). Interaction effects:countering variance inflation factor and interpretation issues. *Multiple Linear Regression View Points*, 35(1)6-11.

ŚLedzik, K. (2013). Schumpeter's View on Innovation and Entrepreneurship. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.2257783

Shosha, B. (2014). Profitability of Small and Medium Enterprises in Albania (Focusing in the City of Tirana). *Journal of Educational and Social Research*. https://doi.org/10.5901/jesr.2014.v4n6p546

Sürücü, L., & Maslakçi, A. (2020). VALIDITY AND RELIABILITY IN QUANTITATIVE RESEARCH. *Business & Management Studies: An International Journal*, *8*(3), 2694–2726. https://doi.org/10.15295/bmij.v8i3.1540

Said, M. A. (2020). *The role of entrepreneurship training on enhancing business performance of food vendors in Tanzania: a case of Dodoma city* (Doctoral dissertation, The University of Dodoma).

Suhadak, S., Kurniaty, K., Handayani, S. R., & Rahayu, S. M. (2018). Stock return and financial performance as moderation variable in influence of good corporate governance towards corporate value. *Asian Journal of Accounting Research*.

Steyn, G. (2012). Modernity and informality—Conflicting forces shaping urban form in Kisumu, Kenya. *International Journal for Housing Science and Its Applications*, *36*, 171–179.

Thakur, M. (2022, June 18). *Sample Size Formula*. WallStreetMojo. https://www.wallstreetmojo.com/sample-size-formula/

Thabani, N. (2017). An empirical investigation of factors affecting the performance of women entrepreneurs in Harare: A case of food vendors. Munich Personal RePEc Archiv

Tsai, Y. H., & Yang, C. H. (2018). Does human capital matter to vendor profitability: Evidence from Taiwan. Journal of Economics and Management, 14(1), 83-106. https://jem.fcu.edu.tw/assets/uploads/files/manuscript20211109114356855547.pdf

Tshikhudo, L. P., & Manenzhe, T. D. (2021). Evaluation of the Profitability of Vegetable and Fruit Street Vendors in Mbombela Local Municipality in Mpumalanga Province, South Africa. *European Journal of Agriculture and Food Sciences*, *3*(2), 49–52. https://doi.org/10.24018/ejfood.2021.3.2.227

Uwitije, C. (2016). *Contributions of Street Vending on Livelihood of Urban Low-Income Households in the City of Kigali, Rwanda*. *Thesis*. https://erepository.uonbi.ac.ke/handle/11295/97752

Vijayakumar, A., & Devi, S. S. (2011). Growth and profitability in Indian automobile an analysis. Journal for Bloomers of Research, 3(2), 168-177.

Wilbard, J. (2017). Entrepreneurial Activities And Growth Of Women Businesses: A Case Of Tanzania. Business Management Review, 20(1), 64-77.

Winter, B. C. (2017). *Reappropriating Public Space in Nanchang, China: A Study of Informal Street Vendors. Dissertation*. (Issue July)

Yadav, P., Heynen, A. P., & Palit, D. (2019). Pay-as-you-go financing: a model for viable and widespread deployment of solar home systems in rural India. Energy for sustainable development, 48, 139-153.

APPENDIX I: QUESTIONNAIRE

Dear Respondent,

RE: REQUEST FOR YOUR PARTICIPATION

My name is Dorcas Awino, I'm currently conducting research on the determinants of profitability on street vending business in Kisumu CBD, Kenya. The research is for academic purpose only. I'm requesting you to take a few minutes to fill this questionnaire. The provided information will be of high value to this study and will be treated with confidentiality. Please tick (√) in appropriately and answer the listed questions accurately.

SECTION A

PROFILE INFORMATION

1. Are you the owner of the business? YES □ NO □

2. Gender; Male □ Female □

3. Age group; 16-20years □ 21-30years □ 31-40years □ 41-50years □ over 51years □

4. Marital status; Married □ Single □ Separated □ Divorced □

5. Education level; No education □ Certificate □ Diploma □ Degree □ Postgraduate degree □

6. How many years has your venture been in operation? 1year or less □ 2-3years □ 4-5years □ over 5years □

7. How much did you invest in your business in Kshs (thousands)?

5,000 and below □ 6-10 □ 11-15 □ 16-20 □ Over20 □

8. How much is your monthly business yield in Kshs (thousands)

5,000 and below □ 6-10 □ 11-15 □ 16-20 □ Over20 □

9. Are you satisfied with the outcome of your business? YES □ NO □

SECTION B

What determinants influence the level of profitability in street vending business?

Kindly tick (√) the box that best describes your level of extent to financial niche as a determinant of profitability.

		Large Extent	**Moderate Extent**	**Little Extent**	**Don't know**
09.	To what extent do saving groups benefit your business?				
10.	To what extent are you able to access finance from financial institutions?				
11.	To what extent is financial literacy a contributing factor to increase in profit?				

SECTION C

Kindly tick (√) the box that best describes your level of extent to creativity as a determinant of profitability.

		Large Extent	**Moderate Extent**	**Little Extent**	**Don't know**
12.	To what extent do offering complement goods affect your profitability?				
13.	To what extent is after-sale service an attraction to more customers?				

Thank You for Answering This Questionnaire

~ End ~