



DOI: 10.26417/ejes.v4i2.p132-140

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Factors for Sustenance of Livelihood Entrepreneurs

N. Chandrasekaran

Professor – Supply Chain Management & Business Analytics

Loyola Institute of Business Administration, Nungambakkam, Chennai 600034. India

A. Indira

Professor - Economics

Loyola Institute of Business Administration, Nungambakkam, Chennai 600 034. India,

Abstract

It is estimated that by 2030 nearly 50% of India's population will live in cities. Consequently 70% of the employment will be generated in the cities. In such a scenario it is important to look at how cities can help businesses. This paper focuses on understanding sustainability of livelihood entrepreneurs in Chennai, capital city of Tamil Nadu, and one of the largest Urban Agglomerations in India. The study is situated in one of the densely populated business districts in the city that is home to diverse businesses and accounting for revenues of nearly Rs.200,000 million annually. The specific objective is to look at the food-vendors with the objectives: (i) to understand the viability and sustainability of the business; (ii) to enumerate risk elements of the business and see how they are addressed; and (iii) to recommend the scope for improvement and opportunity from a policy perspective. The findings are based on field work done in the business district and gains importance in the context of the Sustainable Development Goal 8 which looks at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and Sustainable Development Goal 16 which works to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. The paper helps in gaining a perspective of how livelihood entrepreneurship can be promoted – helping in using an opportunity that is sustainable as also pursuing one's passion.

Keywords: livelihood entrepreneurs, SDGs, employment, food-vendors, sustainability, opportunity

Themes: Social services and support for vulnerable categories

Introduction

Factors for Sustenance of Livelihood Entrepreneurs

Livelihood entrepreneurs are life stream of many low and middle income consumers in developing and emerging economies and in a few developed economies as well. They serve customers and thereby address a critical demand segment. Livelihood entrepreneurs also create impact on employment as many of them take this as the main stream income generation and further provide substantial number of jobs to many others who help livelihood business which are small shops and similar economic units. With increasing population and urbanization, livelihood entrepreneurs' role would assume high significance in economies like that of India where there are a number of urban poor employed in informal sector and dependent on low cost products and services for their sustenance.

As per the World Bank estimates of 2016, South Asia's urban population grew by 130 million between 2001 and 2011 – more than the entire population of Japan – and growth is poised to rise by almost 250 million by 2030. It is estimated that by 2030, nearly 50% of India's population will live in cities. As per Census 2011, out of the total population of 1210.2 million as on 1st March, 2011, about 377.1 million were in urban areas. The net addition of population in urban areas over the last decade was 91.0 million. The percentage of urban population to the total population of the country stood at 31.6, with an increase of 3.35 percentage points in the proportion of urban population in the country during 2001-2011. The number of million plus cities/urban agglomeration (UA) increased from 35 in Census 2001 to 53 in Census 2011. In percentage terms, urbanization has been relatively slow in India, with the share of the population living in officially classified urban settlements growing at a rate of just over 1.15 percent a year from 2001-2011, however the forecasted change over the next ten years is expected to be much speedier.

It is seen that in India, a large proportion of the workforce is still dependent on the agricultural sector (48.9 per cent employment share in 2011-12, which reduced to 47.3 per cent in 2015-16. The agricultural sector still accounts for 62.7 per cent of India's rural employment, although this share has fallen significantly, from 77.6 per cent in 1993-94. At the same time, agriculture's share in gross value added has fallen rapidly, from 18.5 per cent in 2011-12 to 15.2 per cent in 2016-17. Indian economy is dominated by the services sector, which accounted for 53.7 per cent of GVA in 2016-17. In terms of employment, the share of the services sector in urban areas was 58.7 per cent (2011-12), compared to just 16.1 per cent in rural regions. The share of industry consisting of both manufacturing and construction stood at 31.2 per cent of GDP in 2016-17, as compared to 31.5 per cent in the previous year. (ILO, 2017)

What is disconcerting is that the majority of workers in India are in informal employment. The share of workers in the unorganized sector fell from 86.3 per cent in 2004-05 to 82.2 per cent in 2011-12, but at the same time, the share of informal workers in the organized sector (i.e. workers without access to social security) increased significantly because of a greater use of contract and other forms of casual labour. Because of the two opposite trends, the overall proportion of informal workers in total employment (e.g. unorganized sector workers plus informal workers in the organized sector) has remained relatively stable, at around 92 per cent. Within the overall category of informal workers, the largest group is own-account workers (32.2 per cent), followed by informal employees in the informal sector (30.0 per cent) and contributing family workers (17.9 per cent). (ILO, 2017)

With regards to the informal sector in the urban areas, some of the key findings relating to workers in informal sector (defined to cover proprietary and partnership enterprises) as per the NSS Report No. 539: Informal Sector and Conditions of Employment in India, 2014 shows the following:

In urban areas, AGEGC (*agricultural sector excluding only growing of crops, market gardening, horticulture (industry group and growing of crops combined with farming of animals)*) and non-agriculture sectors together shared 94 per cent (AGEGC: 1.6 per cent and non-agriculture: 92.5 per cent) of the workers. Among all workers in AGEGC and non-agriculture sectors, nearly 71 per cent were engaged in the informal sector. More than 93 per cent of workers in urban areas engaged in AGEGC belonged to the informal sector.

In the non- agriculture sector, nearly 67 per cent of the workers in urban areas were engaged in the informal sector. Of which self-employed in non-agriculture sector were nearly 95 per cent worked in the informal sector. Among casual labourers engaged in works other than public works in the non-agriculture sector, nearly 73 per cent in urban areas worked in the informal sector and regular wage/salaried employees formed nearly 40 per cent.

Construction, manufacturing and wholesale and retail trade activities together was the main providers of employment for the informal sector enterprises and 'all' enterprises in both the rural and urban areas. Out of all workers in the non-agriculture informal sector, 72 per cent in urban areas belonged to construction, manufacturing and wholesale and retail trade provided. Proportions of informal sector workers in the activities which provided majority of employment included manufacturing (78%); construction (72%); wholesale or retail trade, etc. (92%) and transport, storage and communication (68%).

In urban areas, 69 per cent of the workers in informal sectors were engaged in smaller enterprises (*enterprises with less than 6 workers*) compared to 53 per cent of 'all' workers, respectively. The regular wage/salaried employees engaged in the informal sector enterprises earned nearly half the salary earnings (per day) of the employees considering all types of enterprises- Rs. 321 for 'all' types of enterprises and Rs. 177 for informal sector enterprises. In the case of casual labourers, it was Rs. 115 in the informal sector enterprises and Rs. 112 for 'all' enterprises.

Among the female workers in informal sector, nearly 47 per cent in urban areas were in manufacturing activity. In the manufacturing activity, a higher proportion of female workers (87%) were employed informally than males.

In urban areas, nearly 52 per cent of females and 15 per cent of males employed in informal sector was working in any of the following types of workplaces: (i) own dwelling, (ii) structure attached to own dwelling unit, (iii) open area adjacent to own dwelling unit and (iv) detached structure adjacent to own dwelling unit. Only 52 per cent of all workers engaged in manufacturing in the informal sector were employed in enterprises that used electricity for production purposes.

With respect to conditions of employment, among all the employees (regular wage/salaried employees and casual labourers) in the nonagriculture, sector, nearly 42 per cent in the urban areas had temporary nature of employment while nearly 74 per cent in urban areas had no written job contract. Among the regular wage/salaried employees in the non-agriculture sector; nearly 65 per cent had no written job contract. Among all the employees in the non-agriculture sector, nearly 60 per cent in urban areas were not eligible for paid leave; nearly 46 per cent among the regular wage/salaried employees were not eligible for paid leave.

Among all the employees in the non-agriculture sector, nearly 64 per cent in urban areas were not eligible for any social security benefit; nearly 53 per cent among the regular wage/salaried employees in the non-agriculture sector were not eligible for any social security benefit. Further, among all workers of age 15 years and above nearly 79 per cent had no union/ association in their activity: it was nearly 85 per cent among casual labourers, nearly 81 per cent among the self-employed persons and nearly 58 per cent among the regular wage/salaried employees.

This in India brings to focus the underbelly of the informal economy in the urban areas. It is of particular interest in the context that a key trait of urbanization is that so-called agglomeration economies improve productivity and spur job creation, specifically in manufacturing and services. These two areas now account for more than 80 percent of the South Asian region's GDP (World Bank, 2016). Inadequate provision of housing, infrastructure and basic urban services, as well as a failure to deal with pollution constrain the potential of cities to fully realize the benefits of agglomeration. The World Bank study clearly identifies that the struggle to deal with these congestion pressures is a failure of both the market and policy.

Keeping in mind that 70% of future employment will be generated in the cities, it is important to look at how cities can help businesses. This paper focuses on understanding sustainability of livelihood entrepreneurs in Chennai, capital city of Tamil Nadu, and one of the largest Urban Agglomerations in India. The study is situated in one of the densely populated business districts in the city that is home to diverse businesses and accounting for revenues of nearly Rs.200,000 million annually. The specific objective is to look at the food-vendors with the objectives: (i) to understand the viability and sustainability of the business; (ii) to enumerate risk elements of the business and see how they are addressed; and (iii) to recommend the scope for improvement and opportunity from a policy perspective. In short the paper seeks to understand the informal job economy in food business in an urban agglomeration.

Food and beverage industry

The Indian Food and Beverage service industry has seen an unprecedented growth in the recent years owing to the changing demographics, urbanization and growth of cities, migration and increase in disposable incomes. Under the organized sector, the Gross Value Added (GVA) by hotels and restaurants has witnessed an annual increase in both absolute and relative terms. It contributed nearly 1.1 percent to India's overall GVA in FY 2015. The restaurant industry is expected to contribute about 2.1 percent to the total GDP of India by 2021.

Retailing in food business has come into prominence and evolved rapidly over the past few years. The retail industry is primarily constituted by the unorganized retail accounting for more than 85 per cent of the total retail value. Indian people love their food. Food and grocery retail constitute 60-65 percent of the total retail market in India of which nearly 70 percent is unorganized. According to the India Food Report 2016, released by the Ministry of Statistics and Programme Implementation (MOSPI), the Indian food retail market is the sixth largest globally and further expected to grow from a value of INR25.1 trillion in 2014 to INR61 trillion by 2020, at a CAGR of more than 15 per cent over the six year period, 2014-20. It is also estimated that the retail consumption category in India has been growing at an average annual rate of 12-13 per cent over the years, in value terms. The contribution share of total household expenditure toward food stood at 43 per cent in FY2015 and is expected to be more than twice its current value by 2025.

The food services industry in India is broadly made of four major segments, Full-service restaurant (56.6%), Fast food (16.3%), Street kiosks stalls (14.6%) and Cafes and Bars (12.5%). Although the organized share of food services is growing, it currently constitutes one-third of the total food services market, as unorganized segment dominates the food service industry (KPMG, 2016).

Literature Survey

Now it is well recognized that the informal sector has a very important role to play in the economy of the urban areas. Increased migration adds to this phenomenon. One of the most important ways which helps in keeping the services low-cost as also providing employment is street-vending. Street vendors form a very important segment in the low income self-employed group of workers. In India, the National Policy on Urban Street Vendors, May 2006 recognised three basic categories of Street Vendors. First, those Street Vendors who carry out vending on a regular basis with a specific location; second, those Street Vendors who carry out vending not on a regular basis and without a specific location, for example, Vendors who sell goods in weekly bazaars during holidays and festivals and so on; third, the Mobile Street Vendors.

Historically also, street vending has been the cornerstone of many cities' cultural heritage. In India too the concept of street food vending has existed for hundreds of years in India. In India there are about 10 million street vendors. About two percent of the population of metropolis in India is constituted by street vendors and street hawkers. According to a study conducted during 1999 – 2000, by the National Association of Street Vendors of India (NASVI), Mumbai has the largest number of street vendors numbering around 250,000 (Bhowmik, 2005). Kolkata had more than 1,50,000 street vendors. Ahmedabad and Patna had around 80,000 each and Indore, Bangalore and Bhubaneswar had around 30,000 street vendors. For urban areas alone, the total would range between 17 to 25 lakh. As per the 55th Round of National Sample Survey, workers who describe themselves as street vendors in urban areas working in all locations is around 17 lakh, while workers engaged in retail trade without a fixed place or working in urban streets is around 25 lakh. Urban vending is not only a source of employment but provide 'affordable' services to the majority of urban population.

So can street vendors be considered as entrepreneurs? According to Stevenson (1985), entrepreneurship is the pursuit of opportunity beyond resources controlled. Here, pursuit implies relentless focus on the goal. Entrepreneurs have a sense of urgency to achieve their goal and dream. They go after it on "do or die" basis. Achieving the goal is critical and important to them. Stevenson adds that 'Opportunity' implies an offering that is novel in one or more of four ways. The opportunity may entail: (1) pioneering a truly innovative product; (2) devising a new business model; (3) creating a better or cheaper version of an existing product; or (4) targeting an existing product to new sets of customers. These opportunity types are not mutually exclusive.

The extant literature from the start of the 21st century has seen a dualistic depiction of entrepreneurs as either necessity-driven, pushed into entrepreneurship because all other options for work are absent or unsatisfactory, or opportunity-driven, pulled into this endeavour more out of choice to exploit some business opportunity (Benz 2009; Bosma and Harding 2006; Bosma et al. 2008; Bridge et al. 2003; Devins 2009). This approach has come in for criticism. It is understood that in transition economies the lines tend to blur between the necessity-driven to opportunity-driven entrepreneurship. However, this dichotomous classification has been in the centre-stage because of its usage in the Global Entrepreneurship Monitor (GEM), the predominant global survey of the degree and nature of entrepreneurship which covers 35 countries (Bosma and Harding 2006; Harding et al. 2005). GEM aims to explore the link between entrepreneurship and economic development. GEM has found that the prevalence rate of necessity entrepreneurship is positively associated with national economic growth, and is strongest when countries highly dependent on international trade are excluded (Reynolds et al. 2001).

The Global Entrepreneurship Monitor (GEM) Report 2017 found an increase in the rate of entrepreneurial intention to 14.9% in 2017 compared to 9% the previous year for India. Also unlike before, the fear of failure rate has decreased to 37.5% from 44% in 2016. According to the report, a comparison of India with its peers in BRICS economies suggests that perceived opportunity is the highest and perceived capability is the second highest among all. Also, there is an increase in the rate of entrepreneurial intention to 14.9% compared to 9% in 2015-16, whereas simultaneously the fear of failure rate decreased from 44% in 2015-16 to 37.5% in 2016-17.

This paper focuses on the necessity-driven model of livelihood entrepreneurship. The definition of livelihood used is as follows: 'a livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base'. (Chambers & Conway, 1991)

UNDP International Recovery Platform while looking at the sustainable livelihood framework views livelihoods as systems and provides a way to understand: (1) the assets people draw upon; (2) the strategies they develop to make a living; (3)

the context within which a livelihood is developed; and (4) those factors that make a livelihood more or less vulnerable to shocks and stresses (UNDP, 2005).

The definitions of entrepreneurs and livelihoods as discussed above form the basis of this paper. According to the authors here, livelihood entrepreneurs are those who ride entrepreneurial and risk taking streaks to make a living with available resources and capability on a sustainable basis. But unlike corporate or other types of firms who have dedicated resources and capabilities to create larger entity, livelihood entrepreneurs look at sustainability of holding business through customers, resources and capabilities.

Methodology

The findings are based on field work done in the business district of Chennai, one of the four largest urban agglomerations in India.

The initial survey identified non-moving cart food and fast food vendors in the business district. The random sample was drawn based on type of food served namely: vegetarian; non-vegetarian; meals; snacks; fast food and a combination of a few. A total of 36 vendors were interviewed over a period of eight weeks. Care was taken not to select vendors who were located adjacent to each other. Interview questions focused on the business idea, services offered, resources and assets available, people management and most importantly, customers.

Vendors included: (i) those who operated only at certain time periods in the day, (ii) those who worked the whole day serving food for breakfast, lunch, snacks in the evening and dinner.

135 Customers who had food in this vending spots were also interviewed. These were primarily students and office-goers (staff working in offices in the surrounding areas).

Findings

Most of the entrepreneurs were migrants who had come to the city searching for a livelihood. Of the 36 vendors interviewed about 31 were first time adaptors to livelihood entrepreneurship. This included five women.

The factors that play a key role in the business as stated by the entrepreneurs are as follows:

Genesis: The entrepreneurs came to Chennai in 1970s searching for a livelihood. A few were second generation who got it into business after the earlier generation had moved on. Out of the 36 vendors interviewed, 31 were first time adaptors of livelihood entrepreneurship. There were five women. The finding confirms that the livelihood entrepreneurs were migrants who settled into an urban setting and were driven by necessity to start a business.

Years of growth and success: It seems to be that among those in the fray, early entrants stabilized demand. They were able to adequately estimate demand for every stock-keeping unit (SKU) and were able to make profits. Customers' loyalty and "word of mouth" marketing became significant factors contributing to their growth.

The growth was further accelerated in the central areas by ambitious shoppers and mobile population in the area. The early entrants started full-fledged service on the cart. The business model started with only breakfast items being served between 7 am and 10 am. Later the business expanded to include service at noon during lunch time. The items were a choice of variety rice and chapathis (flat bread) and so on. The businesses closed by 3.30 pm. The evening service was from 5 pm till late midnight.

The food was mainly vegetarian in nature. A few vendors served non-vegetarian namely biryani which was rice mixed with spices and meat. However, this was not common or very popular among non-moving cart vendors as the segment as the business was dominated by retail food outlets which was extremely competitive.

On an average, about 1500 to 2000 people dined in a single day at a popular cart vending station. But these numbers need to be analyzed and seen in the context of operating focus and challenges. It was observed that the entrepreneurs focused on 200 -300 plates during a meal time. Those operating for a shorter period of having selective business time made smaller earnings.

Those who were established and in the business for a reasonably longer time employed 7 to 10 people directly. They made a decent living and provided opportunities for the employees as well.

Location: All of the entrepreneurs stayed in the busy part of the business district. They saw opportunity in the growing and increasing commercial complexes, showrooms selling clothing and jewelry and shopping malls which had a large footfall. Further, increasing apartments and density of living population near the business district led to growth in the retail food business. All these phenomenally increased foot print of low and middle income people. There were also a few movie theatres which exhibited movies featuring popular film stars and actors within a kilometer radius. Looking at these, livelihood entrepreneurs started selling and later preparing snacks for these customers. They were selling quick snacks which were of good quality and priced reasonably.

Choice of location to place the cart for vending food was an important decision for the livelihood entrepreneurs. The road where it was located and specific location of the non-moving cart at the last mile had a lot to do with the success of the business. The vendors had to take note of the zone where food vending could be taken up as per the City Corporation's rules and regulations.

Some of the criteria apart from foot falls in the vicinity of 500 metres to one kilo meter were as follows:

1. Must be a zone where the Corporation of Chennai or any other department has not prohibited from setting up food vending in open area on a non-moving cart. Local rules and guidance by regulatory authority was a key factor. Though some entrepreneurs resorted to unauthorized vending, they were not long time players and could not sustain in the business over a period of time. This happened because of the rivalry among fragmented operators to cannibalize an unauthorized player which could further reduce the margins in the business. Authorized operators had an informal understanding and collusive power to ensure fair operations of the business in a chosen location.

2. The micro site location from where business operations took place needed to have a clear focus on hygiene. The customers placed a lot of importance that there should not be an open sewerage or any manhole which leaked sewerage or foul gases. The vending cart had to be located in a place where there was no dumping area or garbage collection point in a 100 metres radius. Or else such points could become a source for rodents and flies to move around affecting the business.

3. The cart had to be placed in a bylane which would allow customers stand and eat without affecting the traffic. However, a fairly large livelihood entrepreneurs having business in non-moving carts had customers who came by two wheelers and cars. They now needed to find location which would have adjoining streets where cars could be parked or have an authorized parking lot. These were loyal customers who had started to eat in these vending spots as students or earlier times and returned satisfied for a slice of the old taste. They were in the word-of-mouth ambassadors to these businesses. The entrepreneurs in such cases showed the acumen in choice of location.

Between 2007 and 2012, there were a number of national and state level regulations on street vending. This included the need for licenses. This led to cannibalization of ownership or selloff or deserting of the location and so on. However, quickly a new set of ecosystem emerged and entrepreneurs were able to thrive either with revived interest or with young entrepreneurial talents being brought in. The vendors realized that regulations were important, but stressed that there was a need for regulatory support for street vending as it provided livelihood to a segment of society who were entrepreneurial in nature and made the best use of available resources. Government's initiatives in giving directives and setting guidelines such as surveillance for food quality, hygiene of eateries, sanitation and traffic congestion was welcomed. The entrepreneurs looked up to a more conducive business environment.

Logistics of the business: In the street food vending business, on the one end of the chain were the largely satisfied customers longing for fast food on carts, while there were business limitations affecting the livelihood entrepreneurs. These included cash management, revenue drain, cannibalization, volatile nature of business and seasonality.

Those of the entrepreneurs, who got dislocated during the period of changed regulations as mentioned, took over two years to restart the business. They had to show a higher level of flexibility and work on the durability of the business and its model. Looking at this kind of risk to livelihood entrepreneurship, some of the research questions emerge. These are:

Were they right in running the business the way they were doing for so long? Could they have not pursued a different model for stability? What are key success factors in this business? Is there somewhere the role agents were in comfort zone offered as being small, road side and livelihood driven rather than panning out into a robust business model of different scale?

These questions require a larger full scale study. The paper tries to answer some of the intricate aspects relating to the business.

Street vending retail food business entailed an understanding of the ownership of the capital for the business. While the capital needs were low, it was not paltry. The assets of the businesses cannot be securitized as they are of small value, common articles used for preparation of food, like number of plates, cooking stove, grinder / mixer, etc. Nearly 21 of the 36 vendors interviewed did not have even this extent of livelihood assets. They had a table and they brought in cooked food in vessels. They kept a window of four hours for business and closed the vending after they exhausted stock or felt that time had lapsed! Nearly 85 per cent of those vendors took to informal lenders for capital both for buying livelihood assets and working capital needs.

Demand estimation is dynamic, based on a number of localized factors including that of daily weather conditions. A standard demand is estimated and where possible the supply is topped up as the business progresses in a short time window. Quality cannot be compromised. So such food preparations are chosen that need less preparation time.

Vendors operate on a split location concept. All of them had their kitchen elsewhere. Most sell precooked food, while some do serve hot snacks by applying concept of postponement to fast food servicing. How does postponement work? When a dish is served, there is a base and fillings. Further, there are add-ons. Generally the base, add-ons and filling are kept separately. Variants are kept ready and served as per order. As business during the day progresses, the variants are reduced while watching the footfalls keeping the customers satisfied. The split location helps for handling variability as even base and fillings can be had in lots so that a cart vendor can handle more variability in demand by conservatism and coordination with production unit. Some of the vendors ensure that their kitchen is close by. This is critical from different standpoints namely: cost savings, reduction of wastage of cooked food and freshness of stock at the sale counter. On an average, there is a seasonality of four months of low demand spread over two times in a year. Also there are week day versus week end variations. Though the business is suited for chase strategy in terms of workforce, they have a fixed number of workforces, as they are keen to provide livelihood to associates! (Chandrasekaran and Rajan, 2017).

Employees and team play a crucial role. The business requires every one of the employees to be truly carrying the shared vision of serving quality food that is hygienic and sold at a reasonable price. Given the 'hands-on' nature of the business, unless all employees take ownership the business would fail. Customers are presumably taking a risk by eating at a roadside cart. The customers also are from different strata like children of low and middle income groups. There is no commonality among the various customers in the economic and social status. The food served needs to meet the high standard and follow hygiene. To avoid losses due to wastages, employees need to be ever vigilant and conscious of ensuring that no spoilage or foreign particles remain in the vessels where food is stored on the cart. Night service requires two persons at the cart's cash counter for collecting payments when more number of plates is sold. This is true throughout the day and night in the weekends. Given the hands on nature of the business, unless all employees take ownership the business would fail.

It is estimated that there is likelihood that 10 per cent of the revenue is lost by customers under reporting their consumption especially at peak serving time. It is next to impossible to track orders and consumption especially of group orders. Trust is what holds the business together. Hence employees must ensure that there are no leakages in revenue (Chandrasekaran and Rajan, 2017).

Further any kind of roadside eatery would have inebriated customers during late evening. They may also be impatient. This is a problem in any eatery which attracts families wherein men with their family eat alongside all other customer groups. Hence the counter needs workmen who can handle customers with patience.

Another important responsibility for the operating team is respect among the local community. Business needs that the place is clean and ensure food is not littered around. Further all wastes are to be disposed carefully.

Profit margins: Generally, most of the vendors have a low mark up so that prices are cheap compared to regular restaurants. For the quality sold, the price could be benchmarked to about 30 – 40 per cent of what is sold in a decent restaurant. Other issues that remain are the inability to transfer cost of inputs and material to the customers as they expect steadiness of price. Second, markup for risk of revenue leakage by under reporting of consumption is not possible as customers can be lost by word-of-mouth. Third, provision for risk coverage by way of natural calamities and vagaries of nature is impossible.

Working capital and cash management: Most of the vendors buy inputs on cash and daily basis. They neither have any bank facility nor storage system to carry on the stock based on demand estimate. They have a simple principle of buying for cash on daily basis so that they get the best price. The end-of-day profit statement is done intuitively and business is carried keeping in mind the customer orientation. Those vendors, who handle business badly, take personal loans with high interest rates and end up in debt.

Disruptions: Apart from the business risk, street vending faces loss of revenue days of four to six days in a year because of severe disruptions due rain and flooding, socio – political factors like strikes by hawkers, parties and so on. Agility to get back to routine immediately after any disruption is critical. Otherwise, the vendors may lose customers to retail food chains and among themselves as well. Nowadays vendors do have whatsapp group and active “word of mouth” campaign to come back after any disruption.

Some of the key observations from customers were as follows:

Road side food cart is affordable for low income groups. There is faster turnaround time for serving and better fill on a lower budget. Eating on the go is critical given the time constraint and ability to have ‘take-away’ food to work.

Preference to eat on a particular eatery is driven by convenience, referral, cumulative experience and quality of food. The choice is almost driven by the same order of preference.

Threshold factors include: compatibility of food, taste and hygiene under a given circumstances.

Stickiness to a particular joint happens as there is a conviction about food suiting health and emptions. Stickiness is high. Further, there is a tendency nowadays to connect with vendors through mobile phone and group in apps. Vendors also create a personal touch by enquiring “no show” and bondage is created.

Eating at non-moving cart happens only at on-site dining which is place of sale and consumption being the same. A small percentage of customers prefer to “carry” for others to dine at their location. Vendors prefer on location dining as it helps to connect better unless it is a peak service time. Hence “to carry” food is not generally encouraged. But when customers “carry” after eating to serve another customer, vendors generally do not mind such a service as it shows patronage to their business. Hence predominatly, “to carry” business goes for those who order while they eat out at the place.

Quality of other customers while dining is an important factor. As the customers want to eat quickly and be trouble free, they do not want other customers who are insensitive. Role of operating team in this is important, according to the customers.

Conclusion

Street foods defined as "ready-to eat foods and beverages prepared and/or sold by vendors and hawkers especially in street and other similar public places", was first agreed upon in FAO Regional Workshop on Street Foods in Asia, held in Jogjakarta, Indonesia in 1986. The informal retail food sector has been recognized as one of the important poverty alleviation programs in many countries.

India is one of only three Asian countries, other than Philippines and Malaysia to have a formal national level policy on street foods. However, as street food vending is largely associated with low-income groups, an understanding of the sector has largely been related to issues of ‘access to public space’ and ‘rights to livelihoods’, in terms of policy and advocacy terms. This paper helps in gaining a perspective of how livelihood entrepreneurship can be promoted – using training and development for managing businesses, helping in using an opportunity that is sustainable as also pursuing one’s passion.

Livelihood entrepreneurs lead an asset light but intense customer centric and demanding environment business as far as food retailing is concerned. Hence they need to be people centric person with strong acumen for sustainability. The business is seasonal. Upward spikes happen on week ends and certain days. Ability to manage such volatility is important. Such skills come by practice. Agility in day to day affairs and in disruptions is important. It can take away profits made over weeks in a single incident.

Providing basic managerial skills in planning, buying and demand management would improve efficiency of operators. Providing infrastructure support like an area for cooking would improve their business. Instead of expecting local government to provide space for cooking and parking of carts, a new class of promoters may emerge with offering of shared services. After initial success, it can be taken up as a large umbrella brand. Funding happens through informal sector as this business does not qualify for formal sector lending. Self Help Groups and Micro Finance companies have an opportunity to establish a structured approach with affordable cost.

To conclude, it seems livelihood entrepreneurship has a future for engaging semi-skilled and unskilled urban labour. Every outlet creates about 7 jobs across activities. Capital required for the same is as low as INR 25,000/- to 100,000/-. There cannot be any other business which has such a low capital intensity and high capital output ratio. Importantly, it helps

growth of agglomeration. An interesting problem society would face is: as foot falls increases and space becomes a constraint, will there be a sense of urgency in handling and rationalizing scope of livelihood entrepreneurship?

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