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THE BUSINESS VALUES IN INFORMAL SECTOR: THE CASE OF STREET VENDORS IN (EMINÖNÜ DISTRICT) ISTANBUL: A SURVEY

Tekin Akgeyik, The Istanbul University, Istanbul/Turkey

ABSTRACT

As the informal sector has experienced rapid grow in developing countries and also developed countries, it has consequently attracted the increasing attention and there has been a growing body of literature focusing on its different aspects. However, the issue of business values (or business ethics) has received little attention in the informal sector literature. The aim of this study is to research on the business values in informal sector according to the pilot district (Eminönü) research in Istanbul/Turkey that was undertaken between April 2002 and May 2002.

1. INTRODUCTION

The aim of this study is to research on the business values in informal sector according to the pilot district (Eminönü) research in Istanbul/Turkey that was undertaken between April 2002 and May 2002.

The informal sector typically includes providers of economic activities, unregistered in the state accounts, and not being subjected to formal rules of contract, licensing, labor inspection, reporting and taxation (ILO, 1991). These activities can be characterized in terms of ease of market entry, reliance on indigenous resources, small scale operation, labor intensity, skills acquired from outside the formal school system, and markets that are unregulated and competitive (Pradhan & Arthur, 1995). As the informal sector has experienced rapid grow in developing countries and also developed countries, it has consequently attracted the increasing attention and there has been a growing body of literature focusing on its different aspects. However, the issue of business values (or business ethics) has received little attention in the informal sector literature (Itzigshon, 2001). In examining business values in the informal sector, there is the issue of whether conventional business values apply to the economic activity of informal sector. For this reason, in studying the business values among the street vendors, it is needed a conceptual framework to set the business values.

This paper is divided into the three parts. The first section develops a conceptual framework within which the results are examined. The second part that provides a general description of the survey section introduces the research setting and outlines specific research methods being used in collecting data. The third section explains business values and ethics of the street vendors. The paper concludes with a summary of the major findings.

2. CONCEPTUAL FRAMEWORK

Every company has four natural goals, and these are based on market facts. These goals include customer development, competitive advantage, economic performance and corporate stewardship. The factors, which reinforce these natural goals with company-specific, behavior-specific principles and standards, are defined as business values.

There is no clear meaning of business values. Also it is used same meaning with business ethics mostly. Generally business values mean leading to consistent behaviors. One meaning of consistent behaviors describes ideals. Another describes behavior. And the third describes character. They provide a basis for trust within an organization (Maccoby, 1997).

Business values tend to make both the company and the employee more successful, and usually ensure a high degree of employee satisfaction and fulfillment. Values like commitment to customer satisfaction, individual integrity, and continuous improvement are vital to increasing the performance of any organization. In an effort to link values and performance, has instituted special corporate values programs entitled Values Programs. Values programs especially became increasingly popular in the late 1980s and early 1990s in response to a dramatic decrease in corporate loyalty. These programs provide that corporate values are more clearly understood by employees and managers, and translated into additional employee commitment and confidence (Winthrop University, 1999).

On the other hand, in 1990s the global competition as a new factor has encouraged the rise of business values and ethics which requires business agents to fulfill some duties like respect law, moral and public

authorities (Maccoby, 1997). The new era requires organizations should balance between their economic obligation to the shareholders and moral obligations to laws, rivals and local communities (Jones, 2000). What the business are values for an organization? It seems that also general business values may not been determined. According to some authors, several values like treatment of the ethics of caring; moral development and virtue may be defined as business values (Cavanagh, 1997).

In the AMA 2002 Corporate Values Survey, the values like customer satisfaction, ethics/integrity, accountability, respect for others, open communication, teamwork, innovation/change, continuous learning, positive work environment, diversity, community service, trust, social responsibility, security/safety, job satisfaction are considered as business values. According to another study, it is stated that the values that should satisfy customers, employees, and owners (or other stakeholders) to behave in ways that strengthen the organization and are essential for its success are business values (Maccoby, 55).

As a result, it seems that it is possible to get classified the business values in three core values which are customer satisfaction, ethics rules (honesty, integrity, fairness; and respect), and satisfy employees (open communication, continuous learning, positive work environment, job satisfaction, empowerment) and stakeholders (honesty, integrity, trust, accountability).

In the study, it is focused on the customer satisfaction and ethics rules because the street vendors don't employ any worker mostly and haven't any stakeholder. In that framework the study will attempt to address the following questions:

To what extent to do the street vendors care customer satisfaction? Do they believe quality factor in satisfying customers? Do they see relationship between quality and product characteristics? To what extent to do the street vendors care business ethics? How do they solve their problems with public authorities? How do they evaluate competing with Eminönü-area shop owners? To what extent is there the intensive competition among street vendors?

3. THE METHOD

3.1. Sample

Eminönü district covers 5 square kilometers in the historical part of the city. Its population was 65.246 people according to the census (1997). But, during the working hours, it is estimated that there are at least 1 million people in the district where is one of the most important economic centers of the city.

The sample was drawn from the current list (1998) of street vendors from the Eminönü Municipality where it is estimated that there are approximately 3,000 street vendors in the informal sector. The sample frame consists 180 street vendors by randomly selected (177 men and 3 women as 98.3 % men and 1.7% women) from seven groups, including food, textile, electronic, toy, decoration, stationer vendors, and others (a produce dealer, a confectioner). The sample has a response rate of 90 percent and on 95% confidence interval. Their mean age average was 38.6 years (range = 15–55, SD = 19.49).

3.2. Procedure

The survey involved the use of pre-designed interview schedules, focus group discussions and observation. The main interview schedule was a mixture of open-ended, closed-ended, and multiple-choice questions. Interviews were conducted with a sample of those engaged in informal activities and organizations connected with the sector.

The participants were asked to answer 30 questions, which evaluate street vendors' demographic factors, general business characteristics, income levels, problems and opinions on customer, product and quality, relationship with customers and the authorities, (Municipality Police, Police, The Office of Finance Ministry, Community), unfair competition.

The survey was administered by trained graduate students and completed by the respondents during working hours. The data collection was completed in a single session lasting for approximately 20 to 25 minutes. Names were not required, and the respondents were assured that there were no right or wrong answers and that the best answer was their own personal opinion. They were asked to read the instructions carefully and to answer all the questions.

Data analyses involved frequencies and cross tabulations. Simple frequencies were used to provide descriptive information about respondents' evaluations and expectations. The differences were analyzed by cross tabulations.

4. RESULTS

4.1. General Profile

4.1.1. Sociological Structure

The composition of street vendors mirrors the dominant social patterns of the Turkish. In the study it was found that the majority of street vendors (96%) had attained some formal education. Of those, 35% had attained at least primary education, 26% had also received secondary education, 30% had attained high school, and 2.7% graduated from university. The percentage of vendor who graduated from university is very high. It seems that the unemployment rates also have been rising among well-educated people. In fact the last figures confirm that result because the formal data show that unemployment among the educated young has reached to 30 per cent (DİE, 2002).
According to marital status, 67% of the vendors are married and %33 is single. The origin of majority is from less developed cities like Diyarbakır, Kayseri, Malatya and Sivas Which are on the east of the country. It means that because of unemployment and poverty, people who have migrated to the big cities (like Istanbul) strengthen informal sectors.
On the other hand on home ownership, findings indicate that 40% of vendors live at their own homes. Sixty three percent are living in an apartment. These figures are very important because of being the indicators of living standards, especially estimating the income levels.

4.1.2. General Business Characteristics

The 88% of the participants works at least 6 days in a week. Most of the vendors (89%) were found to be engaged full time in informal activities, 9% part time, and 2 percent on a casual basis. Fifty percent of the vendors had existed for more than ten years, 35% have worked as a street vendor more than 5 years and the just 15% are for fewer than five years. The figures indicate that the informal working is considered by the street vendors like a normal profession.
The main reasons for becoming involved in the sector are basically unemployment (80%) and to get higher income than the formal sectors (17.2%). The 54% of the vendors see working in the informal sector as a temporary job the threat of environmental degradation.

4.1.3. Earnings

Generally the studies, in this subject, state that the informal sector's incomes are less than formal sector. Actually also in our survey, same result has been confirmed. But, when looking at the some other factors (like home ownership, using electronics stuff, living district), it seems that the informed income levels do not reflect truth.
According to the results, 29.44% earn on average 100-150 $ per month. 33% get 150-200 $ per month, 22% earn between 200 and 300 per month, only 8% earn more. However, 40% of the vendors being home owners, 50% are living at relatively good distinct (like Fatih, Gaziosmanpaşa, Eminönü) and 76% have television set, 90% have refrigerator, 70% have washing machine. If taking these factors into consideration, it is realized that real income levels must be at least double of the declared levels.

4.2. Business Values

4.2.1. Customer Satisfaction

The studies show that the most important business values is customer satisfaction. The surveys show that to compete in the global markets, companies have to consider the satisfaction of their customer. For example, according to a survey by American Management Association (AMA), which analyzes 175 AMA Council and Executive Members in April and May 2002 to determine what core values companies stand for, customer satisfaction is the leading corporate value identified by 77% of respondents (AMA, 2002).
Customer satisfaction is the degree to which a customer perceives that an individual, firm or organization has effectively provided a product. Namely customer satisfaction is about the relationship between the provider of a product or service and the customer (*care customer satisfaction)*. It is about the relationship between a customer and a product or service (*quality*).

The product also is fundamental to expressions of customer satisfaction. Products have a series of objective characteristics which are perceived by users and which influence satisfaction. It means that customer satisfaction is about the relationship between the provider(s) of a product or service and their product or service (***characteristics of product***). (Reed, 1997).

4.2.1.1. Care Customer Satisfaction

It seems that the concept of customer satisfaction also is effectiveness for informal sectors. The survey indicates that almost all street vendors (97.8%) state that the satisfaction of customers is the most important thing for themselves. 1,67% say that it is partly important, and only 0,56% do not attribute the customers satisfaction.

TABLE 1. THE IMPORTANT OF CUSTOMER SATISFACTION

Yes, Very Important	97,8%
Not Important	0,56%
Partly	1,67%

To test that result, whether the participants know what the customer satisfaction is or not, the vendors were asked another question about the most important factors in selecting the product. The 72% of them indicate that the quality factor determines the selling product. As a result, the street vendors emphasize the customer satisfaction mostly. That approach is the evidence of the vendors' tendencies to create loyal customers, or at least, the indicator of their efforts to perform more satisfaction customers. It is understood that street vendors try to become an integral part of their customers rather than the "sell it and forget it" approach.

4.2.1.2. Perception of Quality

Another criterion of business values is to consider the importance of quality. Actually the quality is the most important factor in satisfying customers. So, to analyze the values the producers or sellers, the perception of quality should be evaluated. As mention above, for measuring of the perception of quality of the street vendors, they were wanted to list the factors, which determines to select selling products. The results are very inserting. Because, 72% indicate the most important factor is quality and durability, according to 20%, cheapness is the main component.

TABLE 2. MOST IMPORTANT FACTOR IN DETERMINE THE PRODUCT

Quality and Durability	*72%*
Cheapness	***23%***
Other Factors	*5%*

To be able to study of the results deeply, the perception of quality is analyzed in sub-sectors by using a cross tabulation. The results are following;

TABLE 3. THE PERCEPTION OF QUALITY IN THE SUB SECTORS

Sub-Sectors	Quality/Durability	Cheapness
Textile	81.3%	12.5%
Electronics	71,4%	23,8%
Decoration	71,4%	17,9%
Stationer	68.4%	21.1%
Food	65.6%	15.6%
Toy	42.9%	50%

According the data, the sub-sector, where the quality is most important, is textile, because in that sub-sector, the competition is very intensive as the entry into market is very easy. Therefore, it is dependent on quality factor to survive in the textile sector. However, cheapness is the determine of production in the toy sector. Especially, in the recent years, because of the good quality and cheaper toys importing from the Far East, profitable has become a matter of primary important.

4.2.1.3. Characteristics of Product

One of the factors that affect quality of customer's perception is the characteristic of product. So, to produce or sell high quality products reflects producer's or seller's respect to community in general and customer in special. Generally, it is believed that the street vendors sells low quality products. To measure the vendors' characteristics of products, respondents were asked two more questions that are liked each other.

First, the vendors are asked to express their customers' profile. The data state that mostly individual customers (70%) are buying the shoddy goods, but the interesting thing is that the vendors also are

selling their products private companies (20%) and local government units (like municipality). That result shows that the shoddy goods are not low quality so that people thought. That's why; every one in the society may buy these products.

The second question asked to vendors is about their opinions on the shoddy goods.

TABLE 4. THE CHARACTERISTICS OF THE SHODDY GOODS

Mid-quality	62%
High Quality and Expensive	20%
Low Quality and Cheaper	14.5%

The answers show that only 14.5% perceive their products as low quality and cheaper. Most of the vendors (62%) express the products mid-quality; so all sectors of society may buy these. Also the customers who prefer quality goods may find suitable products for themselves.

4.2.2. Ethics Rules/Integrity

The second dimension of the business values (for our study) is the respect ethics/integrity. According to the AMA survey, after customer satisfaction (77%), the second important business value is the by ethics/integrity (76%) (AMA, 2002). In June 2000, "2000 National Business Ethics Survey (by the Ethics Resource Center): How Employees Perceive Ethics at Work," reflecting the opinions of 1,500 American workers randomly sampled from across the nation. The report noted that ninety percent of American workers expect their organizations to do what is right, not just what is profitable (Vogl, 2001).

Ethics, which is one of the core corporate values, means working prospects openly, honestly and sincerely. In other words, ethics rules/integrity requires always abiding by the laws, both the letter and the spirit. Integrity also protects rivals in the marketplace, namely, integrity requires struggling with others based on fair competition.

4.2.2.1. Abiding by the laws

In the survey to analyze ethics/integrity, the vendors are asked two questions, alike with each other. In the first question, it is asked to clarify relationship with public authorities like (the municipality police, the police, The Finance Ministry officers (or tax collectors)), because the characteristic of relationship reflects is to what extent the vendors respect the laws are. According to the data, the vendors have very serious problems in relations with public authorities. The police (27.2 % of the respondents), the municipality police (21%), and The Finance Ministry officers (4.5%) put pressure on them. Actually, although the informal sector is not recorded, governments give permission living of these sectors because of pressure of unemployment. So, the aim of the pressure from the public authorities is to protect community illegal activities, for example drugs and illegal medicines, pornographic publications, unlicensed products.

The vendors were asked another question to clarify that answers which were about how they prefer to solve the problems with the public authorities. The answers show that the vendors violate the business values because 61% solved their problems with the public authorities by giving a bribe. Only %17 prefers to use the legal ways.

4.2.2.2. Fair Competition

In studying the concept of fair competition, the vendors were asked two questions. First, the respondents was asked whether they are unfair competition position to shop owners who are working in the formal sector in the same distinct because of not being subjected to formal rules of contract, licensing, labor inspection, reporting and taxation. The results weren't surprising. The vendors mostly believe that they do not make unfair competition (98%). The street vendors were also asked to name reasons for their opinions. According to the respondents, they also have in some point views negative working conditions like without social security working (81%), unstable working place (15%) and unhealthy working conditions (10 %), the pressure of the public authorities (60%), lower income levels (10%) and lack of a Chamber to compared with shops owners.

The street vendors said that if they had a marketplace, they were ready to pay taxes (98%). Finally, the respondents were asked for evaluating their relations with shop owners. 65% stated that they have problems with them and get pressure from shop owners. It seems that Eminönü-area shop owners oppose street vendors because of the street vendor's unfair competition. When looking at the results in the sub-sectors by using a cross tabulation, it seems that the pressure from shop owners are faced in food sector at most (85%). Because, probably in that sub-sector quality differences of products aren't

perceived by buyers, and customers prefer the cheaper products. For this reason, street vendors have advantage position in competing with formal sector.

5. Conclusions and Discussion

The informal sector has experienced a rapid growth in Turkey and it is generally believed that the rapid growth of this sector has been influenced by unemployment. According to data, the size of informal economy in total GNP is about 54.3-61%. In the urban areas the informal sector is estimated as 40-50 %. It employs about 54,71 percent of the total employment, and in the urban areas 31 % of labor force are working informally (Ekin, 2002). Istanbul, as to be the biggest city in Turkey, provides opportunities to an estimated number that is at least 2 million people. This amount is about 50% of total work force in the city (Hozar, 2003).

As informal economy is growing, academics, researchers, social development activists, and policy planners are interested in informal sector and study its different aspects. This study tried to explore to what extent informal sector considers business values that means providing a foundation for guiding the behavior of people across the organization.

From standpoint of business values, there are two contradictory conclusions. First, relationships with the customer, product and community the vendors respects the business values. But from viewpoint of interactions between street vendors and shop owners and musicality police, the street vendors violate the business values by giving bribe to municipality police and by making an unfair competition with formal sector. On the other hand, Eminönü-area shop owners oppose street vendors because of the street vendor's unfair competition.

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